Durham E-Theses

Unity in adversity?: co-operative life in County Durham

Smith, Kathleen Margaret

University of Durham

Unity in Adversity?
Co-operative Life in County Durham

A thesis submitted to the University of Durham
In accordance with the requirements of the degree
of Ph.D. in the Faculty of Social Sciences & Health

Department of Sociology
School for Applied Social Sciences

by
Kathleen Margaret Smith

1 1 JAN 2[[ ]]

2004

Abstract

This is a study of co-operative life in County Durham, an area in the North East of England deeply marked by the effects of de-industrialisation. The intent behind the study is to explore whether or not co-operation provides an alternative style of working to capitalism, one which enables the worker to secure democratic control and autonomy in the workplace through the application of formally agreed co-operative principles.

The study found that in County Durham co-operative enterprise was fragmented and difficult to identify, increasingly located in the wider social economy, often as a response to community regeneration. It was found that co-operative ventures often struggle and suffer from feelings of isolation. This does not appear to reduce the level of commitment between individuals, which remains consistently high, often to the detriment of the health and well-being of the participants. This type of person to person interaction is seen to be the human face of the concept of co-operation.

The study concludes that, as a concept co-operation is an unconscious element of human existence, a behaviour pattern that is learnt from an early age and is fostered within cultural practice. At this level it is successful and enables individuals to mediate their existence and to survive, if not always prosper. As an organisational structure, where a set of rules or principles are involved, it is seen to be less successful. Such structures are subject to both internal pressures and external market forces. Dealing with these can lead to

conflict, disillusionment and rejection of the structure by members.

Co-operation as a concept is invisible because of its success. As an organisational structure in County Durham it remains virtually invisible for other reasons. The process of putting co-operative principles into practice in a meaningful way is seen to be largely beyond the capacity of the fragile organisations that were encountered, other than in a few exceptional cases.

Table of Contents

List of Tables: Page

List of Appendices:

Acknowledgements

Many people have contributed to the preparation of this thesis, both in practical terms, and with vast amounts of moral support. I would like to thank them all for that. In particular, I would like to acknowledge the people I met in County Durham, as I carried out the research on which this thesis is based. Every one of them had something valuable to tell me about their experience of working in a fringe co-operative. The information was theirs, but the interpretation of it is mine alone, and I hope that they approve of the story that I have told here. They have my utmost admiration for what they do.

In among all the family, friends and colleagues who have supported me, I would like to thank my daughters, Alison and Deborah. They put up with having an 'absentee mother' during their formative years, and have blossomed regardless. Also Kath Robson, who provided tea and tissues, above and beyond the call of friendship. Next, Kath Kelly, who made the final production of the thesis so much easier than it could have been. Her calm and professionalism came just at the right time.

And so to my supervisor, Fred Robinson. There aren't enough words to be said about someone who became mentor, counsellor and friend over the last few years. I have been privileged to be his student. Although we will never agree on the use of semi-colons, I bow to his judgement on commas.

Finally, to Ken, who sadly isn't around to see the end product, but who gave me the confidence to follow a dream.

'The Co-operative Republic will put all things in order and each man in his place. The result will be a society marked by system and the rational employment of the technical resources that men command. The Co-operative Republic will therefore constitute a stage in the evolution of human society and herald the epoch when men shall have at last mastered economic organisation and be not longer mastered by it'.

Poisson, 1925

Preface

'Half a mile from the centre of Newcastle the road and railway to North Shields are carried by separate viaducts over a deep hollow. The span of the roadway forms the Byker Bridge. Steep banks fall away from the extremes of this viaduct to a little tidal river in the depths of the valley. This is the Ouseburn, next to which one sees the broken walls and desolate arches of what was once a foundry. The stream, between muddy banks, upon which outworn keels lie rotting, curves around its idle wharves.

Bounding the empty weed-grown yard on the eastern side is derelict Foundry Lane. Here is all that remains of what was once the Ouseburn and later the Tyne Engine Works. The foundry was in other hands after, as well as before, co-operators held it, and merely the buildings may well have been abandoned. But abandoned they are....the shallow Ouseburn is now a profitless creek. Two or three men, too old for the modern workshops, stand forlorn at the street corners, or wander aimlessly. You speak to one of them:

'Aye' he replied, 'that was the engine works. I knew the timekeeper there. He lost £50.'

(Percy Redfern, The Story of the CWS)

I had been attracted to the idea of producer or worker co-operation (as opposed to consumer co-operation), since discovering the story of Ouseburn Engineworks, which existed on Tyneside in the 1870s and which ran on co-operative principles, with each worker having a financial stake in the business and influence in the running of it.

I had written this story up as my final year under graduate dissertation, based on a module of social and industrial history at University of

Northumbria that had particularly interested me, and which had introduced me to the history of the co-operative movement.

The Ouseburn works was set up as a response to the Engineers' Strike of 1871, a strike which had directly challenged the authority of the great engineering masters of the North East. Although it was co-operative in nature, in terms of the goods that it produced and the market in which to sell them, it was inevitably in direct competition to the other works on the Tyne. Within a few weeks Ouseburn had expanded to employ over eight hundred men. These were men who, a few weeks before, had been working in competitors' engineering works but had struck for the right to work a 54 hour week. This rapid expansion dismayed the members of the North East Business establishment.

Benjamin Browne, partner in R & W Hawthorne, commented: 'The starting of these works was an avowed act of war on the part of these men's leaders.' (Browne, 1918, P169)

The consequences of the Engineers' Strike were numerous: the local engineering masters were forced to accept the 54 hour week; their reputation had been damaged by the way they had conducted themselves during the strike; they were left with a depleted workforce and, worst of all, a new and innovative works, which was in direct competition to their own had emerged from it.

The Ouseburn works lasted for about five years and had problems throughout its life, mainly to do with the pricing policy that had been set, but throughout its troubled life it produced magnificent engines, pieces of precise technology that exemplified the world-wide reputation of the region as producers of high quality work. It had a reputation for the quality of the work it produced, its innovative style of management and its effect on working practices. It was well known (but not well liked) in local commercial circles; it was a rallying point in co-operative circles, with the *Co-operative News* regularly sending up a special corespondent to report on how it was getting on.

What an impact it had, what promise it showed in terms of finding a new way of working, and yet it was more or less a one off that was never replicated again. It made me wonder how the co-operative movement viewed the development of producer co-operatives in the twentieth century, and so the search for information began which has led to the production of this thesis.

The Ouseburn works closed as a co-operative venture in 1875 and the closure sent shock waves through the entire co-operative world, mainly because of the massive loss of the societies' investments that was involved. More background to this story is given in Chapter 2, but here it is sufficient to note that all societies were very wary about investing in this type of co-operative productive venture again, a fact which has a bearing on the whole of this study.

Moving forward into the present day it was clear that the co-operative movement was no longer the power it had once been and I wondered why this was the case. This led me to ask a series of questions that became the basic problematic for this thesis: What had happened to co-operation in the North East, how many co-operatives still existed, had there been any co-operative productive activity after Ouseburn? Also, I wondered why there should be such activity in the North East, was the area a hidden hive of co-operative activity, or a co-operative desert? My immediate answer was to note that there seemed to be a strong tradition of it locally, as any visitor to Beamish Open Air Museum would see. One of the first tasks to be undertaken was therefore to identify the North East's co-operative story. Next was to identify what sort of co-operatives they would be and this is where the study picked up the trail of the productive societies, ranging from Birtley Tinplate Works to the Federation Brewery.

My next set of questions were practical: How do co-operatives come into existence, how are they organised, who runs them and why do these people get involved? These questions formed the basis of the interview schedule that was prepared in order to collect the contemporary information necessary to complete the local picture I was creating. My final questions were directed at finding out if a general understanding of co-operation still existed, and if it had value in the modern world. Answers to those questions took me into the realms of public policy and community regeneration strategies.

The questions seemed straightforward at the time of asking, but soon the complexities of the subject emerged. Therefore, the story that is encompassed within this study is not quite the one that I set out to tell. It is one that has developed over time and has changed in many respects since the initial ideas attracted my interest. In the process the study has become wider and deeper, covering many different disciplines and yet not representing any single one in any particular way. It is historical and contemporary, economic and social, organisational and personal.

Having collected this mass of information it needed to be ordered in a way that would show the process of change that was identified within it. One of the first things I had done as part of the literature review was to search for a deeper explanation of what co-operation is. Therefore the first chapter of the study is centred around an exploration of the concept of co-operation and also of competition, its natural 'other'. This chapter deals with the way co-operation exists in the world, in the very broadest sense, how it is all around us in everything we do, whether we are consciously aware of it or not. In some respects it actually oils the wheels of the dominant capitalist economic and social system, the two concepts are so closely inter-related.

The chapter then moves on to the distinctly Co-operative – large C - concepts, particularly the ones that influenced the development of what came to be known as the co-operative movement. This section identifies the existence of several different strands of co-operative thought such as

that put forward by Compte, Saint-Simon, Owen and the Christian Socialists but notes particularly the way in which the practical experience of the Rochdale Pioneers was not grounded in an ideology. Instead, ideology was created for it afterwards by intellectuals interested in the social phenomenon co-operation rapidly became in the nineteenth century.

These intellectuals, such as Sydney and Beatrice Webb, were looking at co-operation within a much wider context of the development of the labour movement, encompassing trade unionism and socialism. To them, co-operation was an element in a complete whole, rather than the whole itself, as Robert Owen had imagined it to be. Chapter 1 ends by describing the way in which the influence of Beatrice Webb in particular set the tone for the future development of the co-operative movement; enshrining the primacy of the consumer and marginalising the role of the worker in the productive process. A worker would be protected through other labour structures and did not need to be given additional benefits (such as a bonus) for his labouring efforts. Instead, he would regulate the productive process through active membership of his co-operative society.

Chapter 2 moves on to outline the experience of co-operators in the north east, beginning with the 'golden age' in the later 1870s when co-operative expansion was at its height. The area became one of the power-houses of co-operative development, strong and confident, echoing the strength and confidence of the people in the region in the work they did and the goods they produced. The co-operative exhibit at Beamish Open Air Museum in

County Durham is used here as a focus for explaining the phenomenon of co-operative growth, drawing on material from the many co-operative histories that were written in the early twentieth century, as well as other historical sources.

Unfortunately, this golden age came to an end and the co-operative movement, in common with the region itself, faced stagnation and decline. This chapter outlines these changes and takes the story up to about 1970, when drastic action had been taken and a new kind of streamlined co-operative structure had emerged. Against this background the story of the producer, or 'fringe' (as they have been called in this study), organisations is explained. In one respect there is almost nothing to tell, because there are so few examples of 'fringe' activity in the area, and the ones that are documented are unusual, not particularly reflecting the region's manufacturing heritage. This could be because of the complete success of the nineteenth century theorists, when they pushed production to the margins, other than through the retail societies and the wholesale arm, CWS. Or, more likely, local societies existed in a mainly stable, secure environment where you got a job in the pit, steelworks or shipyard and kept your co-operative principles for private life.

The 1970s marked a period of change for fringe activities, as for the mainstream, but for different reasons. Uncertainties about the role of the worker in the productive process led to the growth of debates about industrial democracy and to some experimental work such as Scott Bader,

the Benn Co-ops and, locally, Sunderlandia, Little Women and Unit 58. This was the era when a few workers' co-operatives began to emerge, firmly based in the ideals of active participation in the ownership and control of the enterprise. Ethical and moral considerations were also important and locally led to a cluster of organisations developing in and around Durham City and its university. Although the scale of activity was small, its effect would become increasingly obvious as time went on. Out of the energy and drive of this local cluster came the embryonic development agency, Durham Co-operative Development Agency, (DCDA) which has been an important element in the study.

Chapter 3 takes up the experience of DCDA and the organisations it was involved with during its lifetime. The chapter includes the detailed methodology that was used to arrive at, and carry out, a locality based survey, together with an outline of some of the factual information that emerged. It is here that the primary information that emerged began to challenge my previous understanding of both fringe and mainstream activities. It forced a re-consideration of my understanding of 'co-operative' and made me aware of the scope and scale, not only of DCDA's work, but also of other agencies, all of whom were struggling to find ways to alleviate the destructive consequences of de-industrialisation on communities in County Durham.

The interviews and research that formed the basis of this chapter, and those that follow created a picture that was, alternately depressing and

uplifting, not at all like the ones portrayed in the limited literature available on the subject of fringe activities. In every case I was faced with the reality of what it meant to put co-operative principles into practice, and the multitude of different factors that could militate against them being upheld. There was an overwhelming sense of struggle in the interviews, when they were looked at as a whole. Sometimes, though, the positive outcomes of strong co-operative working came though. These were the times when it was possible to see the full potential of 'The Co-operative Advantage'. Importantly, and surprisingly, this potential reflected a much more social benefit than an economic one and it took a while for this to sink in. I had been intent on looking for 'businesses', but what I found was social interaction, some of which supported an economic activity, but seldom in the sense understood by, for example, a conventional small business advisor.

Realising some of the implications involved in all of this information made it necessary to order it in such a way as to draw out its main content. I chose the structure of the co-operative values and principle statement of the International Co-operative Alliance as a method of doing this, putting relevant first hand knowledge next to a brief explanation of the agreed intent of each of the seven principles which theoretically underpin the working of every co-operative organisation. This is the basis of Chapter 4. In one respect it proved an invaluable way of recording information and enabled many elements of the stories that I had been told to be included. In another respect it almost completely undermined the validity of one of

the very basic questions that I had been concerned with when the study began, i.e., were the organisations in the study co-operatives?

It had seemed logical at the start (in fact expected) that the study would finally reveal a comprehensive map, if not a league table, of 'co-operativeness', almost with points scored for adherence to or promotion of a particular principle. How wrong I was, and in hindsight how naive! Unconsciously I had applied a competitive template to a co-operative subject. At first, when the full realisation of the diversity of experience became obvious and I was struggling to draw out the implications of it I was inclined to the view that DCDA, whose basic database I had used to find the co-operative organisations, had strayed away from its original purpose of supporting the development of new fringe co-operatives. There may have been an element of truth in this but it is only a minimal element of the whole story. DCDA's work patterns reflected the changes that had gone on in the economy and society of both County Durham and nationally during its lifetime. They were driven by external events to react to local challenges rather than the other way round. This ultimately led to its demise, amid widespread recriminations. Later in the study it was possible to realise that, in fact, DCDA was itself another example of the struggle going on in County Durham, and it was not a solid anchor in stormy waters.

What had begun to emerge was that individuals in the organisations behaved in a co-operative manner but as organisations there was little clear co-operative identity. This finding related back to the conceptual

exploration undertaken in chapter 1. The empirical study reflected the fact that, at a basic level, co-operation was a strong human characteristic, but it was more fragile in an organisational setting, where a greater range of internal and external pressures were put on the group of people involved. This finding influenced the way in which the information contained in Chapter 5 was structured.

All in all, collecting information for the study and writing it up in Chapters 3 and 4 completely changed the focus of the thesis. It seemed at one stage that there was almost no organisational co-operative activity at all in County Durham, where there was supposed to be so much. The mainstream was inward looking and trying to rebuild its trading base, apparently at the expense of grass roots democratic structures. Development structures were weak and fragmented, offering little to organisations in the way of a clearly labelled co-operative identity. It could have been a bleak picture.

However, there were distinct signs that things were changing and that even some of the major failures had led to positive, even radical, repercussions. In the case of the fringe organisation there continues to be a search among policy-makers for solutions to the problems of social exclusion, long-term unemployment and the detachment of communities from the dominant capitalist driven social and economic structures. This search had led to massive amounts of attention being paid to the benefits a strengthened 'social economy' could provide. It is this coming together of strands of thought that is notable in Chapter 5. Structures and organisations that

have previously rarely spoken to each other at all or not on equal terms are increasingly realising that the others exist and have something both valuable and complementary to contribute to a potentially greater whole.

The second section of this chapter draws several of the major, positive elements of change together and shows that, for the first time, the mainstream and the fringe have come together to a point where both sets of skills and experiences can be fully utilised. It has been interesting to see how the fringe has grown and developed to a point where its activities and ideas can hold their own in a national policy-making arena. It has also been fascinating to see how the mainstream has begun the process of re-inventing itself and capitalising on its many strengths. It could truly be the case of the sleeping giant awakening. In the background, emerging national policy favours the social economy and this is reflected in regional and sub-regional strategic developments.

In among all of this is the continued awareness that the fringe, plus the mainstream, plus a favourable political and policy environment still equates only to a very small sector of either society or the economy. Globalisation and consumerism based on earnings through employment are still the dominant cultures in which co-operation fights to exist. However, Chapter 5 does show the way in which social goals have become increasingly important. It also gives a few examples of what might be achieved locally, given time and encouragement.

Co-operation has made major impacts in many parts of the world, unlike the UK, and Mondragon is one example that could not be left out of the study because it still seems strange that something like this didn't happen in the North East, although now I do understand more clearly some of the reasons for this not happening. It also seemed important to highlight the fact that co-operative success can emerge in many different business categories, as well in the mainly social activities that came to the fore in County Durham. Poptel is a high-tech success story, holding its own in an emerging sector of the economy. SUMA successfully mixes modern trading methods with co-operative principles and can demonstrate one approach to overcoming management issues, a subject that has caused endless debates in fringe circles.

One thing to be aware of is that most of the co-operative success stories have developed over time and have been responsive to local issues that have shaped their development. The small enterprise of today could be a SUMA in twenty five years time and the woodworking workshop staffed by people with learning disabilities could be the model for a complete re-think about how services for such people are structured. The potential is there if people want to look for it. What is important is to provide high quality, stable systems to nurture such organisations so they can weather peaks and troughs when they occur. Such development work is a continuous (often repetitive) and ongoing process that needs to be carefully set up and operated.

So, at the level of co-operative development, the study ends on a note of cautious optimism. Now is a good time to be involved in the co-operative development process and it is wonderful to hear about significant steps being taken by local organisations such as Theatre Cap A Pie, which is in the process of developing a substantial new theatre base in Dipton, a resource that will improve the quality of life for many local people. On the development front, North East Social Enterprise Partnership (NESEP) is beginning to become a part of the regional scene, a welcome addition.

However, one must retain a sense of realism about this supposed co-operative renaissance. The study shows that the amount of fringe co-operative activity is still minimal in relation to other sectors of the economy. Crucially, the success of any such development rests on the willingness of individuals to commit to it. This is why the final section of Chapter 5 goes back to first principles, to reconsider the human element of co-operation.

The final observation of this closing chapter is that there is far more informal co-operation, (a concept not looked at in this study directly), in existence, than formal and the lessons that can be learnt from this type of co-operation are important but have yet to be fully explored in relation to the people of County Durham. So, the thesis ends with more questions than answers. Some of these answers would come from a further study of the survival strategies or the coping mechanisms adopted by the people of County Durham as they struggled through the process of

de-industrialisation.

Before concluding this introduction to the study it is mentioning some of the elements of co-operative experience that the study hasn't covered, either at all or in any depth, and explain some of the reasons why this is the case. Once the primary research was underway and first hand information was flowing in it was obvious that, not only was the study moving in a different direction, it was also moving into fields of study that were newly emerging and still hotly contested. This was particularly true when the question of definitions emerged. Even in the lifetime of the study new terminology was being introduced, phrases were falling into and out of favour, previously clear definitions were becoming obscure. A tutor once said to me, when returning an undergraduate essay, that I would become bogged down in any work I did if I concentrated too much on definitions, so I was glad to put this advice into practice in this instance and largely put all the different definitions to one side for the purposes of this study. I realise that this could be seen by some as a weakness but I prefer to think that this particular study takes a different focus and can contribute to the debate on definitions in other ways, particularly by exposing how complicated the subject is. Other, better qualified people within the fields of social economy can take up the subject, rather than an outsider like me.

The study hasn't provided any definitive answers about why some organisations failed and this is still a fascinating and important subject. I remember on one occasion speaking to an individual who was going that

evening to attend a meeting at which the enterprise she was involved with was likely to be dissolved. There was sadness, bitterness, regret and anger reflected in her voice but above all a deep disappointment that a good and worthwhile activity had had to close down. At that time it was inappropriate to pursue the story behind this closure but such valuable information, should it ever become available, would help future fringe organisations avoid some of the pitfalls that have to be faced.

One of the most illuminating books about the mainstream co-operative experience was that of David Hughes, who had been involved in making the first retail society committee declare its society bankrupt in the 1960s. The background it provided about the process of dealing with failure cast a completely different light on the way in which the mainstream had had to deal with near-extinction. Such information would be of tremendous value to the fringe.

However, the difficult subject matter was only one reason why I didn't pursue the angle of failure. There were more functioning organisations than failed ones and it has been a failing of the fringe to highlight them, rather than looking at what had been achieved by those which have survived. I therefore decided not to take that approach and instead adopt a more positive view wherever possible. Again, it could be argued that this was not a balanced approach, but in the light of everything else that was going on I felt that insufficient resources had been spent in the past on exploring the activities of the functioning organisations that I came across.

The other areas that the study hasn't covered in quite the way I thought it might include ethics and values and the experience of organisations in other parts of the UK and even internationally. Again, this was because they are subjects that could be explored in their own right and increasingly I had to restrict the study in order to get as much of the local information that was emerging into it. There was an ever increasing imperative to keep the study grounded in the direct experience of County Durham.

On a personal note, I found that the first part of Chapter 1 was difficult to write because it dealt with such a broad range of theories and concepts. I could see the necessity for it, as a grounding for what was to follow, but at that early stage all I wanted to do was enjoy reading the co-operative histories and then go out and meet people who were actually doing what I had only been able to read about.

However, writing the final section of the thesis, which returned to the theories and added some new ones, was very different. For almost every theory that had been mentioned originally I could recall the experience of people I had met during the empirical work and who brought to life the previously dry theories and concepts. This thesis could not have been written without their co-operation, and I thank them all for that.

Part One: What is Co-operation?

'The Co-operative ideal is as old as human society; it is the idea of conflict and competition as a principle of economic progress that is new. The development of the ideal of co-operation in the 19th century can best be understood as an attempt to make explicit a principle which is inherent in the constitution of society but which has been forgotten in the turmoil and disintegration of economic change.'

Percy Redfern,
Consumer Co-operation in Great Britain

Chapter 1: Co-operation in Theory and Practice

> 'The more we delve into the past the more forcibly we are
> reminded that the human qualities which bring success or failure
> are the same in all ages, and that an improvement in man's
> material possessions is of little value unless the increase is
> accompanied by a higher conception of what he owes to himself
> and his neighbour.' (Windy Nook and District Industrial
> Co-operative Society Ltd, 1926, p121)

Introduction

This study is principally concerned with groups of people who have come together to work within a structure of free and equitable association or co-operation. Why do these people establish themselves (or decide not to, as the case may be) in such a way when the predominant business environment is competitive, and in which profit is the main motive for exchange? To answer this question, the concepts of co-operation and competition need to be explored and considered in relation both to theoretical positions and everyday working practice within co-operative organisations. This chapter, broken into two sections, provides the forum for this exploration.

Co-operation and competition are norms rather than exceptions in both working practice and everyday life. They are so commonplace that they are often invisible or unconscious, rather than formally expressed. Section 1 introduces a wide-ranging review of different aspects of the two concepts, which will provide some clues as to what may motivate or influence people who have decided to work together co-operatively.

The overall purpose of the chapter is to provide an outline of the theories, concepts and research questions that the thesis will explore. Within that, a conceptual map of the different senses of the term 'co-operation' emerges, drawing from both the research undertaken and the definitions found in the literature. Reference is also be made to the ideological and political context in which the co-operative movement originated and developed.

The study as a whole is an attempt to understand the way in which organisations have applied the theories and concepts referred to in Section 1 to a specific aspect of business life in the North East. It is important to understand lived experience through these theoretical positions, to explain why some local developments have occurred in a particular way, and why others have not taken place. As a starting point, Section 2 focuses on the co-operative movement and its own particular interpretations of theories and concepts. This is where theory meets everyday life and is translated into working practice.

The exploration undertaken in this chapter creates a context within which the picture of local co-operation that emerges in later chapters can be viewed and interpreted. It also serves as a reference point that can be re-visited, re-considered and related to the findings of the empirical work. The chapter provides an opportunity to raise an awareness of the human traits and qualities upon which co-operation is based. It is the contention of this thesis that these traits and qualities, and the patterns of behaviour that result from their existence, are key to creating an understanding of the co-operative development that has emerged in County Durham.

Section 1: Theories and Concepts

> 'Strange as it may seem, it is nevertheless true that, in proportion
> to which man has been exercised by the desire for liberty, he has
> realised the wisdom and necessity of co-operating with his fellows.
> This is not merely incidental, but the expression of a great fact,
> that individual liberty rightly understood can only be realised
> through the avenue of co-operation. (Ross, Pittington Amicable
> Industrial Society Ltd, 1924, p42)

Background

In the quotation above, Ross has noted that co-operation is linked to some of

the greatest concepts and moral values that exist to motivate and regulate

society. The purpose of the early part of this section is to outline a selection of

the most relevant theories and concepts that have influenced the thesis and

then to move on, in the later part, to consider the ideological and political

concepts within which the co-operative movement originated and developed.

The theories and concepts mentioned have been selected because they have a

direct relevance to the empirical work undertaken. As this empirical work

progressed it was possible to see practical examples of human and

organisational behaviour that reflected the observations made by the theorists

referred to in this section. In order to provide a context for the discussion of the

concept of co-operation some comparisons will be made to the concept of

competition, as a natural 'other' or opposite.

A Definable Concept?

It is interesting to note, as a starting point, that The Dictionary of Modern Thought (Bullock & Trombley,1999) has no entry for 'co-operation' and its entry headed 'co-operative principle' describes the structure of conversation in linguistics. It does refer to 'co-operatives', voluntary associations created for mutual economic assistance, but it provides no insights at a human level about what co-operation is, or is not. Similarly, it gives no direct definition of competition, other than in an economic sense. This suggests that both concepts are so deeply embedded in society that we have an unconscious, unquestioning understanding of these concepts which influences our daily behaviour.

On their own, the individual, the smallest element of a society, can neither co-operate nor compete. At this level he or she can exist in the way in which they desire, but only by being in isolation from every other individual. The person on an uninhabited island is in this situation. As soon as a second individual enters the first's space a relationship is created which has rights and responsibilities. This happens even if neither individual wishes to associate with the other; these rights and responsibilities cannot be avoided. In the case of the two people on the island, assuming they did not want to associate, an agreement must be negotiated, to the point of agreeing access to space and other essentials such as a water supply. Each of the two individuals will constantly be aware of the other's presence, even if they do not share a common space.

Living in isolation is not a state that most individuals find attractive, or, indeed possible, therefore they are immediately and continually faced with mediating their behaviour in order to live out their lives. Two approaches are possible: either to compete with each other for resources, or to co-operate with each other. What is more likely to happen to the two island dwellers is that they will develop a more positive relationship through the process of getting to know each other. It is at this point that co-operative behaviours begin to emerge. Individual free will is sacrificed so that an outcome that promotes the common good of the pair can be achieved.

Co-operation as the Ideal Alternative to Competition?

There is a natural sympathy for co-operative action in the examples given above, it seems to be the right and logical thing to do to create a supportive society. Alfred Marshall (1920) took this view when he looked at the negative connotations of the word 'competition', implying a certain selfishness and indifference to the well-being of others - although it released energy and encouraged resourcefulness, and could be a liberating force. He argued that it needed to be complemented by a conscious and deliberate concern for the common good (Auerbach and Blackwell, 1988, p272). However, co-operation itself is not always considered to be an ideal, leading to an ongoing debate about the 'idealness' of each of the concepts which is interesting to pursue a little further here.

Bertrand Russell has argued that each of us incur a social responsibility towards the society in which we live which tempers our individual initiative (expressed as competition), with a need to work together, or co-operate.

> 'The fundamental problem is this: how can we combine that degree of individual initiative which is necessary for progress with the degree of social cohesion that is necessary for survival?' (Russell, 1949, p11)

In some cases, working together may generate a greater benefit to each individual than would otherwise be achieved. For example, taking out insurance enables a claimant to minimise the outlay required to repair damaged property. More commonly, a mediated outcome may not be what every single individual wanted but it represents the best possible outcome for the majority. Within that relationship, as Russell observed, attitudes towards personal ethics (as opposed to the actions of social and political institutions) arises. "No man is wholly free, no man is wholly a slave" (Russell, 1949, p109). Instead a balance is created in which it is possible to freely express individual initiative within a cohesive, stable society.

He was concerned, however, that the balance be defended, otherwise co-operation would turn into "obedience", encouraging docility, suggestibility, herd-instinct and conventionality, at the expense of originality and initiative. In his essay 'Of Co-operation' (Russell, 1932) he argued that under the influence of democracy, the virtue of co-operation has taken the place formerly held by obedience, demonstrating that co-operativeness, as an ideal, is defective: it is

right to live with reference to the community and not for oneself alone, but living for the community does not mean doing what it does.

> 'I remain convinced that our age, partly as a result of democratic sentiment, and partly because of the complexity of machine production, is in danger of carrying the doctrine of co-operativeness to lengths which will be fatal to individual excellence, not only in its more anarchic forms, but also in forms which are essential to social progress'. (Russell 1932, p2)

So, the drive to co-operate cannot be wholly "good", in the same way as the drive to compete cannot be condemned as wholly "bad". Similarly, in the recent past, modern British society has had an uncomfortable relationship with competition. For example, competitive sports were frowned upon in schools and identifying 'top of the class' and 'bottom of the class' was discontinued in mainstream education. More recently the emergence of league tables for schools and hospital trusts have turned this argument on its head. Children must not compete but schools are encouraged to do so. Society's relationship with co-operation is less easy to see.

Sport and games are areas where the interaction between co-operation and competition can be well demonstrated. Individual and team achievements are celebrated in events like the Olympic Games. There are winners and losers, with great rewards for the winners and commiseration for losers, although losers are soon forgotten. There is also a sense of honour and ethics in the pursuit of victory, demonstrated, for example, by applauding the vanquished off the field. Ellen McCarthy took on the sea as an individual in her round the world trip but was supported by a team of people. Her efforts captured the imagination of a whole country. Even had she failed, the fact that she tried

would have been sufficient to secure her place in people's hearts. She will be remembered but her support team won't.

Team settings bring out different types of behaviour in different people. Individual members contribute to the team's overall objective existence, which is quite distinct from that of the individual. Interdependent ties and group norms develop, existing independently of individual members, who voluntarily sacrifice part of their own freedom of action for the benefits of belonging to the group. Ideally, group cohesiveness means that forces binding a group together are stronger than external attractions and internal repulsions. (Burke, et al., 1991, p47). Many amateur footballers want to be strikers and take the goal-scoring role but are placed in defence by the manager, who needs to match skills and strengths. From an individual's point of view it may be better to play in defence than not at all, but the ambition to be a striker remains.

Evolution and the Prisoner's Dilemma

Having established the existence of a debate over the merits of co-operation and competition it is possible to add another dimension to the theoretical context of the subject by thinking a little about evolutionary theories. Charles Darwin (1890), in his work on evolution, concluded that nature, and by extension, human society will, according to its own rules, metamorphose from one form to another in order to achieve survival. Species could divide into distinctive sub-groups and those species suited to one particular condition had either to adapt or expire.

This suggests several points that are of relevance to the remainder of the thesis. Firstly, that there are niches in which co-operative behaviours could continue to exist within the broader spectrum of competition. Conversely, there might also be some that are unable to survive in such a competitive world. Most significantly perhaps, there may be times when groups and organisations would change from one form of behaviour to the other, depending on some particular local circumstance, which may be either internal or external, but would have the effect of notably changing it.

To evolve is not always to progress or improve one's situation. It may simply be a mechanism through which adaptation to a particular set of circumstances takes place. There could be a very strong element of expediency. Also, an evolutionary strategy that is successful at one time may be unsuccessful at another. This could be why the consumer co-operative movement thrived in the 19th century but struggled in the twentieth. What was right in 1844 doesn't necessarily have the same relevance in 2004. An observation of H G Wells can be applied to the actual evolutionary experience of the co-operative movement:

> 'The general history of life in the past is one of failure and defeat rather than adaptation. Great groups of living things have arisen, had their heyday and then passed altogether from the scene, giving place to more plastic and adaptable forms of life. When we contemplate that greater past that science has unfolded for us, we see great groups and orders of mighty creatures dominating the earth and then waning and passing away. They have not kept pace with change, their exuberance has been almost defiance of change and change has overcome and obliterated them.' (Wells, 1932, p 27)

Modern approaches to evolutionary biology can also be referred to in this section. In an effort to trace social behaviour back to its genetic roots, socio-biologists have faced the problem of explaining co-operative behaviour. They noted that animal populations rarely outran their food supplies. They would refrain from breeding rather than risk starvation. By self-regulation they would ensure that the group, if not some individuals, would survive (Dawkins, 1976).

Following this train of thought, Robert Axelrod (1984), a game theorist, noted that within repeated games of Prisoner's Dilemma co-operative programmes outperformed the more competitive ones. This suggests that at a blind, apparently unthinking level, such as gene material, the genes following co-operative strategies will outperform, in terms of survival, those pursuing competitive strategies. He notes, however, that the decision to co-operate can itself be selfish, as an individual may have to work with others through necessity, in order to maintain a chance of getting their own way. Here he echoes the thoughts of Richard Dawkins (1976) who argued that the gene, the smallest unit of heredity, acts to promote and preserve the species. At this level, altruism becomes something hard wired into the genetic code.

Axelrod (1984) explains that co-operation can emerge in a population of unrelated individuals where there is a possibility of reciprocity, but it is likely to be viable only where there is a relatedness or guaranteed reciprocity between individuals. As the size of the interacting group increases, the establishment of co-operation becomes more difficult. This is because individuals can achieve

higher payoffs by just taking, not giving. In a large group there is a negligible reduction in the collective benefit supplied to an individual if he withdraws his contribution. There can therefore be a considerable incentive not to contribute, or to 'free-ride', and this has repercussions.

> 'The larger a group is the farther it will fall short of obtaining an optimal supply of any collective good and the less likely that it will act to obtain even a minimal amount of such a good. In short, the larger the group, the less it will further its common interests.'
> (Nettle & Dunbar, 1997, p93)

A team of players generally has a single objective, usually winning, but not all teams are set up with like-minded players. In a school games session there will always be a few individuals who would prefer to be elsewhere than on the hockey field. A favoured position for the unwilling team member is out on the wing, out of the way of most of the action. Such behaviour demonstrates the 'free rider' principle, which can affect co-operative groups. In the case of the hockey game, the unwilling player could cost the team the match because of their lack of interest, incurring the wrath of those members seriously committed to winning. On the other hand, the team could support the weaker member, putting in extra effort so that the risk of a defeat is minimised. Within a group, co-operation and altruism may be as much a part of biological human nature as competitive self-interest (Burke, et al., 1991, p40).

All of these types of behaviour could be exhibited within a co-operative enterprise. The literature on the free-rider principle shows that it is common to all kinds of organisation, co-operative ones included. It is as if the opportunity

for an individual to 'coast' within an organisation can be stronger than their commitment to either a work ethic or co-operative principles.

Co-operation, Community and Culture

The majority of co-operative enterprises are made up of small groups of people, in which it is more difficult to 'coast'. A small group can provide itself with collective goods without recourse to sanctions or incentives, because some or all of its membership will find that the personal gain from having the collective good exceeds the total cost of providing it. These are the sorts of issues that have emerged from the organisations taking part in the empirical study. It is possible to explore a little further why this might be the case by looking at some of the work of Charles Handy.

Handy (1993) argues that many of the ills of organisations stem from imposing an inappropriate structure on a particular culture, or expecting a particular culture to thrive in an inappropriate climate. Culture is defined here as the set of values, norms and beliefs through which an organisation operates, it is reflected in the way work is organised and the way people are rewarded and controlled. 'Strong, pervasive cultures turn organisations into cohesive tribes with distinctly clannish feelings....the way of life is enshrined in rituals so that rule books and manuals are almost unnecessary' (Handy, 1993, p183).

Handy further noted that organisations are communities of people that behave just like other communities, competing among themselves for power and

resources and experiencing differences of opinion. Within organisations pressure groups and lobbies exist, as well as rivalries, bonds of alliance and clashes of personality. Mary Mellor, in her study of motivation in a co-operative setting (1980), takes this argument further by observing that an organisation has to work with the people it gets. It cannot assume a uniformity of perspective among the members or a smooth socialisation process and this means that the people who are members of an organisation have to learn to work with people whose perspectives and aims are very different from their own.

Both of these views are important for the remainder of the study. Within co-operative organisations there may be people who are not committed to co-operative values and principles and some organisations may have been set up inappropriately in a co-operative format, imposing an inappropriate culture on the workforce.

The theories put forward by social psychologists are relevant also because they look at the way individuals act and react in an organisational setting, combining both a sociological and a psychological approach. For the purposes of this thesis the most common 'organisational setting' is the workplace and the observations made here will be closely linked to the lived experience of the people taking part in the empirical study.

Karl Marx felt that 'productive work is the first premise of all human existence, the most fundamental and essential human activity, the basis upon which both

human nature and society develop' (Marx and Engels 1978, p48). He and

Durkheim believed that jobs have consequences for workers' lives outside the

workplace. Routine tasks create workers with little sense of initiative or breadth

of vision. Following Durkheim's idea, Robert and Helen Lynd introduced the

phrase 'the long arm of the job' into sociological discourse. They used it to

describe how working conditions overshadow the lives of workers outside of the

factory gate or office door. They noted the impact of different work hours, shift

work, employment and unemployment on leisure:

> 'There is evidence to suggest that giving people decent jobs might
> go a long way towards ensuring a socially active population.
> People whose work is empowering will be active in their
> community. People whose ego is boosted and not deflated by
> their work are more willing to give of themselves outside work.'
> (R and H Lynd, 1929)

Frederick Glen (1975), in his introductory work on social psychology argued a

similar point, but from the opposite perspective, that only an incomplete picture

emerges from the study only of an individual's behaviour in an organisational

context. A more complete picture would include an analysis of the social

dynamics of the organisations themselves:

> 'The social processes of the organisations themselves are derived
> from the individual and group behaviour of the people who
> comprise them...it is people, not entities called organisations, who
> make rules, develop value systems, set goals and make
> decisions.....The individual in an organisational setting brings with
> him his own complex internal environment derived from genetic
> inheritance and the totality of his past experience'. (Glen 1975,
> p11)

It is this aspect that will be followed up in the study. The people who have come

together to form co-operative enterprises are in exactly this situation, having a

long and complex personal and work-based experience which has influenced their decision to be part of a new and often risky arrangement. All of these aspects of life experience need to be taken into consideration in the course of this study.

The Consequences of Co-operating

In the later 20th century Jon Elster, a social and political theorist with an interest in the limits of rational behaviour, has argued that there is a basic need for social order to exist to guarantee a society's basic survival, as well as stability. Elster has studied the way individuals make choices and how groups of individuals interact. He uses a multi-disciplinary approach that covers democracy and social planning, rationality and Marxism, and the distributive consequences of unemployment.

Elster's writings and theories of rationality and irrationality could be usefully analysed in detail to add an in-depth perspective on co-operative theory but this is not the most appropriate place to do that. There is, however, one point that he has noted that has a direct relevance in this chapter. He strongly supports the notion that a society is not something over and above its members and that, while the individuals making up a society may intend their actions, they do not always intend their consequences (Elster, 1989a, 1989b). Following from that, if we are unsure of what we want, or unsure of how things will turn out, we may not be rational in our decisions. We may act to achieve one thing, but actually end up with something completely different.

The relevance to the thesis is that those people involved in setting up co-operative enterprises have an initial idea about what they are trying to do but the reality of it is nearly always something different, that may not in fact be what had originally been envisaged. For example, individuals in worker-co-operatives imagine that working in a self-governing environment is co-operative utopia, when in some cases it turns out to be an unpleasant environment because they have to take on the role of the old-style 'boss' or 'gaffer' in order to get difficult decisions made. They are then pushed into a situation where they have to deal with the unintended consequences of their actions, often in the form of conflict. In the example cited above the outcomes can be unpleasant, however, in the case of the Rochdale Pioneers and their followers the outcomes were very positive. Even then, the reality of co-operative success was different to the dream, increasingly involving a negotiated relationship with the capitalist marketplace.

Coercion, Conflict and Collaboration

Ralf Dahrendorf has looked at co-operation from the perspective of the regulation of conflict, arriving at a surprising conclusion:

> 'If we try to create a world of ultimate harmony, we are quite likely
> to end up with worse conflicts than if we accept the fact that
> people have different interests and different aspirations, and
> devise institutions in which it is possible for people to express
> these differences, which is what democracy, in my view, is about.
> Democracy, in other words, is not about the emergence of some
> unified view from "the people", but it's about organising conflict
> and living with conflict.' (Dahrendorf 1959)

Dahrendorf raises two issues which are central to this study. In the first place he highlights that individuals bring different levels of commitment and motivation to a specific situation, be it work or play. This has already been touched on in relation to games and sports but it is also important when co-operative enterprises are being considered. When people are faced with either the loss of their jobs or a co-operative solution the choice is not between "do I want to play or not?" but rather it is a matter of, "I have to play this game to survive". This arrangement is nearer to being coercive than co-operative.

Many apparently 'free' bargains are, in fact, coercive. For example, an employer offering a starving man a badly paid job, forcing him to work rather than offering a choice. Conflicts of value and interest are inherent in all forms of human society and the stability of societies derives from the direct or indirect coercion of less powerful by more powerful groups.

Dahrendorf also addresses the issue of conflict head on, something that is not always done within co-operative circles. He admits that it exists, that it is inevitable within a group of people and must be lived with. Supporters of the co-operative ideal would argue that the open and democratic structures within which co-operatives are regulated provide the mechanism for sympathetic conflict resolution, but the literature suggests that this does not always work. It implies that there is a common understanding and acceptance of democracy that may not always be present. Conflict does exist in co-operative ventures and has been destructive. It is disheartening and distracts members from their core business or activity.

Collaboration is another term that has an association with co-operation and it too has both positive and negative meanings. Collaborating on a project has a positive connotation, being part of a team to achieve an outcome, a satisfying experience. Yet the term 'collaborator' in certain countries to a certain generation would evoke a bitter sense of betrayal. Some people who worked with the enemy in France during the Second World War did not escape with their lives once this became known, nor was their family safe.

Collaboration can also refer to several different interest groups coming together through necessity or expediency, rather than pure idealism. The Benn Co-ops of the 1970s are examples of this. Most people knew that these co-ops were doomed to failure but the political and social situation at the time drew different groups together to adopt positions that were unusual and often uncomfortable for them. This would seem to be an example of Axelrod's prisoner's dilemma, where the dilemma faces organisations, rather than individuals and this may be an aspect of organisational life that emerges in the empirical study.

Other Ideological Influences

Although it is reasonable to make a comparison between co-operative and competitive patterns of behaviour at a human level, there is no such clear-cut comparison between the ideological approach embodied in the co-operative movement and that of the economic ideology based on competitive principles, capitalism. At this point co-operation becomes part of a bigger picture of

ideological development. A more realistic comparison is between capitalism and socialism.

Socialist theories advocate collective or government ownership and management of the means of production and distribution of goods and would seem to be the natural home of co-operation. However, in the 19th century there were several approaches to socialism, supported by different individuals and groups. Co-operation was seen to fit into a utopian socialist model, which promoted alternatives that would lead to a better future, such as an Owenite co-operative commonwealth.

Critics of utopian socialism argued that these alternatives were unrealistic and provided no direct means of improving the everyday existence of the working class. Marx and Engels were such critics, favouring scientific socialism, a method of addressing the immediate shortcomings of society. They argued that it was not possible to impose a utopia, without going through a process of preparation and historical development. During this time Marx forsaw the dissolution of the State as a mechanism for controlling workers and its replacement, over time, with a totally collective method of existence.

In the Communist Manifesto (Marx 1848), Marx provided a guide to the various socialisms on offer. When considering utopian socialism he pointed out that it had emerged when class struggle was undeveloped and it therefore underestimated the potential of the infant proletariat as a body for change. Instead it developed within existing structures, seeking ruling class support and

aiming to champion every strata of humanity. Its success was dependent on peaceful methods of example and persuasion, based on inventiveness and fantasy, rather than a sound theoretical framework.

Bonner (1961), a historian of the co-operative movement, describes the development of co-operation in the 19th century as it reacted to the prevailing capitalist system. Capitalism promoted the social evils of selfishness and the exploitation of man by man. It needed to be replaced by an economic system based on common ownership and mutual aid 'in which equity, individual freedom and a strong sense of fellowship' (Bonner 1961, p292) would be the basis of social relations. Robert Owen argued for the transformation of the increasingly capitalist world into a co-operative one made up of 'equal exchanges'

It was seen as right and just to place an ever expanding community of organised consumers in possession of the industries necessary to their supply. The way this was achieved caused great debate within the movement as the role of employees within the equation needed to be sorted out. Were employees to be equal to the rest as consumers and members but not have any say in the running of productive units as workers? Or, in addition, were they to have a right to the ownership of productive units, taking a bonus on their labour and a return on the capital they had invested in them? This would place workers in the position of factory owners and give them additional rights above those of retail members. It was a major issue within the movement that created

dilemmas for existing co-operators, one that will be considered in detail in Section 2 of this chapter.

In contrast to co-operation, **capitalism** is a social and economic system in which individuals are free to own the means of production and maximise profits and in which resource allocation is determined by supply and demand. A capitalist society is one in which most of the instruments of production as well as objects of consumption are privately controlled.

In a Marxist sense capitalism is a set of arrangements in which the capitalists or bourgeoisie, as a class, own the factories and other tools of production while a second class, the proletariat, possess only its labour power, its capacity to work (Bannock et al, 1987). Marx postulated that the class structures of societies, their political systems and their culture were based on the way in which they produced their goods and services. He argued that social relations are closely bound up with productive forces:

> 'In acquiring new productive forces men change their mode of
> production, in changing their way of earning a living they change
> all their social relations. The hand mill gives you society with the
> feudal lord; the steam mill society with the industrial capitalist.'
> (Marx, 1846/7)

Pollard (1965, p101), another co-operative historian, has noted that the best of the co-operators of all shades were men of goodwill and men with a social conscience, who had found a powerful means of social amelioration but were essentially reconciled to the existence of capitalism and its mechanisms.

Following this line of argument places these co-operators within the prevailing economic system and unlikely to be the ones to introduce a new method of working based on a mass of consumers owning the means of production. It is an early indication that co-operation only played a part in their lives. It could directly improve the physical quality of their lives and secure a supply of commodities but it was not seen to be the mechanism through which working relationships would be changed.

When early co-operative ideas were being discussed and developed there was a feeling that capitalism could not last, because it impoverished the population, created greater misery, poverty and vice.

'What was needed was the transformation into a co-operative world of 'equal exchanges' without exploitation, without crises or unemployment and without needless suffering, and the men who were to bring it into existence were those who had least hope from the present system; the productive classes, the oppressed classes, the poor'. (Pollard, 1965, p104)

Pollard picks up on the idea that co-operation was expected, in some minds, to replace capitalism, but this aspiration was quickly seen to be unrealistic, even in the 19th century. Conversely, though, capitalism could not and does not operate independently of co-operative activity. The principles of perfect competition rest on the existence of a multitude of low entry cost businesses that form a market in which levels of profit can naturally be regulated through the medium of supply and demand. The position in which Britain found itself as the world's first industrial nation, with an overwhelming dominance in many sectors, lasting in some cases into the post war boom, in some measure

actually shifted its industries out of the realms of competitive dealing into that of 'monopoly co-operation'.

A high level of competitive activity within an economy may be seen as an intermediate stage after which the economy, or sectors of it, settles down to a monopolistic equilibrium. This state, most commonly linked to globalisation has uncomfortable associations with co-operation, and may mark the beginnings of a new cycle of co-operative activity, although not in the sense that most co-operators would like to see it:

> 'We observe, day in and day out, in an allegedly competitive society a universal drift towards monopoly, checked only by the problems of monopoly organisation. The drift stems in part from individuals realising that they can often gain more, materially and mentally by co-operating than by competing.' (Burke et al, 1988)

North East England's economic position was founded on three industries - coal, iron and steel and shipbuilding - which demanded high levels of capital investment before they became profitable. Such industries have always been outside of the scope of economic rules of perfect competition and prone to develop a method of existence which is nearer to 'co-operative' monopoly and cartel. The existence of such arrangements and their susceptibility to threat has played a major part in the development of the North East social and economic experience.

A J Toynbee (1947) observed that while conflicts are good because they constitute a dynamic element in the evolution of the system, nevertheless, civilisations usually die when they meet an obstacle that is impossible to

surmount. On the basis of this he felt that if capitalism became an absolute monopoly, there was a danger that it would lose its own capacity to motivate and reform itself. In the case of the North East of England this may have been a prescient observation. At a local level the North East has never had an economy which functions within the guidelines of 'perfect competition'. Instead, it has functioned on monopoly and cartel arrangements since the pre-industrial period.

The basis for this contemporary study of co-operative activity is an exploration of the question; 'why do people decide to work in a formal co-operative arrangement?' This question has emerged from looking at the actions of workers in the 19th century, particularly the men at Ouseburn Engine Works on Tyneside. It is important to set a context for co-operation, within the wider labour movement, as there have always been other influences at play around co-operative development. At this point it is useful to move away from the socialist/capitalist analysis and consider two other interlinked influences: Trade Unionism and Labour Movement Politics. These two influences, when added to co-operative activity, shaped the experience of working class people.

Co-operation, Trade Unionism and Labour Movement Politics

The property-less workers who flooded into towns and cities to take the jobs that were created as a result of the capitalist expansion of industry in the 19th century soon realised that they were largely powerless in the face of their employers. In a short space of time co-operatives became, effectively, the third

arm in the labour movement, which taken as a whole could improve the quality of life for workers and their families. The other two tools or weapons that became available to this mass of powerless people were trade unions and labour movement politics.

Trade unions are collections of workers who have freely combined in order to better represent their interests to their employers, or their interests as workers with other persons or bodies (Bullock & Trombley, 1999, p880). Early unions were craft and locally based, with primarily Friendly Society functions, only later becoming industrially or sector based. Modern trade unionism, similarly to co-operation, was the product of the industrial revolution. One of the early examples of producer co-operation mentioned in this study, Ouseburn Engineworks, emerged from such a collective working background as a means of securing the future of a large number of skilled men. In the main, the trade union function was not to take over the means of production but to secure the benefits of the worker within existing arrangements.

Ralph Miliband (1989) has also followed this line of thought, noting the inherent ambiguity and duality of social democratic organisations, making them able to articulate grievances and mobilise discontent but also able to curb and defeat militancy in their own ranks:

> 'The business of trade union leaders and officials is bargaining, compromise, conciliation: a strike and any other manifestation of militancy are as much an interruption of normal business for trade union officials as it is for employers, and constitutes a nuisance and a threat, to be averted if at all possible'. (Miliband, 1989, p71)

Following this line of argument places two of the three strands of the labour movement within existing governing structures and committed to maintaining the status quo, rather than radical change. As consumers the working class was committed to achieving and maintaining respectability, rather than grasping control of the means of production. As trade union members, they were committed to negotiated compromise, rather than all out overthrow.

In the early 20th century, one strand of collective thought sought to change this. Syndicalism emerged in the late 19th century and came to prominence before the First World War. However, its influence remained strong during and after this war, as all previous certainties were shaken by the effects of the first total war in history.

The background to syndicalist expansion was one of persistent industrial unrest and a growing reaction against Liberal social welfare legislation which brought, for example, the labour exchange into being and saw the introduction in 1912 of the National Insurance Act. This type of activity was seen by many as potential social control, rather than genuine welfare reform. They saw it eventually leading to the creation of the 'servile state', in which an increase in capitalist discipline over labour would undermine working class independence and self-reliance.

Syndicalists aimed at overthrowing the capitalist system through revolutionary industrial class struggle and building a new social order, free from political and economic repression. The syndicalist manifesto argued for the transfer of

control and ownership of the means of production to trades unions and rejected politics, stressing worker solidarity as the method of achieving success in any trade union and industrial action. Syndicalists in Britain advocated the realignment of trade unions on industrial lines and not on craft or sectional lines as in the past. Their success in this area included the formation of the National Union of Railwaymen in 1912, leading to a situation in 1914 in which a triple alliance emerged which aimed at co-ordinating strike action between miners, railwaymen and transport workers. This alliance was heralded as the vehicle for a revolutionary general strike and ultimately the overthrow of the State. It is against this background that Clousden Hill Commune, referred to in Chapter 2, developed.

James Hinton (1983) argues that the role of the trade unions within capitalist society was effectively the central weakness of revolutionary syndicalism as it was its failure to confront this ambiguity which negated the syndicalist threat. Hinton argues that the trade unions were, at one and the same time, agencies of working class struggle and of truce with the powers of capital. This dichotomy was apparent in the development of collective bargaining machinery, which effectively limited the revolutionary potential of trade unionism.

The third major element of the labour movement in England emerged eventually as **labour party politics**. The basic history of the emergence of the Labour Party in the early 20th century is not directly relevant to the thesis but aspects of its development are useful to consider in relation both to co-operation and to County Durham. It is worth noting that political

developments for the working classes were not confined to the creation of a specific, single Labour Party. There was considerable support for Liberal and Tory policies within the working classes. Beynon and Austrin (1994) note that the miners occupied a role as the foremost representatives of *liberal* politics within the working class towards the end of the 19th century (p91, authors' own parenthesis), being the most successful occupational group to send their own representatives to Parliament, where they sat with the Liberal Party. It was therefore more natural for them to press the state directly for their own demands in ways which had become well established. In practice this meant that in 1899 miners' representatives voted against the formation of a Labour Representation Committee at the TUC Congress of that year. It was only in 1908 that the miners union finally agreed to affiliate with the new Labour Party.

Ralph Miliband (1989, p75) looks specifically at the ways in which emerging labour movements at the end of the 19th century entered into a political system of representation that had not been devised either by them or for them. It was a system suited to the continued maintenance of power for those in possession of the means of production and which therefore naturally fostered compromise, conciliation and collaboration, rather than radical transformation. Miliband argues that labour movements expected to make use of such systems, even though they were committed to radical transformation of the social order. Such action made possible insertion into political life, not only at national level, but also at local and regional level as well. He notes that:

'Municipal, or 'gas and water socialism' was crucially important in engaging activists in the political life of bourgeois democracy and in persuading them of its democratic possibilities. For some of them at least, politics at this level offered a chance to exercise responsibility and a degree of power, and constituted in fact one of the very few avenues of responsibility and power (and of achieving a certain status) open to working class activists'. (Miliband, 1989, p70)

This is reflected in the local life of labour politics, but it also played its part in the development of co-operative politics, which came round to a 'if you can't beat them join them' attitude over a period of years. This represented a complete change in attitude for co-operators. In the early days the size of the trading organisation had created hostility and resentment among other private traders. These private traders often were able to exert an influence on national and local political affairs but while the movement had 'friends' in Parliament it lacked any direct input into the existing political system. There was awareness within co-operative circles that such an input was necessary and in 1880 a Parliamentary Committee was set up, specifically as a response to repeated attempts to impose a tax liability on profits. This was the beginning of a long process which eventually led to the formation of a Co-operative Party:

This was not an easy decision to make as, for over twenty years the issue had been hotly debated at each successive Congress and some societies were antagonistic to any attempt to politicise the movement. An example from Clydeside reveals an alternative view of the reasoning behind the non-political stance:

'As yet on Clydeside (in 1894), there was no definitive link between the trinity consisting of the Co-operative, Labour and Trade Union Movements, and many co-operative members were opposed to participation in political affairs. The Committee declined an invitation from the Scottish Labour Party to send delegates to a conference to debate the selection of working-class candidates for the Council and other local government bodies. The reason given for this was that most of the Committee were already connected with the other organisations represented at the Conference'. (Lawson 1948, p31)

It is interesting to note from this reasoning that co-operative interests could be adequately represented by individuals whose first concerns were more closely linked with Labour Party or Trade Union affiliations. This view changed within 20 years.

'It was the First World War which brought home to government the role of the Co-op in so many aspects of the economic and social life of the country. There was a reluctance initially to involve the movement in national decisions despite its national dimensions. From that neglect and resentment against unfair treatment under wartime controls stemmed the decision by the Co-operative Congress to seek direct representation in Parliament.' (Melmoth, Hilda Sheridan Memorial Lecture,

The movement finally made its move into the political arena in 1917 when it was agreed to set up a Co-operative Party after a full debate at the Annual Congress at Swansea. This decision had local effects, the experience of Ashington, in Northumberland, being a case in point. In 1928/9 the Labour and Co-operative Parties took control of Ashington Urban District Council. All chairmanships of committees and the council itself were held exclusively by Labour or co-operative councillors, right up to the dissolution of the authority on reorganisation in 1972/3 (McNiven 1978, p10).

This arrangement is an example of the alliances that later developed between the Co-operative and Labour parties. These alliances have been stronger and weaker at various times in the 20th century but have never completely been broken. A look at the way in which major reports on the activities and future of the co-operative movement were carried out gives an indication of the way these links emerge and re-emerge over time.

In 1958, the first Co-operative Independent Commission, a major exercise in reviewing the position of the movement in the wider world, was chaired by Hugh Gaitskell (then leader of the Labour Party and a modernise, trying to persuade his party to ditch Clause Four), and had Tony Crossland as its Secretary. The 2001 Commission adopted a similar format being chaired by John Monks, General Secretary of the Trades Union Congress, with Alan Donnelly, former leader of the European Parliamentary Labour Group as Secretary. The foreword to the 2001 Commission Report was written by Tony Blair and he states that: 'the values on which the Co-operative Movement is built, values such as community and social responsibility – are also the values of the Labour Party and are as relevant today as they have ever been (2001, p1).

Other Influences: Respectable Methodism

Marx and Engels were sceptical about the role that co-operation played within the triumvirate of collective action, labour politics and consumer control of production. They argued from a conviction that the development of capitalism

would result in the increasing impoverishment of the working class. However, the emergence of a comparatively prosperous (and, in Marx's view, regrettably self-satisfied) body of workers, devoid of socialist aspirations and wanting to develop trade unions and co-operative societies alongside a line of narrow respectability in imitation of capitalist enterprises meant that, in Engels' words, 'The British working class is actually becoming more and more bourgeois' (Marx & Engels,1936).

The bourgeois element of the working class has been identified as a labour aristocracy, in which there is a regularity of wages at a reasonable level, an ability to create some form of personal 'social security' through savings, a reasonable standard of living and prospects of advancement either for the worker or his children. What was being created was a social identity that cut across craft sectionalism, but had inherent in it a fear of falling into a lower status in society. The strength of the co-operative movement lay in the membership of the labour aristocracy, people who could afford to save and pay a little extra for their goods and services and who aspired to 'better' things. It meant that the co-operative movement was fixed into 'private' life, based around family and the ability to keep up hard-earned appearances, powerful personal motivators.

It was this bourgeois element of society, fast becoming influential consumers through their purchases at their local co-op store, that 19th century co-operative intellectuals such as Beatrice Webb considered provided an opportunity for creating a new form of social democracy through consumer primacy, based on a larger number of people being involved in the consumption of an increasing

range of goods. The big difference between her view and the situation that currently prevails in a 21st century consumer-led world is that consumers have never established a method of control over the means of production and workers have largely lost their role as a collective, powerful mass movement.

Miners generally were seen as a people apart, isolated from other communities because of the location of the coalfields, and did not fit naturally into a labour aristocracy, because their work was seen to be unskilled. Also, in the early 19th century pits had been viewed by the majority of people as places of corruption, a 'training ground in deceit and evasion, languishing in the greatest possible moral and intellectual darkness' (Colls, 1987, p118). However, by the 1840s the miners in Northumberland and Durham were thought to be better educated than most workers but irreligious (i.e., non-Anglican), (Thompson 1988). By and large they worked out their own standards and values, not greatly influenced by other working class groups or their masters. This is reflected in the earlier mention of the way in which they adopted a corporatist approach to improving their working conditions, quite independently of other trade union developments.

The influence of Primitive Methodism, with its focus on self-discipline and the development of character, has a bearing on this change in perception. Durkheim (Reed, 1992) argued that groups of individuals are held together by means of a 'conscious collective'; powerful beliefs and sentiments that are shared in common by members of the society and that exert strong influence on individuals' behaviour, and the extension of Methodism is an example of that .

These changes were as powerful as any strike or extension of the franchise, but quieter and more entrenched in people's attitudes and behaviours. It was in this increasingly ordered and respectable society that the co-operative message hit home and prospered.

The influence of Methodism pre-dates the influence of co-operation on the Durham coalfield and is closely linked to the trade union organisation. Its belief system provided an alternative cultural strand within the village, through an opposition to drink and gambling and a commitment to regular work habits and the stability of family life.

> 'Sober, rational Methodists and the chapel took the nobodies and made the most humble and hopeless somebody, converting them from a culture of drinking and gambling to one where they could moralise and rationalise their actions, making them an elite in the villages'. (Beynon & Austrin, 1994, p265)

Other cultural influences were also at play as the chapel emerged as a social venue where women could meet together. This led to its attraction to young migrant workers who found that they could meet single women there. The Webbs, so influential in co-operative matters, have also commented on the importance of Methodism and chapel life to the development of mining culture in the North, and the significance of this to the emergence of modern, as opposed to the continuance of traditional, forms of social organisation. (Beynon & Austrin, 1994). This modernity is important, demonstrating that life in the coalfields was evolving constantly and was not simply based on traditional patterns of community.

Coal owners had largely ignored the welfare of their employees until driven to it. However, the introduction of, for example, Sunday Schools, which introduced order and the temperance movement began to change the lifestyle of a mining family. By the 1860s a distinction was being made between the 'uncontrolled and uncontrollable' lifestyle of local miners and that of the 'better' type of family on the Northern coalfield, characterised by its education, prudence and industriousness, in effect, the well-conducted family. Such a change even influenced the role of women in the family, they became the moral vanguard, becoming model wives and mothers as they created and ran a 'proper home'.

Threats to this Lifestyle

The Protestant work ethic emerged (Weber, 1930) as a reflection of the outlook and needs of economically independent men, the nascent bourgeoisie winning economic and political power. The promotion of this ethic helped to form the attitudes and create the habits and discipline among workers which were needed in the 19th century for the development of modern capitalism and modern industry. Perhaps this attitude to work has changed over the course of 150 years, in the way that attitudes towards creating a co-operative commonwealth have. What sort of attitudes might be found in the workplace now? Julie Burchill) has identified one particular attitude that emerged in the 1970s:

> 'What the working class learnt to do in the 1970s, finally, was to
> take their ease. They finally learned to lay down their shovels and
> take the piss – just as every other class had always done. Be it
> the MP working two days a month for a six figure salary as a
> company director or the journalist fiddling his expenses, doing

minimum work for maximum return has always been what people
aspire to. In the 1970s the working class finally caught
on....merely doing what the rulers, movers and shakers of society
do every day of the working week.' (Burchill, The Guardian, 2002

She goes on to comment on what she feels has happened in the last 30 years:

'the surrender of the workers [has been] rewarded not with a
bigger share of the pie, but with – quelle surprise! – the grubby
crumbs of casualisation, privatisation and an endless supply of
McJobs.'

In their contemporary analysis of the social economy, Amin, Cameron and

Hudson (2002) identify the way in which in the past the majority of individuals

achieved security through regular work, a job for life, cushioned by the all-

encompassing state when times were rough. This created a condition of

'universal belonging' which emphasised conformity to a shared set of norms,

rather than celebrating or supporting diversity. Poverty and other forms of

social disadvantage were considered to be temporary within a mass working

society.

At its most visible level, de-industrialisation marked the end of full employment

and the creation of a simple logistical problem in that there were, and continue

to be, too few jobs. Zygmunt Bauman (2001) takes this further, noting that a

person's livelihood is a preliminary condition of all other aspects of life but one

which has become increasingly fragile. Society is moving towards a point

where everything needed to satisfy market demand can be produced by only a

proportion of the total population. This leads to the existence of a group of

people without employment:

'making them economically useless and socially redundant. However brave the faces the politicians put on and however audacious their promises, unemployment in affluent countries has become structural. There is simply not enough work for everybody.' (Bauman, 2001, p155)

This leads inevitably to the conclusion that a group of people will always be unable to get work and earn a living in the traditional way. What does this mean for the competitive/co-operative relationship? Will it create a society in which the population works co-operatively to spread earnings fairly between the majority or will there be competition 'at whatever cost', for those jobs available? Such a 21st century debate has strong echoes of the utopian socialism of the 19th century and provides an end point for this section, in preparation for taking a closer look at the beliefs of Robert Owen and the Pioneers who were influenced by him.

Conclusion to Section 1

What is emerging is a background of powerful concepts and theories which suggest that at a very basic level co-operation is a major influence on the way in which human beings live together. It operates in a form of benevolent tension with competitive instincts to enable humanity to live together and survive in the most effective way possible. Instead of co-operation replacing competition this section has shown that the two concepts must inhabit the same world. Within that conflicts will inevitably take place that need to be resolved and mediated outcomes need to be negotiated. These negotiations between individuals are transferred into organisational cultures, where groups of people work together, for example to produce gods and services.

In the 19th century co-operation was moulded into a movement that had links with other working class developments that, taken together, had the potential to overthrow the dominant capitalist hegemony by shifting control of the means of production from a few people to the majority. However, at the same time, there were other, separate, forces at work that reinforced the capitalist system, pressurising them at an unconscious level to conform to it as they developed their own respectability and position in life by adopting the culture and norms of their 'betters', to improve their own lifestyle. Instead of becoming a mechanism through which consumer control of the means of production was secured, retail co-operation became a way of furnishing the parlour in imitation of grander rooms.

This section has acted as a starting point, providing some pointers towards issues investigated in the literature and which can be borne in mind in interpreting the empirical study. Some key points emerge:

1. Co-operation is a major element of life but is not always easy to recognise or define because it is absorbed so completely into everyday activities.

2. Co-operation can be pursued actively as an ideal or it can function within groups at an unconscious level, reinforcing and supporting a dominant hegemony. It operates in both co-operative and capitalist environments.

3. Co-operation has a negative side and ought not to be seen as an ideal, or perfect alternative to competition or capitalism. This means that it is susceptible to conflict, in the same way as any capitalist relationship.

4. Co-operation is unlikely to be a vehicle for radical or fundamental social and political change. It has few explicit links to organisations that are bent on forcing change and, in some respects, could function to reinforce the status quo, rather than change it.

Towards the end of the thesis these issues are revisited to see if any further insights can be added, taking into account the findings from the empirical work. However, one major conceptual issue that is specific to the co-operative movement, rather than co-operation generally still remains to be contextualised

before moving on. This tension between the role of the co-operative consumer and co-operative worker showed itself through the ongoing debate over who should control production of the goods sold in the stores – the retail society members or the workers in the productive units? This came to be known as the 'bonus to labour debate' and it posed a huge dilemma for co-operative members, which still has repercussions in the 21st century co-operative world, as the following section will begin to explain.

Section 2: Co-operation in Practice

> 'The co-operative ideal is as old as human society; it is the idea of
> conflict and competition as a principle of economic progress that is
> new. The development of the ideal of Co-operation in the 19th
> century can best be understood as an attempt to make explicit a
> principle which is inherent in the constitution of society, but which
> has been forgotten in the turmoil and disintegration of rapid
> economic change.' (Redfern, 1938, p37)

Background

Up to this point this chapter has focused on large-scale abstract theories that

have had identifiable and important effects on both individuals and societies.

However, they still seem to be at one remove from the life and experience of an

individual or a family trying to live a meaningful and satisfying life. This section

will looks closely at practical applications of theoretical standpoints and also the

way in which practical experience in turn directly influenced theoretical

development. This is the point at which 'the co-op' and 'the co-operative

movement' come into the story, where the behaviour of individuals and

organisations come together. This merging of theory and practice begins during

the 19th century. Although co-operative theory and practice had existed well

before that time the influence of Robert Owen and the experience of the

Rochdale Pioneers are the two elements that have the most direct relevance to

this study as a whole and are the ones that will be considered most closely.

At the time that Robert Owen was influential, and when the Rochdale Pioneers

were setting up their shop in 1844, there was an intense amount of theoretical

debate going on about the relationship between labour and capital and the

effects of the new factory system on workers. Owenism had its heyday between1825 and 1835, around the time of the repeal of the Combination Acts. In the fairly recent past feudal relationships had been broken up following the large scale enclosure of land and the creation of a landless workforce which had to take up employment in large factories in order to survive. There was very much a sense of unease about these new working relationships, quite different to the present day where the dominance of market forces is ingrained in our society. The unease was based on the fear of the unknown as huge numbers of people came together in totally new working situations where they needed to be closely regulated to ensure efficient production of goods took place. No more 'St. Monday' from now on for workers previously used to regulating their working life through daylight and seasons.

Owen was heavily involved in this debate but the Pioneers were not, being practical men busy trying to keep a roof over their heads and food on the table. Their success was not consciously linked to the adoption of a dominant theory but was heavily influenced by what Robert Owen had done in his factories. It is interesting to see that Owen's attempts to put his theories into practice largely failed, whereas the Pioneers' practical efforts were very successful. With the benefit of hindsight, however, their success created its own dangers, one of which being that their brand of co-operation grew without a fully grounded theoretical base, laying down a challenge to people like Sidney and Beatrice Webb to create one. In the case of the Christian Socialists their intellectual input had a beneficial result, the first Industrial & Provident Act in 1852. It is more

difficult to put a positive interpretation on the contribution of Beatrice Webb, especially in relation to the bonus to labour debate.

Robert Owen's Contribution

Owen was an enlightened employer and a natural industrial organiser who had made his fortune within the capitalist system and was able to finance practical examples of his philosophy, the most famous being his cotton mill complex at New Lanark, near Glasgow, which he purchased in 1799. New Lanark became a laboratory for his social and economic theories and he was able to raise the age of entry for children he employed in his mills, reduce the length of the working day, increase wages and improve conditions while still making profits. He also was able to persuade his partners to agree to limit the rate of profit payable on capital investment.

Robert Owen's principal thoughts were, firstly, that men's characters were formed for them by their environment – the evils which moralists found in the poor were due to the degrading conditions under which they were forced to live and work. Secondly, he believed that Capital ought to be content with a limited dividend and all surplus profits ought to be applied to the benefit of the workers. Before the dominance of either capitalism or socialism Robert Owen argued in 1820 that 'the evil that requires a remedy is the general want of employment', at wages sufficient to support the family of a working man beneficially for the community. He felt that the relief of public distress and the removal of

discontent could be achieved by giving permanent productive employment to the poor and the working classes.

He further also theorised that co-operative communities of about one thousand people, living on about fifteen hundred acres of land, could be created. These communities would build their own homes, using a set design which would incorporate a common kitchen, dining rooms, lecture room, schools, library, workshops, slaughter house, brew house, grain mill and individual quarters for separate families (Bonner, 1961, p15). The community would be largely self supporting and would sell any surplus goods in local markets. Several communities on this model were set up, including New Harmony in America, but all of them failed. There were various reasons for failure, including bad management, unsuitable colonists, insufficient capital and the dishonesty of some managers. Despite this, Owen's ideas captured the imagination of many workers trapped in the routine of factory work in very poor conditions. The Rochdale Pioneers took up some of his ideas as they began their attempts to improve their standard of living:

> 'those who had drunk at the Owenist fountain were not to be put off by the palliatives of other prophets, nor with free trade emigration or moral regeneration in due course.' (Pollard, p104)

The Rochdale Pioneers' Contribution

This group of twenty eight poorly paid weavers began their small scale trading in basic foodstuffs in 1844. Their overall objective was to 'form arrangements for the pecuniary benefit and the improvement of the social and domestic

condition of its members' (Ben Jones, 1894). The fact that they took the time to phrase their objective in such a way indicates how strongly they felt about improving their standard of living and what drove them to take the unusual action of becoming shopkeepers. At that specific point in time, however, the desperate need to buy good quality food at reasonable prices was what motivated them to take direct action and everything else that happened followed on from this.

The best remembered principle that the Pioneers adhered to was the payment of a dividend on purchases. Goods were sold to members at a reasonable market price (not necessarily the cheapest price) and any surpluses were returned to these members in proportion to the cost of their purchases as a dividend. There was also a limited amount of interest payable on invested capital that encouraged members to leave their capital and dividend in the society (in other words, to save). Not only could members know that they could eat reasonably priced, better quality food than they had in the past they could also save as they spent, offering security of another kind. Democratic member control was a priority, again reflecting the times in which they lived. It was expressed in the formation of the store's committee, where every decision was debated and discussed.

At a later date, and as a natural progression, production through manufacture would be embarked upon by the Pioneers as a means of providing employment for such members who needed it. It was seen as a development which would naturally occur in the pursuit of the self-sufficient 'co-operative commonwealth'

that would come into being once land had been purchased and houses built. When the time was right it would happen. It never did and within ten years this position had changed and the early co-operators were looking at life through the democratic eyes of successful traders and dividend rich consumers.

G D H Cole (1944) attributes this change to the fading away of the notion of community-making after 1854. He argues that their successful experience of trading in the larger commercial world had shifted the Pioneers' focus away from the broader needs of community towards the intricacies of trade and manufacture. In effect, Cole suggests a corruption of the basic ideals of the Pioneers as a result of their experience as traders. They had become worldly-wise, aware of their own position as co-operative managers in the broader economic world. It was as if, even then, they had realised that the capitalist system was too strong or too well entrenched to be overtaken or destabilised:

> 'The Pioneers settled down to develop co-operation, not apart
> from the world as it was but in that world and subject to its limiting
> conditions. They had become realists even if they had not shed
> their idealism.' (Cole, 1944, p89)

Production of Goods: Rochdale Co-operative Manufacturing Society

Within their increasingly dynamic new world the Pioneers were able to think about taking control of the production of goods that were sold in their shops; it seemed to be a natural progression. In the early days of organic growth they employed tailors, cloggers, bootmakers and other craftsmen in departments run

by the parent society. Whatever needs were identified by members were catered for. However, their confidence grew to the point at which they considered taking on the large-scale manufacture of yarn and cloth. Following discussions within their democratic structures it was decided that the right thing to do was to launch a separate productive unit. In 1854 the Rochdale Co-operative Manufacturing Society was founded to carry out spinning and weaving, incorporating specific co-operative aims. The factory would be independent and control of the operation of the business would be in the hands of local shareholders, including the workforce. The best possible working conditions would be achieved and as of right workers would receive a share in the profits as a bonus on their wages. It was this commitment to a 'bonus to labour' which ultimately caused the most profound theoretical debate within the co-operative movement, one which Beatrice Webb and her supporters, who despised this idea, won.

The effects of the bonus to labour debate, or the Federalist/Individualist debate as it became known, are explored in more detail later in this section but the experience of the Pioneers' manufacturing society throws up some other interesting behavioural points which pick up on themes raised earlier in this chapter. In 1859 the business moved from rented premises to a purpose built mill at Mitchell Hey and this expansion brought problems. The initial high rate of return on investment (10%) enjoyed by the mill's original shareholders had been noted locally and led to an inrush of new shareholders when capital for the new building was sought. These people were mainly workers from local industry ready to invest their savings at a

favourable rate of return. They were people like the Pioneers themselves, workers and savers. In 1860 these 'newcomers' attempted to abolish the bonus to labour in order to maximise the returns to shareholders. At the second attempt, in 1862, the necessary two thirds majority was reached. Cole notes that this 'brought about the conversion of the manufacturing society to an ordinary profit-making concern'. (Cole, 1944, p90)

A 10% return was high in investment terms and attracted people for that reason, rather than the co-operative principle. It was the 19th century equivalent of 'public utility share syndrome', seen in action in the 1980s when shares in British Gas and British Telecom were vastly oversubscribed by a group of people who had no share holding experience whatsoever. In both cases return on investment was paramount, not the principle of how the business operated.

The Cotton Famine of the early 1860s in Lancashire brought the two issues of return on investment and bonus to labour into conflict as directors of the mill fought to maintain the wages of the workers. Whilst the directors of the business prepared to stand up for their principles, as they had done in other lean times previously, the new shareholders reacted differently. To understand their behaviour a wider look at local circumstances is useful. Cole observes that it was a common thing in Lancashire, especially in the area around Oldham, for cotton mills to be built up from small beginnings with capital contributed largely out of working class savings. During the Cotton Famine the majority of shareholders in the Rochdale Co-operative

Manufacturing Society were out of work themselves and objected to this mill's workers having their enhanced wages protected when they themselves had no wages coming in. Instead of identifying with a group of workers experiencing hard times they acted in their role of investors, fighting to protect their own investment by voting to change the structure of the business. In order to achieve their own financial survival they denied mill workers the right to the payment of bonus on their labour. As investors, the survival of their investments had been threatened and they took action to defend their position. This group of fellow-worker acted selfishly to protect their capital investment at the expense of a co-operative principle. Their actions cast an interesting light on the supposed commitment to worker solidarity.

Pioneers But Not Theorists

The Pioneers' brand of co-operation emerged from their own specific needs and was tailored to them. They were not following a previously set model of development. However, their phenomenal success ensured that their methods became enshrined in co-operative lore. In effect the Pioneers' custom and practice became a quasi-theoretical position. Expansion was led mainly by people like them, from other areas, wanting to imitate their success, rather than by co-operative theorists. External factors, such as the behaviour of working class shareholders, also directly influenced developments.

Cole (1944) observes that the six original rules adopted by the Rochdale Pioneers in 1844 were 'a curious hotchpotch'. In particular he felt that the early commitment to undertaking production through which to employ their own (the Pioneers') unemployed members showed clearly how little distinction there had been initially in the minds of the Pioneers between Producer and Consumer co-operation:

> 'They were setting out to be at one and the same time a Producers' and a Consumers' society; and this seemed natural because all their endeavours were meant to lead up to the creation of a co-operative community on the Owenite model, in which the distinction between consumers and producers did not exist.' (Cole, 1944, p76)

This approach to development quickly changed as the number of societies increased without their apparent development into co-operative communities in the Owenite sense.

Bonus to Labour or Not: The Federalist v Individualist Debate

The debate over whether control should be in the hands of the consumer of products or the worker who made them has continued throughout the life of the co-operative movement. Much of this feeling became centred on co-operative production. Success at a retail level created a debate in the wider fledgling co-operative movement about how best to supply shops with goods. Should they come from other local suppliers, who had no particular interest in quality or price and were often hostile to the ideas of co-operators? Should they come from a co-operatively owned wholesaler sourcing goods on the basis of the co-

operative ideals or should they come from co-operatively owned and managed productive units, in which there were no 'employees', only equally participating members?

Through debate within their democratic processes the societies' preferred course of action was to set up the Co-operative Wholesale Society (CWS), an organisation of collective mass buying. The CWS came into existence formally in 1863, after several years of debate within the movement. It was operated on behalf of and controlled by the retail societies, who provided the capital, direction and trade. Membership was made up of other co-operative societies, it was democratically controlled and managed, non-profit-making and constituted to sell goods only to co-operative societies.

Bonner argues that the CWS was the obvious organisation to undertake production for the following reasons:

- It had knowledge of designs, qualities, quantities and prices from wholesaling activities.

- It already had a trade in the commodity with the retail societies.

- It had capital available to finance such ventures.

- It had such a variety of enterprises that a new one could be carried during the inevitable early teething troubles.

He continues; 'the pursuit of the co-operative ideal necessitated the extension and expansion of co-operative production.' (Bonner, 1961 p353). The fortunes of both the retail societies and CWS became inextricably linked with the performance of local industry from this time. There was never an absolute requirement on behalf of the retail societies to buy goods from the CWS.

Therefore, although CWS provided manufactured goods and foodstuffs to the specification of the retail societies, and built factories on the strength of it, there was no reciprocal obligation for the societies to buy it once it was produced:

> 'Yet this business depends on the purchases and savings of individual consumers, mostly of the working classes and is an example of what can be achieved by the co-operation of people with small incomes.' (Bonner, 1961, p170)

The success of the CWS caused it to enter into production of goods, initially at the Crumpsall Biscuit factory in 1872, even though it was not a necessary or natural progression from wholesaling. As a producer the CWS was able to increase the rate of dividend, provide a co-operative use for co-operative capital, and control the quality and delivery of products and the conditions under which they were produced. Co-operative production was entered into whenever retail society demand, which was assumed to be stable and reliable, appeared to justify it. This became the local satisfaction of local demand and complete sets of factory units were duplicated in various parts of the country within a short space of time. As an example the factories built at Shieldhall, for Scottish CWS and serving the co-operators in the Glasgow area, became the model for the CWS factory complex at Pelaw, serving the co-operators of the North.

The CWS aspired to be the universal provider to co-operative societies, through either its wholesale suppliers or its own range of productive factories. One of the principal reasons for this was a practical one, to obtain greater reliability in the quality of goods passing through its hands to the retail societies. The stores needed a consistent supply of goods at a specified quality, in particular foods,

hard-wearing footwear and clothing and well made furniture and bedding. These ends were achieved using the standard, capitalist-inspired business practices of the day. The technique would be recognised by economists of today as vertical integration. It meant that employees in the CWS factories were exactly that, employees, with no control over the means of production. The guiding principle of the CWS productive units continued to be obtaining greater reliability in the quality of goods. By 1914 this had largely been achieved. The Pelaw group of factories were exemplars of the way this achievement came about with their new, well planned and resourced buildings. Workers were provided with good quality working conditions and reasonable wages, influenced by trade union representation. In return the CWS was able to increase the rate of dividend payable to retail societies, provide a co-operative use for co-operative capital, control the quality and delivery of products and the conditions under which they were produced. Again, all laudable, co-operative aims:

> 'It was just and right to place an ever expanding community of organised consumers in possession of the industries necessary to their supply, and to have employees equal with the rest as consumers and members while being the servant of the whole co-operating community during working hours. Good social theory was thus combined with economic practise in the CWS, which rose with new power and new courage from the trials of early success.' (Redfern, 1938, p37)

This approach assumed that every worker was an active co-operative member in their local community, an assumption that was never likely to become reality. Also, an increasing number of women became workers in the organisation's factories, but the voting rights of a co-operative family were almost always

vested in the man of the house, even though it was mainly the women of the house who did the shopping and had the direct relationship with the societies. An unintended outcome of keeping co-operative employees as servants of the community was to ensure their continued subservience in the workplace, without any democratic control over it. Alternatively, it could be that it enshrined the same relationship between a store employee and the society as any other member's, be they miner or shipyard worker. Yet another view of this debate is that it was a missed opportunity for the co-operative movement to act as an exemplar of the Owenite working relationships it aspired to.

Those who favoured independent producer co-operation opposed the entry of CWS into direct production. The experience of producer co-operatives had been very poor in the 1870s and retail societies had lost substantial amounts of money that had been loaned to new independent productive units as investment capital.[1] This meant that speculative ventures induced caution in both retail and wholesale societies. JTW Mitchell, Chairman of the CWS, argued that not only were there several occasions where the CWS had been let down by such productive societies but more importantly, 'all profits and incremental values should find their way into the pockets of the people (members) and that dividend on purchases assured this'.

Thomas Hughes was an early champion of independent producer co-operation. He felt that the key role of the wholesale societies should be to organise the distributive process of consumer co-operation and act as agent for every productive society. These two activities would ensure that the needs of

consumers and independent producers were met. He felt that the extent and number of the enterprises required to satisfy the demand of consumers was beyond the capacity of any central body to manage effectively. Also, the workman would have no share in either ownership or profits.

The advantages of independent producer co-operatives would be that CWS would be free to devote itself to its true function: that of perfecting co-operative distribution. By being independent of production the CWS would be able to enforce fair dealing, honest work and just prices so that customers would benefit. Productive societies would benefit because injurious competition would be prevented. Individual workers would benefit by the training in self-government and this, with their accumulation of capital, would avoid the subjection of one class by another.

Other supporters of the individualist approach were E O Greening and J M F Ludlow. Speaking at the 1874 Co-operative Congress, Greening argued 'our movement was not started with the object of making money or supplying cheap goods but of making men. The other things were subordinate.' At the same time, Ludlow also argued against the development of consumer sovereignty. He felt that mere consumption should be subordinated to production. (Bonner, 1961, p134)

Percy Redfern notes that the enthusiasm for production was entangled with a quite illusory belief in production as a superior process:

'A special regard for the man handling similar goods in a
warehouse or over a counter thus led to a doctrine of a sacred
right of the factory worker to participate in profits on factory prices,
and an equal right to self-government in the factories such as was
never suggested for workers in offices, shops or warehouses.'
(Redfern, 1938, p35)

The Winners: Sidney and Beatrice Webb for the Federalists

The Webbs provided what had previously been lacking in the debate over

bonus to labour, a theoretical basis and justification for consumer co-operation

and their arguments eventually overwhelmed all others. (Redfern, 1938)

Beatrice Webb had studied the co-operative movement in 'fact and theory' and

on the basis of this supported the Rochdale system because it contained the

best parts of Owenism. It had created, by the introduction of the dividend on

purchases and democratic control, a system which had abolished the profit-

making entrepreneur but retained the wage system. She saw producer

co-operation as aiming to abolish the wage system but retain profit making and

felt strongly that this was unethical. If people worked harder and better in

productive societies it was not in order to help others but to help themselves:

'At Dunston, on this basis 150 millers would have controlled a
main food supply of a thousand times as many people and, if they
could have found the capital, they would have enjoyed the profits
or faced losses in proportion.'[2]

This object lesson in the necessity of a wide ownership by those dependent on

the product silenced all effective criticism. Beatrice Webb regarded producer

co-operation as undemocratic as it would divide the community into

self-governing circles of producers that must fight each other. The consumer's

interest, on the other hand, was the universal interest and consumer co-operation the most comprehensive system possible.

Individualists argued for each productive department of the CWS to be registered as a separate society and the workers endowed with a large measure of self-government and a considerable portion of the profits, with the ultimate aim of handing over the business to each 'separate brotherhood of workers'. Beatrice Webb vehemently disagreed with this position:

> 'They omitted, in these proposals of reform to satisfy the equally legitimate aspiration of the drapery buyer or bank clerk towards that ideal of self-employment and equitable participation in the profits of labour. If this did happen, you must root up and destroy the special work of the Rochdale Pioneers, the democratic foundation of the present movement; you must withdraw from one million customer-members the rights of representative self-government, in order to endow some one thousand storekeepers and assistants with the privilege of fighting for their own and each others' interest, instead of acting in the not less honourable role of servants of the community.' (Potter, 1891, 110)

The Outcome and Impact of the Individualist/Federalist Debate

The success of the Webb lobby assured the future development of the CWS as a major productive force controlled by the retail societies. The attacks made by Sydney and Beatrice Webb effectively separated the two types of co-operation from each other in the minds of many. At a much later date Bonner, reflected that ideally, 'the pursuit of the co-operative ideal necessitates the extension and expansion of co-operative production.'(Bonner, 1961, p353). At the time the producer/consumer debate was at its height:

'Some co-operators had a notion that production is something
quite separate from distribution. In fact there is no boundary; the
divisions of service are merely for convenience. However, there
was this hesitation, some wanted local productive federations with
CWS as agent, and some wanted separate societies of workmen
owning self-governing workshops.'
(CWS, 1935

One of the dangers of siting production within the control of the retail societies

and the CWS was that production always followed demand, rather than led it.

CWS productive units dealt in 'safe' enterprise, rather than operating in the

higher risk culture of new technology or invention. The effect of this was that

production of, for example, working boots continued because the market was

there but no research and development took place to try and second guess

where the market might go to in the future:

'There was a danger that instead of reforming the world by its
[CWS] growth and influence it would be transformed by that same
world into conformity with existing worldly ideas and practices – a
danger that has by no means been avoided in all circumstances'.
(Bonner, 1961, p87)

After the influence of consumer co-operation had been established elements of

the debate continued. Ernest Walls, writing in 1921, stated that:

'the bulk of co-operators, so long as they receive good dividends,
care little about the theory, which is indeed mainly a creation of
intellectual patrons of the co-operative movement. The co-
operative societies themselves, in spite of the fact that the bulk of
their members are of the working classes, have only a fair
reputation as employers of labour. Strikes and labour difficulties
in their establishments have shown that the consumer theory

brings no solution of labour problems, which are producer problems.' (Walls, 1921, p191)

Charles Gide (1921) further outlines the tensions between consumer and producer co-operation and outlines what might have happened had the co-operative movement been as successful as capitalism:

'Even if it were admitted that the productive co-operative societies could develop until they had conquered all industry what sort of nation would be formed thereby and with what spirit would it be animated? It would be solely animated by the individual trade interests; the general public interests would be sacrificed to the interests of the various corporations. It would be the reign of competition and the struggle for profits as today, with the only difference that there would be no big employers.' (Gide, 1921)

Perhaps co-operative domination would not be utopia either.

The success of Sidney and Beatrice Webb set the guidelines for the further development of both retail and producer co-operation. The retail societies would dominate and the producers would be marginalised. So far as the retail co-operative movement is concerned, have these decisions, evolving over a period of 40 years, been responsible for the situation that Robert Oakeshott sees as existing in the late 20th century?:

'for the majority of the general public and certainly for the majority of businessmen, co-op is a word which has become irredeemably associated with lacklustre performance or failure and especially with a lack of competent management.' (misplaced reference)

The current study broadly argues that the actions of Beatrice Webb and her supporters effectively stifled the emancipation of the worker form capitalist

control, but perhaps, with the benefit of 100 years of hindsight, she had a point. From the standpoint of democracy and influence 'the worker' is losing ground as technology overtakes human endeavour. In contrast, the consumer is seen to be king in the 21st century, yet largely has no influence or control over the production and quality of goods, or the treatment of workers. The growth of Fair Trade debates and methods of trading is an example of the growing discontent people feel about these issues.

At the start of the 21st century neither the worker nor the consumer has control of the means of production. What would Beatrice Webb be arguing for today, if she was still around – possibly centring her attacks on global industry, but with what tools or weapons available to her?

For producer co-operatives, marginalisation has continued to be the norm and most recent producer co-operatives have developed independently of the retail movement and the support it could have provided. This has led to a situation in which two strands of the same ideology have existed in virtual isolation. The practical outcomes of this are explored in Chapter 2.

Conclusion to Chapter 1

Apart from an illuminatory trip round the recent history of ideas what has this chapter provided in relation to the study of small-scale co-operative productive enterprises in the North East of England? In the first place it has provided a place where the concept of co-operation in its very widest sense could be explored. It has also shown that co-operation's natural 'other' is competition; the one can rarely be considered without the other.

At a practical level this has provided a natural context for the remainder of the study: co-operation within a predominantly competitive world. Co-operative organisations are subject to internal and external competitive pressures so how do organisations and individuals deal with this? Perhaps primarily it has provided a place where the interconnectedness of the social and economic, the personal and the organisational, could emerge. Also the interconnectedness between history, science, psychology, business theory and several other disciplines. Large scale, well established theories and smaller scale newer ones have all contributed to the discussion and they all have relevance to telling the story of local productive development in the North East.

This chapter has highlighted the fact that both co-operation and capitalism (the economic face of competition) were young and active theories in the 19th century. Capitalism was not embedded in the consciousness of society in the way it is now, although it had a very strong momentum even then. Realising this brings life to the historical facts that have emerged. Robert Owen had a

vision and was prepared to put it into action. The Pioneers were living through Chartist times, without the cushion of a welfare state or even health and safety regulations. Beatrice and Sidney Webb could see co-operation within a larger socialist world. The situation today is very different. Capitalism has grown and prospered at the expense of all other streams of thought and the socialist utopia did not emerge. We are still searching for another kind of utopia however, and new ideas continue to come forward. Some of these centre around the need for a 'social economy', to provide a formal partner for the private and public sector, alleviating some of the problems that have emerged in society as capitalism develops and changes. At first glance, it seems logical to assume that the co-operative movement would fit naturally into such a social economy and play a dominant role within it, because of its vast experience of working collectively. However, it appears that the co-operative movement has been absent from its development.

Part of the primary research has been concerned with finding out if organisations are really co-ops, or if they really are something else, either masquerading as co-ops or evolved into something else. The evolutionary theme recurs in different ways throughout the study, for example focusing on the experience of organisations over time. Have they exhibited the same characteristics as selfish genes or does the co-operative way overcome this? If they haven't evolved is this a good thing or is it a sign of threatened extinction? The exploration in Chapter 1 proves useful in interpreting and understanding the responses to the interviews that form the major part of the primary research.

Co-operation in a social sense is felt to be 'a good thing' but on its own in an economic sense it is 'a bad thing' because it doesn't always promote businesses that demonstrate growth and expansion. More often than not they are seen to be either struggling or stagnant, unsuccessful in capitalist terms. The notion of success and failure is an interesting one and one which is re-visited later on. Who makes such a judgement and with what information and using what criteria? The success of a co-operative organisation might be judged against a completely different set of criteria to a mainstream capitalist one. It might not have any sign of growth but it may fulfil an essential function within a community, one with a value in excess of any conventional economic impact that might be involved.

In contrast, competition has mainly been considered as an economic phenomenon in this chapter. It is 'a good thing' in industry because it promotes the pursuit of excellence, stimulates and challenges people. It is sharp, where co-operation is cosy. However, in society it can be seen as 'a bad thing' because it encourages individualism and does not naturally support struggling or failing individuals. Seebohm Rowntree (1938), with his background in running a business within a Quaker ethos, saw the basic purpose of industry as 'always in the service of the community' but has this ever happened? There is a need to look at the way industry has served the North East in the past. Has it truly benefited the majority of people who live here or has it served other masters? In the future could co-operative enterprise come into its own, placing the community at the heart of enterprise?

Competitiveness as a human trait is interesting in its own right. The industrial base of the North East economy was founded on entrepreneurial, competitive behaviour but it was maintained by large numbers of people, mainly men, who were adept at doing what they were told and what they were trained to do. Now that the industrial base is largely gone there is a constant drive to find new entrepreneurs and encourage people to start up businesses for themselves. Is this something that the people of the North East want to do, or are they pushed into it because of external pressures and lack of other choices?

Thinking about being 'pushed' into things leads into an exploration of motivation, which is an important area of the study. It has become clear that individuals can adopt different roles in different situations and can exhibit both co-operative and competitive characteristics in each one, depending on circumstances. The workplace continues to be an area of particular interest as it is there that motivation becomes linked to the payment of wages, introducing a risk element if this source of security is threatened. In evolutionary terms all risks have to be addressed and action taken to overcome them. It is the same in everyday life, particularly when a person's livelihood is threatened. The motivation behind the actions of the Rochdale Pioneers is interesting because they did not directly risk their employment by leaving their jobs to set up their shops. All of their success occurred outside of their place of work. The co-operative organisations that have been investigated by others with an interest in fringe co-operative development (e.g., Coates, 1976, Eccles, 1981, Mellor, Stirling & Hannah, 1986, Jefferris & Thomas, 1988) appear to have had a very different experience, risking their own savings and family life to get a business

off the ground. This is a difference which contemporary retail co-operators may not fully appreciate; they only risk their savings, not their primary income. This experience may go some way to explain why retail co-operators have a limited understanding of producer organisations. Later in the study the role of the consumer movement is analysed in relation to recent developments in the wider social economy. The movement's level of understanding of it then becomes particularly relevant.

The way in which the rest of local society, both at an economic and a social level, responds to co-operative enterprises also needs to be explored further. Co-operatives are 'different' and anything different can arouse suspicion as well as interest; it can be a threat or a challenge. These feelings can affect the way in which co-operative developments are viewed and supported locally. Within this there is the question of understanding: do local people and agencies fully understand what a co-operative enterprise is? Most people don't, or they think they do but their knowledge is based on an idealised view of the Pioneers' achievements. Motivation at this level is also important: why should the expansion of co-operative enterprises be supported, or, on the other hand, why should it be stifled?

The second section of this chapter has been slightly more problematic in that it does not completely deal with pure theory or ideas but introduces the practical experience of the Rochdale Pioneers. What has emerged is a comparison between ideas and concepts coming from an intellectual or academic source, and discussed in the first two sections of this chapter, and the actual lived

experience of the Pioneers. This lived experience did not create ideas as such but provided a resource with which to further the system which they themselves had created. This was done through the democratic committee system that existed within the increasing numbers of retail societies and through other mediums such as the co-operative press and Congress meetings.

Co-operation expanded because ordinary people could see what it achieved, they could go to the next village and look round a co-op shop, meet the committee, have tea in their long room and talk. What is interesting is the way in which the Pioneers and their generation of co-operators ultimately and inevitably got caught up in the theory of the movement. What they did became the co-operative equivalent of case law, referred to and revered by the next generation. The original Pioneers became leaders of the growing movement, a powerful part of the move to maintain an extremely successful status quo. What actually emerged was not a theoretical position on co-operation but a position on the Consumer Co-operative Movement, something quite different.

One concept which has not formally emerged in this chapter to this point is that of unintended outcomes and it forms an interesting contrast to motivation, which suggests that an act is undertaken consciously. Everything the Pioneers and the Webbs did was no doubt for the best of intentions and with honourable motives but it had the unintended outcome of pushing productive co-operation out of the mainstream movement, into the capitalist wilderness. The bonus to labour debate severed the links between productive and retail co-operation before the end of the 19th century, leaving the minority of producers to begin a

new process of building up a movement of their own, away from the debating mechanism that was so well established through the retail movement's democratic structures.

On the one hand there was the retail movement busy celebrating its own success as shop-keepers. On the other there were lots of disparate ideas and feelings about productive units that never really came together with any enthusiasm and effect during the 20th century. Nor was there any startling productive success which might make people sit up and notice, or want to be a part of it. Only a few individuals emerged to take up the cause, people who, like Robert Owen, had ideas and the money to back them up, figures like Spedan Lewis and Ernest Scott-Bader. This isolation and fragmentation of the productive side of co-operation is the story of the 20th century, which emerges in the following chapter.

Very little practical ground has been covered yet in respect of the development of the mainstream co-operative movement and the study is not meant to provide an analysis of this. However, it is important to get across the size and strength of the retail movement as it affects the way in which productive development has taken place.

The North East of England was one of the heartlands of the retail co-operative movement and 'the Store' was synonymous with local life. The next chapter provides an opportunity to draw a sketch of what this meant in practice, by looking at what existed at the height of the movement's success, just before the

First World War. Unfortunately, this success did not last and we begin to see, later in Chapter 2, the ways in which the co-operative picture that exists today began to emerge. It is this process of change that has influenced the experience of those people working in the organisations visited during the study, whose story will be told in later chapters.

References

[1] Particularly Ouseburn Engineworks on Tyneside, which is more fully explained in Chapter 2

[2] Dunston is a flour mill on the Tyne owned by CWS

Chapter 2: Paradise Found and Lost,

'The Co-op', Co-operation and the North East

> 'None can look back into the records of our early history without being moved to pride at the wonderful achievements of these people in so short a period of time. They were real achievements; they spelt vision and foresight. The wondrous thing is they carried the members of that day with them. And they who did these things laid the foundation for those who have followed, including we of today, to build upon. They were real co-operators in their outlook; they wanted to touch all the shores of co-operative activities'. (West Stanley Society Jubilee History 1922, p40)

Introduction

The previous chapter closed at the point where the bonus to labour debate had been settled in favour of those who supported consumer control of productive expansion. The retail societies were increasingly cash rich, confident and growing. The quotation above gives an example of this, coming from a single co-operative society operating in a mining village in County Durham. They represented a staggering amount of success, both financially and in the personal achievement of all the members who had committed to that particular society. In this chapter the story of the retail movement is one of paradise found and paradise lost, where extraordinary growth was followed by near extinction, while co-operative production was allowed to wither on the vine.

The focus of the study now moves to the North East of England and outlines

local co-operative development from its early beginnings in Blaydon in 1868 to the present day. It also highlights at a local level what the outcome of the bonus to labour debate meant for the future of producer co-operative activity. Its story does not follow the 'paradise found and lost' pattern of the consumer movement, but in a way the reverse. It is a story of a virtually non-existent, wilderness sector heading towards what *might* become 'paradise found' in the 21st century.

Within the chapter the modern approaches to co-operative development begin to emerge, as does the diversity of the organisations they foster. It is the first encounter with the variety of interpretations of co-operative productive activity. Two generic terms, 'fringe' and 'mainstream', are introduced here to make it easier to refer to all the different types of organisations that will be dealt with. 'Mainstream' refers to the activities of the long established co-operative movement and 'fringe' refers to the activities of any other organisation that is involved in the production of goods and services on a co-operative basis outside of the co-operative movement. It is the fringe activity which will become the focus of the study in later chapters.

An extensive time period (1868 – 2002) is covered in this chapter, in order to add more detail to the sketch that began to emerge at the end of Chapter 1. However, within that time period, two key dates, 1913 and 1970, act as pivotal points. They epitomise the high and low points of the mainstream movement and the period shortly before and after 1970 marks the time when fringe activity began to escalate from its almost non-existent base. It is during this

time that the developments which formed the fringe development picture both in the North East generally, and in County Durham specifically, took place.

The chapter is divided into two parts, the first covering activity up to approximately 1970, a time when, after the heady early years of success, drastic action had to be taken to stop the retail societies going bankrupt, one by one. The second section focuses more on the fringe experience post 1970, as it became increasingly more dynamic, although still small scale. By the end of the chapter sufficient information will exist to identify a clear geographic focus within which progress the empirical research in Chapter 3.

A Note About Mainstream Attitudes to Production

There is one distinction that needs to be made clear now; however, to avoid confusion about what sort of production went on in the mainstream. Co-operators did not object to production in its own right, They objected to employees (or worker-owners) being in control of it. Beatrice Webb demonstrated, with fearsome logic, that the small numbers of employees at the Dunston Flour Mills on the Tyne, could easily stop the supply of flour to the co-operators of the North East if they so chose. This, in her view, was not what co-operation was about.

So, production expanded within the movement itself in three different ways. The most straightforward was a single retail society setting up its own bakery and employing a baker with the same status as a shop-keeper. Just by

running a shop a retail society was involved in a variety of such small scale productive activity, for example, shop-fitting, building maintenance, stabling and care of horses and vehicles. Many of these activities formed the basis for major modern productive units that still exist today. Examples of these include Syncro, which provides a range of building and shop fitting services to both co-operative and public sector clients, and Queen Eleanor, makers of career and workwear since 1897.

As the number and size of societies grew it became sensible to consider economies of scale for some products and services. Several societies would join together to form a new society, known as a federal, controlled within the mainstream but engaged in production. They employed workers using a standard employment contract and increasingly negotiated terms and conditions through the medium of trades unions. Staple supplies such as flour and soap were supplied in such a way. The Federation Brewery, now based in Gateshead after its early beginnings in Newcastle, is a living example of the federal approach in action, supplying beer to its owner societies, the affiliated social clubs of the region.

The third way that production was undertaken within the mainstream was through the CWS, the wholesaling arm of the movement. The CWS was faced with supplying an ever increasing demand from societies as the mainstream enjoyed its massive expansionist phase at the end of the 19th century. It sourced goods in a variety of ways, initially through its own buyers, in a conventional wholesaling manner. It found, however, that ownership of

the primary source secured prices, quality and availability. This led to the CWS owning and managing a world-wide network of productive units. For example, it owned tea and coffee plantations in India and Ceylon and dairy farms across Europe to supply bacon and butter.

To get a sense of the scale of these activities it is worth noting that the CWS, on behalf of the retail societies, owned and operated a fleet of cargo ships, in which to transport goods from across the world to local co-operators. Even today, based on ownership of agricultural land, it is still one of the largest farmers in the UK. The most notable North East example of the CWS as producers was the Pelaw group of factories and more will be said about them later in this chapter.

So, in the North East, the mainstream was involved in small scale independent production, larger scale federal production and massive CWS driven production, while the fringe continued to be marginal, fragmented and small-scale. The following sections will add the details of how this happened.

Section 1: Paradise Found

The Beamish Picture: Cradle to Grave Co-operation

The most familiar picture of co-operation in the North East is of the sort immortalised at Beamish Open Air Museum in County Durham, where the buildings of the Annfield Plain Co-operative Society, as they existed in 1913, were physically re-located and rebuilt to enable future generations to see just what the co-op was all about. Whilst the representation is a true one it does not capture the whole of the ideal of the movement. Also it idealises, and possibly romanticises, what the societies meant to the members of the time. What is missing from the museum view is the diversity among co-operative societies and the way in which local democracy threw up different priorities in different areas that influenced the way in which each society grew and developed. This in turn affected the way in which each society interpreted the co-operative principles, establishing priorities based on local circumstances. This was the period (around 1913) when, because of the sustained and strong growth of individual societies, these principles were refined by custom and practice at a very local level.

The Scale of Co-operative Activity

In 1844, the year the Rochdale Pioneers began trading in Toad Street; there were no recorded co-operative enterprises in the North East of England. In

1858 Blaydon Co-operative Society opened and by 1870 there were 80

registered societies in the North East. Under the stimulus of these conditions

Newcastle upon Tyne became one of the main centres of co-operative

activity. A review of the position of a selection of local societies in 1929, from

the 121 societies served by the CWS in Newcastle, shows the scale of

co-operative business being transacted and the number of people involved as

members. (Table 1)

Table 1: Scale of Co-operative Activity in 1929

Society	Members	Capital £	No. of Employees	Annual Sales £
Annfield Plain	10,085	161,824	281	424,537
Ashington Industrial	10,296	209,570	323	379,952
Bishop Auckland	23,080	397,080	520	842,725
Blaydon District	19,207	280,513	309	512,747
Carlisle	16,241	311,615	548	668,171
Darlington	22,837	362,365	568	601,663
Gateshead	23,873	522,606	605	1,040,402
Hartlepools	19,008	237,037	585	699,865
Jarrow and Hebburn	13,458	250,762	351	483,599
Newcastle upon Tyne	61,000	1,191,588	1677	2,218,888
Ryhope	16,663	262,867	411	659,244
Stockton	24,950	330,907	716	781,908
Sunderland	13,326	889,601	327	234,158

Source: Co-operative Industry at Newcastle upon Tyne, CWS, 1929, p1

Many of the co-operatives came into being in the local mining communities of the Northumberland and Durham coalfields, following public meetings. Some were instigated by philanthropic local employers. Howick Co-operative Society was set up by Lord Grey of Howick in 1895 to provide a service for the employees on his estate. Blaydon Co-operative Society was formed following a public reading by Joseph Cowen Jnr from the book 'The History of the Rochdale Pioneers or Self Help by the People' by G J Holyoake in the Mechanics' Institute in Blaydon (Lamb, 1997). Several emerged from groups of employees discussing co-operative principles and deciding to run their own

78

retail societies. Examples include the Newcastle Co-operative Society that was started by workers in the Elswick Ordnance Factory on Scotswood Road in 1860. Employees in the North Eastern Railway Company started up Gateshead Industrial Co-operative Society in 1861. In 1863 workers based in Consett Iron Works began the Consett Co-operative Society.

A brief outline of the setting up of the Windy Nook Society, near Gateshead, shows how quickly and massively a local store could grow and also what community power was unleashed. In 1874 a discussion between four friends led to a meeting of eight people at the Mechanics' Institute to discuss the principles of co-operation. Following from this, a public meeting was held at which a representative from the Wholesale society in Newcastle was invited. At this meeting it was agreed to form a co-operative society in the village. Within one month a meeting of members agreed to commence business. The working capital subscribed was less than £30. Shop premises were sought and business commenced in August 1874. Within ten weeks membership doubled, within one year a drapery department was added to the shop and a decision had been taken to build premises. (Windy Nook Jubilee History 1922, p67)

The society joined the CWS in 1875 and the new shop was opened in July 1876. By 1877 its size was inadequate to cater for the volume of trade and it was extended. Further major extensions were necessary in 1883. What emerged was a society which in its first year had sales of £2,636, dividend of £269 and share capital of £217, growing in ten years to one with sales of

£19,603, dividend of £3,057 and share capital of £2,309. This story was repeated in many communities across the north at this time and exemplifies the way in which those early co-operators identified local need and made efforts to meet it.

Secondary co-operatives, owned and controlled by the societies, were commonly set up. Dairies, bakeries, laundries, factory units, garages, funeral furnishers and farms were established, further expanding the local co-operative empire. These federal societies were organisations set up by groups of retail societies in order to practice economies of scale in production of goods and to retain control of their supply. An example is Derwent Flour Mill Society Ltd, a federal society owned by Annfield Plain, Blaydon, Consett, Dipton, Leadgate and Shotley Bridge societies, who provided the capital necessary to get the venture off the ground:

> 'This society furnishes a striking illustration of the sagacity, courage, enterprise and faith in the co-operative principles of these pioneers who were responsible for the initiation of the project. They have given a direction to the Co-operative effort which had its effect far beyond the confines of the sphere in which they moved. Fifty years have run their course ......and in the year of its Jubilee (1922) it stands in a financial position of which the societies who own it may be justly proud.'(Derwent Flour Mill Society 1922)

The Scale of CWS Wholesale Activity

> 'The CWS is no longer comparable with any capitalistic firm, company or even trust. It has pushed out its tentacles into so many parts of industry, commerce and finance, that it is comparable with only a whole industrial system. It is, in fact, a Socialistic, non-profit-making, industrial system, growing in and

at the expense of the ordinary capitalist systems of the country.'
(Leadgate Industrial and Provident Society Limited 1920)

The issue of wholesaling came to the fore because of the growth and

concentration of substantial populations in areas of developing industry, such

as Tyneside, rather than any highly principled belief in the primacy of

wholesaling as a co-operative activity. Existing wholesalers were reluctant to

sell to the Co-operative stores; their prices were so low there was little

possible profit or incentive to trade, adding fuel to the co-operators' debate for

assuming co-operative control over wholesaling activities. The CWS could

employ specialist buyers, assess qualities and secure reliability in most

instances beyond the reach of the individual retail society. It became, literally,

'the creature of the retail societies.'

> 'Newcastle is the distributive centre of the CWS for some 121
> retail co-operative societies and a number of bakeries in
> Northumberland, Cumberland, Westmorland, Durham and
> northern parts of Yorkshire. The sales of the CWS are now
> nearly £90m per year, of which Newcastle branch is responsible
> for £20m. Members believe in the stores, not only because they
> receive a dividend on their purchases but also because they
> believe co-operation is a business method of eliminating
> competition in business and substituting a more equitable way of
> commerce and industry.' (Bonner 1961, p353)

The scale of this development is an indicator of the success of the retail

movement in the North East. CWS factories were set up throughout Britain,

the Empire and continental Europe but London, Manchester and Tyneside

were the most important manufacturing centres in the early 20th century.

The building of the Newcastle group of factories, centred on Pelaw in

Gateshead, was the result of a desire among northern co-operators for a local factory development. It was modelled on the Scottish Wholesale Society's group at Shieldhall in Glasgow and was needed to accommodate the demand for goods which had built up locally to the point where existing units in the Newcastle area were much too small.

Building commenced at Pelaw in May 1902 and drug, drysaltery and grocery packing took up two acres of the site, the remainder being the cabinet works, clothing factory, engineering department and printing works. Eventually these factories came to employ over 2,000 people, mainly women. Their existence in the local area influenced employment patterns and also provided an example of the way in which the federalist co-operative side of the broader movement put its principles (employees as employees only, supported by strong unions) into practice.

It is interesting to listen to the reasoning behind the setting up of cabinet making factories, one of which was at Pelaw, as it articulates the high-mindedness of the members of the retail societies at that time. Such production began in 1893 at a time when mechanical production had forced handworkers into two groups, one of craftsmen producing luxury furniture for well to do consumers and a larger group of sweated workers:

> 'Slaughter work for garret masters was being sold to exploiting middlemen and cheap shops. The CWS went open-eyed into a business where surpluses would be scanty. "If we make no profit at all" said Thomas Tweddle[1] to a divisional quarterly meeting in 1903 "surely it is a noble thing to tackle this industry," Therefore factories were set up with trade union labour, to

overcome sweated competition.' (Redfern 1938, p387)

The era marked by the 1929 North East Coast Exhibition, at which examples of all the skills concentrated in the Pelaw factories were exhibited, could be viewed as the high water mark of Newcastle CWS distribution and production as it was second only to Manchester in importance at that time.

What exists at Beamish Museum represents the huge achievement of Northern co-operators, building something from nothing to a point where its retail activities threatened private interests and its membership activities improved the quality of life of many people. Memories of co-operation centre around co-op shops, as highlighted by the exhibit in Beamish Museum and the scale of the local CWS wholesaling network has also been highlighted. In their own right as trading organisations the retail societies and CWS played their part in improving the working conditions of their employees.

Most societies offered good working conditions to their employees. The CWS factory units were modern and catered fully for the needs of their employees, for example through provision of staff canteens. Social life in these units was strong, with trips and other social events occurring regularly. Jobs in co-op shops and factories had high status, good rates of pay and job security, often for life. A policy of 'rising through the ranks' meant that talented working class young people unable to continue in education could apply their talents to their work and reap the rewards. Much of the momentum to improve the usual conditions of employees in shops and factories came from the Women's

Co-operative Guild, which had active branches in the North East. In 1896 this

organisation pressed the movement hard for the adoption of at least a

minimum wage in co-op shops. It was particularly concerned with the terms

and conditions of women and girls, of whom there were many.

> 'The Women's Guild was a notable pioneer in demanding fair
> conditions at a time when trade unionism was still weak and the
> conscience of male co-operators was still for the most part
> unaroused to a sense of their social responsibility in this
> respect.' (Cole 1944, p224)

For the wider membership there were many other benefits that were

co-ordinated through the retail societies, which promoted the principles and

values of the co-operative movement. These activities included local and

national politics, education, women's and men's guilds, youth work,

convalescent homes, house building, allotment holding, insurance and

banking. Although an Owenite co-operative commonwealth had not come

into existence it was possible to live an almost completely co-operative life,

beginning with membership of the Woodcraft Folk, ending with a co-operative

funeral, paid for through a co-operative insurance policy.

Other Mainstream Activities

Being a co-operative member did not just mean that you shopped at The

Store.[2] It was almost a complete lifestyle in its own right. Each society would

have its own special 'extra features', created by the demands of the

membership and put in place and safeguarded on their behalf by their

committee. The following are a few examples of the scale of some of these 'extra features' and how they added to the sense of cohesion within each society.

Co-operative House Building

The early dream of Robert Owen had been the creation of estates where co-operative principles would influence every part of the resident's life. This had never happened on the scale envisaged by Owen but house building had remained on the list of co-operative activities. At this time building societies did not command complete public confidence because of the inadequacies of the laws by which they were governed:

> 'Viewed against a background which contained verifiable
> uncertainties, a working man who sought a house was wise to
> put his trust in a co-operative society which he, by his purchases
> and share of its government, had learned to trust and in some
> case serve.' (Darvill , MPhil 1954, p130)

Societies did not follow the tendency common to private enterprise builders of satisfying the demand for middle class houses before entering the working class market on a large scale. At Bishop Auckland the members were quick to remind the committee of their duty to meet working class needs.

The Wallsend society's building department was one of the most successful to operate in the region. In 1867 it bought land and built twenty-four houses for sale to members at cost price. Other land was laid out to allotments and

rented to members. Any surplus produce was purchased by the society and

re-sold to other co-operators. Land was also let for grazing. It was

discovered that the clay on the land was suitable for making bricks so an

investment in plant and moulds was made so the society could manufacture

its own bricks. The society also employed its own workers as builders, in

preference to contractors.

The Blaydon society had a rule relating to the disposal of houses which

pre-empted the late 20th century innovation of shared ownership:

> 'Those members who may not have sufficient capital to
> mortgage a house according to the rules may be allowed to pay
> a rent to be decided on, from which rent an interest of 5% per
> annum on the capital invested shall be deducted, this balance
> being put to the member's credit until he shall have sufficient
> capital to get a mortgage from the society.'

However, observers noted that, 'The burst of national, local and co-operative

propaganda in the 1890s (during the housing boom) was capable of arousing

a response from societies not so much because of its emphasis upon the

detrimental effect of bad housing on family life and health but because it

occurred at a time when economic conditions favoured building enterprises.'

(Darvill , MPhil 1954, p125)

Also, within the broader picture of co-operative activities house building was

only a small development. Yet the need for houses was acute, largely being

met by the uncontrolled, mushroom-like growth of dwellings in which to house

increasing numbers of mineworkers. A special, local consideration may have

affected the way in which co-operative house building developed in the North East.

Northumberland and Durham were the only two counties where the rent-free housing system was common, as a result of the growth of villages based around local coal mines. As demand outstripped supply many workers came to be housed in dwellings not owned by their employer, being paid a rent allowance which was usually lower than the actual rent the miner had to pay. A consequence of this was that those miners in receipt of a rent allowance were keen to get into a rent and rate-free house:

> 'Building houses for sale or letting involved the society in many more risks than advances on mortgage, more so in colliery areas than elsewhere. There was no lack of successful building schemes amongst the bigger urban societies and there was surely the members' own reaction to their sordid surroundings, but there was no concerted effort by societies in the coalfield areas. It is lamentable but understandable, that during the great boom period of house building between 1891 and 1911 so few colliery area societies invested large sums in house property. It is understandable because it needs a crusade rather than the change in the investment policy of a collection of individual stores to solve the housing problem in the coalfields of Northumberland and Durham.' (Darvill , MPhil 1954 p156)

In other words, the mining members of coalfield societies were not sufficiently convinced of the benefits of a co-operative approach to house building to give up their traditional rent-free arrangement.

Co-operative Education

The problem of educating the members of the rapidly growing societies in the North East between 1870 and 1914 was enormous. Societies recognised its presence but few made a thoroughgoing effort to solve it. Co-operative education began to flourish in the colliery districts which, up to 1900, had been, educationally speaking, a desert. After 1900 there was a rise in the amount expended on education but even then, when this rise is related to profits, its significance becomes negligible.

Annfield Plain's Jubilee History reflects the regional situation. This society:

> 'had occasional co-operative classes and made various modest attempts to inaugurate reading rooms here and there but a society of such trading proportions, situated in an area and with a membership so full of potency, has had wonderful possibilities of educational and social uplift other than those which are purely material, and one cannot but conclude that with wider vision, a slightly higher interpretation of what the co-operative idea means, a much larger contribution might have been possible even to this society, which has, in so many ways done so well'.
> (Darvill Mphil 1954, p210)

> 'Thoughtful co-operators in the North East had a conscience about education but a thorough-going drive throughout the North East to spread the principles of co-operation would cut across members' sympathies with other political, social and religious movements. Co-operation was pledged to political and religious neutrality and although it saved the movement from the excesses of the right and left it deprived the movement of driving power that was essential to successful propaganda.'
> Darvill Mphil 1954, p212)

Concern for Community: Sunderland - The People's Store 1902

The co-operative stores had established their position among the better paid
and more regularly employed sections of the working class and among certain
elements of the lower middle class, but had been quite unable – or rather had
made no attempt – to appeal to the low paid or the casually employed.
(Cole, p221-3)

To the leaders of the Guild movement, such methods appeared to be radically
wrong. They regarded co-operation primarily not as an instrument for the
investment of savings of the better off wage earners, but as an agency for the
social uplifting of the poor. They wanted the societies, without discarding their
traditions, to modify them, opening branch stores in poorer areas.

Principally these branch stores were to supply wholesome food and other
articles at cheap prices and in small quantities, to keep people out of debt by
cash payments and enable them to save automatically. A Loan Department,
was brought into being, taking security in various forms, including personal
property, so as to tide people over the week and undermine the habit of
weekly pawning. Finally, by providing Club Rooms or Settlement, to be
carried on by resident workers, so as to attract people away from the public-
house and to form a centre of co-operative activity in the district.

The Women's Guild did find supporters and in 1902 found a local society that

was ready to make an experiment along the lines it had proposed. The Sunderland Society opened its People's Store in Coronation Street. It included a grocery shop, butcher's shop, a flour store, provision for the sale of hot soup and also a miniature 'settlement' with two resident workers. There was a hall for meetings and provision was made for club activities of various sorts.

The shop sold goods parcelled in small quantities on a strictly cash basis; a penny bank was started, concerts were arranged, a library installed, classes held and a branch of the Women's Guild set up. After a year's work the People's Store experiment seemed to have met with considerable success. It had met its own costs, including those of the Settlement, and had realised a dividend of two shillings in the pound. The Sunderland co-operators decided to put the new venture on a permanent basis.

However, at this point the resident social workers fell foul of the Society's directors, alleging that they were being unduly interfered with. The dispute ended in the resignation of the workers and the directors thereupon recommended to the Quarterly Meeting that the whole affair should be wound up. The vote was carried and the Coronation Street store reverted to ordinary branch status. Hopkins (1995) argues that this failure came about because the experiment was too adventurous for more conservative male members and Birchall also reflects on the way in which it had ruffled feathers:

> 'A faction within the local society had always resented the way
> the store had mixed self-help with philanthropy – the sale of hot

soup and importation of social workers was foreign to the spirit of the movement – and they took the first chance they could to end it.' (Birchall 1994)

Experience at the Fringe

In very marked contrast to the mainstream experience there was very little fringe activity nationally and even less in the North East, a mainstream co-operative stronghold. The success of the Webbs' campaign for federalism had had a profound impact on fringe development. Oakeshott (1978) sees this as the time when the mainstream co-operative movement's traditional even handed approach changed to one where securing the future of the consumer movement was paramount:

> 'The CWS forms a close capitalist corporation, aiming at a benevolent monopoly. The development of co-operation, unless it is accompanied by new relationships with employees can never raise the worker above the status of wage earner.'
> (Walls 1921, p206)

There was still a token acknowledgement of producer co-operatives within the mainstream, through the activities of the Co-operative Production Federation (CPF). In the 10 years following its establishment the number of co-operative co-partnerships trebled. Yet, although the value of the output of these societies increased from £885,000 in 1895 to £1.4m in 1914 the proportion of this to co-operative retail trade fell from 2.61% to 1.92% in the same period. As a comparison the CWS generated over £2.5m from its productive units in 1890, increasing to £9m in 1914. [3]

There do not appear to have been any CPF supported organisations in the

North East, although Birtley Tinplate Works, which was taken into the CWS

fold in 1896, may have initially been supported by them.

Bonner comments that it was fading idealism that was responsible for the

failure to take advantage of the opportunities presented and the old urge to

missionary endeavour appeared to have died. No other branch of the

co-operative movement depended so much for growth upon an altruistic

idealism:

> 'For it is to the pecuniary interest of the consumer that the trade
> and production of the consumer societies should increase in
> volume and variety and this interest in itself is an incentive to
> growth. There is no such pecuniary incentive for the member
> employee of the productive society to encourage the formation
> of societies in industries other than his own. The drive for the
> progress of this type of co-operation depended upon an idealism
> transcending individual self-interest which the education and
> propaganda of these societies failed to maintain.'
> (Bonner 1961, p173)

Of those CPF organisations that did exist, a range of occupations and trades

were included. Many of these were in the East Midlands footwear, hosiery and

clothing industries. In 1914, when most of these societies were established,

there were textile societies (including clothing and hosiery societies),

footwear, metal trades (cutlery, watch-making, needle-making, locks and

cartgear), building and wood (mainly cabinet makers), printing, seeds and

farms. (Others included Temperance Male Nurses, Co-partnership Motor

Cabs and a Fisherman's Ferry). None of these were large organisations.

Moreover:

> 'What is surprising is that the movements for workers' control
> expressed in syndicalism and guild socialism which appeared to
> be exercising considerable influence in the Trade Union
> Movement from about 1908 did not result in efforts to establish
> workers' productive societies at a rate equal to that of the
> previous decade.' (Bonner 1961, p115)

From the 'high point' of the CPF's development policies in the late 1880s the

picture in the 20th century was outwardly one of decline. In 1936, 50

organisations were supported nationally, reducing in 1970 to only 26

organisations. (Jones 1976) However, Oakeshott interprets these figures as

an astonishingly slow decline bearing in mind the fact that during this time few

new businesses were begun:

> 'It follows that of the population of these enterprises which
> existed in 1913 not less than 20% were still alive and at least
> adequately profitable sixty years later. What is surprising is not
> that the numbers are small, but rather just how large the number
> of survivors is, making the figures almost respectable'.
> (Oakshott 1978)

Oakeshott puts forward several reasons for the lack of dynamism but sees

one main one, summed up by research undertaken by Mavis Kirkham (1971)

with Walsall Locks in 1971. The then Manager Director clearly indicated that

it was wages, above anything else which exercised the workforce. "If Walsall

Locks is at all typical, it would seem that the 'weekly wage packetism' which

so dominates British shop floor attitudes in private and public industry has

spread to the old producer co-ops as well." (Oakshott 1978, p69)

Shopfloor attitudes will be further considered in the next section of this chapter but before moving on to that it is necessary to confirm how little fringe co-operative activity went on in the North East up until the 1960s. It has only been possible to find reference to three enterprises, all very different. These are the Ouseburn Engine Works, Clousden Hill Free Communist and Co-operative Colony and Boosbeck Industries. Ouseburn's is a well known, though little documented story and one which partly inspired the writing of this thesis. Extensive searches in local archives and libraries, as well as searches in the Co-operative Union's own archives could only uncover the other two activities in the pre-1960 co-operative fringe.

Ouseburn Engineworks

The works were started up as an industrial co-partnership during the Engineers' Strike of 1871. It began during one of the most significant industrial disputes in the country's history, one which directly challenged the authority of the great engineering masters of the north east. By October 1871 Ouseburn had expanded to employ over 800 men. These were men who had, a few weeks before, been working in local works but had struck for the right to work a fifty four hour week. Ouseburn worked the shorter hours and became a rallying point for other strikers. The workers were shareholders, taking a full interest in the running of the business after buying shares valued at five pounds each. In addition to working shareholders co-operative societies were invited to participate in the enterprise. Within two months

sufficient capital had been pledged to enable the men to begin their work; manufacturing and repairing marine, locomotive and stationary engines, boilers, steam hammers and machinery.

Benjamin Browne commented in his memoirs that, had Ouseburn been set up at any other time than during the Engineers' Strike, the help, advice and experience of all the other masters would have been at the disposal of the management of such an interesting experiment as the Ouseburn Works. The local masters would have co-operated with the Ouseburn in just the same way as they co-operated with each other (Browne, 1918, p169). The accuracy of this is debatable but, had it been the case, access to the experience of the other masters may have given an idealistic and inexperienced management, led by Dr J H Rutherford, at Ouseburn an idea of the dangers of operating in a market they didn't fully understand.

It is probable that the capital-intensive nature of the engineering industry in the later part of the 19th century widened the natural dichotomy of interest between capitalism and industrial co-partnership and contributed directly to Ouseburn's downfall. The key difficulty the works faced was a pricing policy that was unrealistic and which led to the works into serious financial difficulties. Cash rich societies were forced to put more money into the works to save it on several occasions but eventually it went to the wall in 1875 and the societies lost their investment.

It was this loss that made co-operators across the country more wary than

ever of getting involved with productive activities, providing an audience for Beatrice Webb's later arguments against it. It profoundly influenced the attitudes of local societies, because they were living with the effects of losing large amounts of their members' investment.

Clousden Hill Free Communist and Co-operative Commune 1894-1902

This initiative was set up on the outskirts of Newcastle as an anarchist commune, espousing the views on mutual aid of Peter Kropotkin. He believed in devolving the power of the central state to local communities and in co-operative rather than hierarchical and competitive human relationships. In his experience mutual aid gave an evolutionary advantage to living beings and he applied this to his political philosophy, in effect a critique of Darwin. Practically, this meant that fifteen men, two women and two children worked eighteen acres of land.

Clousden Hill Farm was purchased with help from a wealthy London anarchist and it was transformed into a poultry and dairy farm, vegetable gardens and orchards, the produce of which was sent to the local co-operative store and the Newcastle Market.

The method of work was that every member worked according to their ability and had an equal status within the colony. Produce was distributed through retail co-operative societies. Meetings were held weekly to discuss matters within the commune of common concern. Commentators at the time

expressed the view that the project was an isolated one, with limited and scarce resources where much of the membership lacked the skills necessary for the activities they were involved in. As a result:

> 'The colonists had large ideas regarding the regeneration of mankind, but, as is usually the case, forgot to apply them to themselves....The colony came to grief in a tangle of quarrelling, closing in 1902.' (Hart 1904, p78)

Boosbeck Industries 1933 -1937

Boosbeck Industries was a furniture workshop that opened in 1933. High quality furniture was made and sold at a low price, because of the method of carrying out the business. Overheads were extremely low, there was no interest to be paid and there were no external shareholders to take the profits. All profits went to the workmen. The workshop was set up as a:

> 'temporary expedient which would do something to obviate the unemployed's boredom and give them the means of making for themselves what they could not buy.' (Chase and Wyman 1991)

It came about because of 1930s unemployment. In the East Cleveland area levels of unemployment had reached 91% and Major James Pennyman, a local landowner with a Quaker background, rented out three properties for a land resettlement scheme, inspired by a similar scheme at Brynmawr in South Wales. There was a particular emphasis on employment for young people, some of whom may never have worked before, but who, under normal circumstances would have been employed in the local ironstone mine.

The Northern Echo observed that the organisation was run on a strictly co-operative basis. Income was shared out on a system whereby apprentices, improvers and fully qualified men got increasingly large shares of the profits of each article, according to their superior ability.

This situation lasted until a change of management led to a change of approach to profitable business and the organisation ceased. Cleveland County Archives have copies of the catalogues prepared by the firm to show the range of their goods. They show that the furniture was not only of high quality but of innovative and modern design, more of a craft workshop than a furniture manufacturer.

Conclusion to Section 1

This section has identified the 'paradise found' of the early local co-operatives, who were increasingly able to surround themselves in co-operative goods and services until, in reality, it became a cradle to the grave phenomenon, keeping the fabric of life intact during a pre-welfare state world.

There were, however, early indications of the places that co-operation would not go; into the workplace and into politics. Although the attitudes to political action changed, it was a long hard struggle, and the emerging Co-operative Party still has extremely close links with the Labour Party. So far as the

workplace was concerned, the structure through which change would be mediated was the trade union movement. As mainstream retailing and production expanded there was always a commitment to good quality working conditions and to a trade union presence. The head of the co-operative household might hold co-operative membership for the benefit of the family's physical well-being but they held their trade union membership to fight for their rights in their place of work.

The story of fringe development before 1960 is incomplete, and likely to remain so because of the lack of sources. However, the three examples that are available do highlight some interesting points. Ouseburn did have a directly political agenda and strong links with trade unionism. It had a huge potential for change but it was let down by its inexperienced management. At the same time there is a paternalistic element to the Ouseburn story. Dr Rutherford, a great co-operator who was instrumental in getting the Ouseburn works started, was committed to improving the lot of the men involved in it and continued to play a key role in the work's development, even though he was not the works manager. He was not one of the workers struggling to reduce their working hours; his was an idealistic paternalistic involvement.

There are echoes of this in the Boosbeck example, a response to high levels of unemployment by someone brought up in a tradition of service to others. Finally, Clousden Hill Commune demonstrates action based directly on a will to overturn the dominant capitalist system and devolve power to local communities. This idealism was strong among the commune's founder

members, but lack of relevant skills in management and working the land led to its closure.

Although the numbers of examples are few, there are enough to give some hints at what might be found in contemporary County Durham. However, before we get to that point in the narrative, it is possible to build up the background picture a little further by looking at what happened to the mainstream and the fringe after 1960. The following section takes up that part of the story.

Section 2: Paradise Lost

'In the 1950s the Co-op dominated all business. Some crumbs of business were picked up by Walter Wilson's but other major operators hadn't yet arrived on the Northern scene. The Co-op hadn't changed its image for decades. So long as the dividend was no less than the neighbouring co-op, members would accept almost anything.' (Hughes 2000, p94)

Threats to the Mainstream

The fate of the mainstream movement is often viewed from a trading perspective but the reasons for the trading difficulties reflected wider changes in the make up and behaviour of local communities.

The North East in particular had suffered from the contraction of its three key industries, coal, iron and steel and shipbuilding. Contraction had led to high rates of unemployment. Some people had moved out of the area to find work while others had moved within the region, perhaps to be near a new industrial estate that offered work. In both of these cases people had need to take out their co-operative savings, depleting the reserves of small societies. It also reduced the number of people left to actually shop in the established stores.

In some cases co-operative stores lost their membership almost completely as families moved out of their old and inadequate homes into new council or private estates, built on the outskirts of towns and villages.

Not only the membership base was being affected but also the communities themselves were being split up and relocated, often losing the cohesion that they had benefited from in their previous, though less desirable, terraces.

These people also took their trade elsewhere, to some of the new self service shops that were emerging or to the new out of town shops, where both food and non-food goods could be bought in one trip. The loss of trade to small societies adversely affected the amount of dividend they could pay to their remaining customers. This was the period when the co-operative shops began to be seen as out of date, not keeping up with modern fashions and trends (even though the societies pioneered self-service shopping). Trade began to decline and loyalty to the movement waned.

Other parts of the movement began to suffer too, involvement with the various Guilds declined, particularly when television became an affordable home entertainment. Public libraries meant that co-operators didn't need to come to the Long Room to find something to read. Expansion in adult education, particularly through the Mechanics' Institutes and Workers Educational Association (which developed directly from co-operative ideas) meant that they didn't have to come there for lectures. The whole sense of the co-operative as a movement was beginning to break down, because the activities it had pioneered were increasingly formalised into state provision or taken up and expanded by other organisations.

However, most of the anxieties revolved around the trading situation. By the

late 1950s, the mainstream co-operative movement found itself in an

increasingly difficult trading position. It had been overtaken by a retail trade

revolution in which fewer, larger, retailers emerged as competition to the large

number of independent societies. These firms were big enough to dispense

with wholesalers and go direct to manufacturers to deal. It was a move

towards the end of large-scale manufacturer regulation of prices through the

mechanism of the fixed 'manufacturers recommended price'. This was

completely alien to the co-operative societies, firmly committed to growth

through the mechanism of the CWS:

> 'Fragmentation and local autonomy prevailed in almost every
> field of co-op trading at a time when private enterprise was
> marshalling its forces into nationally controlled units.'
> (Birchall 1994, p147)

In 1955 it was announced that an independent commission into the future of

the movement was being set up, under the leadership of Hugh Gaitskell. At

that time there were 932 retail societies, representing 12 million co-operators

and accounting for a total share capital of £243m and £897m in sales. The

Commission reported in 1958 and one of its key recommendations was the

amalgamation of societies to place the movement in a stronger trading

position.

It had found that there were too many grocery stores in the North and their

distribution was failing to correspond with new patterns of trade following

significant population re-distribution. It had found that the quality of the shops

was variable and the lack of credit seriously restricted trade in furniture and electrical goods. The availability of hire purchase elsewhere was a lure away from co-op shops.

Power in the movement was decentralised to a large number of retail societies, each of which prized its local autonomy, democracy and closeness to a local community. It was hard for these people to accept that these characteristics had now become weaknesses in the overall picture of the co-operative movement in relation to modern society:

> 'And that the values for which they stood had become, in the
> new post war world, the very things that were holding them
> back.' (Birchall 1994, p147)

In the late 1960s the Co-operative Union produced a regional plan, setting out an eventual target of 50 societies in England, a huge reduction from the 932 that existed in 1955. By 1974 a reduction to 260 societies had been achieved, within that the streamlining of those in the North East.

Amalgamation in Practice: Hetton Downs Amicable Industrial Society

This society in County Durham had been founded in 1863. It had a turnover of almost £1m per year and paid a high dividend. It had had only seven managers between then and 1959, the year that David Hughes took over. He was 34 years old, the youngest manager ever appointed to a co-operative society. Hughes was involved in the take-over of the neighbouring Moorsley

society in 1963, and this experience demonstrates the difficulties co-op stores were up against and how the modern movement decided to deal with them.

Like several other local societies, Moorsley was virtually bankrupt. In normal circumstances it would have continued to trade while being bailed out by the Co-op Bank or the CWS but times had changed and it became the first example of the new ways of working.

The offer to Moorsley's Committee was that it was taken over by the Hetton Downs society, on condition that the Committee was disbanded, unprofitable branches were closed and members' share capital was devalued by 50%. The alternative was to let it become bankrupt and cease trading, something which had not been allowed to happen before to a retail society. The Committee at Moorsley accepted the offer made and voted itself out of existence.

> 'Organising the closures and integrating the business with
> Hetton Co-op was relatively easy. The heart-breaking problem
> was dealing with hundreds of people who suddenly found that
> their savings had halved overnight.' (Hughes 2000, p94)

The decision to allow a co-op to become bankrupt had been taken at the highest level and Moorsley was, in effect, the drastic example to make other co-operators aware of a sea-change in co-operative attitudes. The manager of the Co-operative Bank who was present at the meeting at which this drastic course of action was discussed observed, 'it will certainly make other societies sit up and take notice'.

The future of Moorsley was secured for the time being and improvements to trade meant that the members' savings were re-valued after about eighteen months. However, this was the precursor to the larger scale rationalisation in the North East which led up to the formation of NECS in 1970.

By 1970 the number of societies in the North East was reduced and the North Eastern Co-operative Society (NECS) was formed. This was a painful process for both members and management but brought about largely through economic necessity:

> 'The North Eastern Co-op was created from sheer necessity and a fear for the future of the Co-op movement in the North. Already I'd taken over five Co-ops just to save them from bankruptcy, but it was estimated that anything up to 70 per cent of the Co-ops in the north east were in the same position, and might not survive much longer.' (Hughes 2000, p185)

NECS was the amalgamation of 31 small societies into a single retailing giant with over £200m turnover a year. The new organisation had over 5,500 employees, almost half a million members and business interests which include travel bureaux, funeral homes, car dealerships, filling stations, pharmacies, supermarkets and department stores across an area stretching from Scarborough to Berwick. New standard systems were introduced, management teams were restructured and a harsh re-vitalisation programme launched, resulting in the closure of many uneconomic branches and subsequent job losses.

Implications for CWS Production

The Co-operative Independent Commission Report found that there was a considerable degree of factory under-utilisation. Retail society demand did not match the capacity of productive outlets. Production and sales policy needed to be carefully re-examined. Between 1964-67 an internal review of the effectiveness of CWS led to the closure of under-utilised factories.

Rationalisation was carried out in a variety of ways, with the overall objective of realising economies without diminishing efficiency and service to the retail societies. By 1969 thousands had been made redundant, 1.4m square feet of unproductive floor space was released and the CWS was saved in the nick of time from death by mismanagement.

The Pelaw factories were directly affected by this review, and these factories began to close. Also affected were the Dunston Flour Mill and Soap Works. The Drug and Drysaltery factory closed at the end of 1967 and in the same year there was the first talk about the closure of the cabinet factory, putting another 120 jobs at risk:

> 'The men fought back, condemned the decision as appalling and claimed it was because of a bias against the North East. Their clamour was not in vain, for in May 1968, just 19 days before the planned closure date CWS decided to give the factory a reprieve'. (Gateshead Post, 1983)

The Effect on Membership and Local Democratic Control

All the actions detailed above were aimed at saving retailing business that could otherwise have gone out of existence. It was a management exercise born of desperation. The result was that so much effort went into saving the business that the ethos of the individual societies was put into the background, if not lost altogether on some occasions. The number of people 'exposed' to active co-operation was reduced as the number of societies fell, particularly through the reduced number of committees.

What was more significant and ultimately more damaging was the way in which potential members were lost during the process of change in the 1960s and 1970s. The position of members, with inherent rights and responsibilities, was changed to that of customer, with no formal affiliation to a bigger movement. A whole generation of potential new members was lost during the process of change. At this time the co-op became much more of a place to shop than a movement to be a member of.

This raises an interesting debate about the ultimate effect of the changes. The business survived, and in some ways prospered, but did the ethos of co-operation within a broad membership die at that time? Or, if the business had folded, would co-operation in its broader sense have survived?

There was considerable agonising over the membership situation at the time of the amalgamation of societies. In 1975 the movement committed itself to a

membership drive, aiming to treble individual membership within a period of

18 months:

> 'In the North East that means recruiting about 800 new
> members, which sounds a daunting task, until one remembers
> the extent of the area we cover. From Scarborough to over the
> Scottish border. In fact, just 40 members in each parliamentary
> constituency would see us well over the targets.' (NECS Outlook
> 1975)

In 1979 a regional conference was held at Gilsland Spa, the co-operative

hotel in Cumbria, to specifically look at the question of membership and

identify reasons for its decline. David Hutton, a keynote speaker and Director

of London Co-operative Society outlined the difficulties members faced:

> 'wide publicity is given to the pathetically small percentage of
> co-operative society members who exercise their right to vote in
> elections for the committees which run their societies. Such
> participation is increasingly discouraged by administrative
> bureaucracy...the leadership of the new regional societies too
> frequently appears to the members to be far removed from local
> issues. Large, successful but impersonal shops run by highly
> professional management discourage lay involvement.'
> (Hutton 1978)

In response, Nigel Todd, the Member Relations Officer for NECS commented:

> 'one reaction to the analysis so far presented would be to
> conclude that membership, and therefore member democracy is
> almost finished. On this argument societies should be either
> handed over to the remaining cohesive co-operative interest
> group (the employees) or prepared for a smooth transformation
> into private joint stock companies. As it happens, extensive
> employee participation in the control of societies may be
> prompted by the EEC legislation and by responses to the
> Bullock Report on Industrial Democracy. Conversion to 'private
> enterprise', which actually happened to the London Army &

Navy Stores is feasible in any society which has low member
involvement.' (Todd 1978)

Todd's comments sum up some of the key issues facing an organisation with
an ailing membership base. No societies were handed over to their
employees and neither EEC legislation nor the Bullock report transformed the
face of industrial democracy in the way that some hoped. However, the
mainstream movement nearly did succumb to the Army & Navy Stores'
experience when in 1994 an attempt was made by a group led by Andrew
Regan to buy out the CWS into private ownership.

The new, larger societies continued to claim high membership numbers, but it
is unlikely that these people were members in the true sense. Seats on
divisional committees could be uncontested and elections decided on small
voting numbers. Also, it is unlikely that the new societies were able to put
together comprehensive membership mailing lists from which to make
accurate calculations about membership numbers. This period was the time
of contraction in the movement, vesting power in fewer hands representing
fewer people. It was to be more than twenty years before this situation was
addressed.

However, the swingeing cutback in the number of societies did enable the
retail and wholesale business to survive. By 1990 the North Eastern Co-op
was the biggest retail society in the country and among the most successful
with a regional workforce of over 6,000 and an annual turnover of £360m.
(NECS, 1990) There was still a commitment to co-operative values and

principles, although this was not always backed up with practical membership benefits. Marketing material proclaimed that:

> 'The Co-op is a living, caring part of the North East and not just a place to buy the weeks shopping. Payment of Social Dividend demonstrates 'that the Co-op is a living, caring part of the NE and not just a place to buy the weeks shopping.' (NECS Company Profile 1990)

The reality for members was somewhat different.

Opportunities for the Fringe

The 1960s and 1970s were times of industrial and economic uncertainty as well as of social change. Increasing levels of unemployment forced co-operative members to think about moving, either within or out of the area to find other work. A new generation of workers moved to new towns like Peterlee and Newton Aycliffe, where they were nearer to new centres of employment based on industrial estates.

This uncertainty favoured fringe co-operative development however, as people were forced to look at alternatives to a style of work and home life that was increasingly outdated. The sense of threat made people more amenable to looking at new ways of working. Higher levels of education gave people the knowledge and confidence to try out new things. Such thinking was happening at many different levels of society and in several different forms, both locally and nationally.

Although many serious uncertainties existed, overall the North East had enjoyed a rise in the standard of living. Extended travel brought people into contact with new ways of doing things. All of these changes influenced the way society viewed employment and the role of the worker. They could think about this whilst doing their shopping out of town in shops that provided hire purchase before going home in the car to their new suburban home.

The reality, however, for the fringe co-operators, was that the baseline situation in the North East at the time the various debates on industrial democracy were beginning, was virtually zero. It has been difficult to find any local examples of fringe co-operatives later than Boosbeck Industries in the 1930s. Within the mainstream locally there were still bad memories of the Ouseburn/Industrial Bank collapse which had contributed so greatly to experimental business structures being pushed to the co-operative fringes.

The local organisation that had the most consistent success as a type of co-operative was Bainbridge, the local department store that is 'never knowingly undersold'. After many years of independent trading in Newcastle Bainbridge's owners decided to accept an invitation to become part of the John Lewis Partnership in 1953. It had become clear that if the business was to continue to expand, it needed to ally itself with a larger organisation.

Bainbridge became part of an organisation that is collectively owned by its employees. Spedan Lewis had championed the change in status of his father's business in 1928 to alleviate the imbalance which he saw between

the returns from the business enjoyed by its family owners on the one hand and its workers on the other. The fact that not many of Bainbridge's customers would be aware of its unique structure is an example of the lack of producer co-operative identity that existed, both locally and nationally.

Sir Bernard Miller, Chairman of the Partnership in 1968 (a time when issues around industrial democracy were in the limelight), saw clearly why there were so few worker co-operatives and why the John Lewis Partnership succeeded in the way it did:

> 'Any viable system of industrial democracy must take account of the fact that most people no more want to govern themselves than be their own doctors or lawyers....it is a fact of life that only a tiny minority of people are able enough to manage large scale affairs and strong minded enough to take decisions that subordinate short-term and sectional interests to the long term needs of the whole.' (Flanders et al. 1968)

Central government took a different view and in 1977 the Bullock Report presented the findings of a Royal Commission established to investigate and produce recommendations on a better way forward for worker democracy. These recommendations were never actioned but the Commission fuelled the debate on democracy in industry which went on at this time and which formed the backdrop for many of the developments outlined in this section.

In the 1970s, as large-scale decline in manufacturing industries continued, a threat of closure faced some large organisations such as Kirkby Manufacturing & Engineering and Scottish Daily News. They were sold to the

workforce and identified as 'co-operatives' – more specifically 'Benn Co-ops',

because of the intervention and financial support given by government

minister Tony Benn. He argued:

> 'Whatever problems may lie ahead, no-one in the Labour
> movement doubts that progress must be made, first to bring
> labour into a truly equal partnership in controlling industry, and
> then in re-organising, so that those who actively create the
> wealth can shape the processes by which it is done and
> determine (within the framework of the law and the needs of the
> nation) how the surpluses should be applied to develop our
> manufacturing, productive and service industries.'
> (Mullin, 1980)

Although the momentum for some sort of worker take-over of these plants

came from the shop floor there was no firm commitment to a specifically

co-operative form. There was more a sense of desperate casting around for

alternatives to redundancy. This happened to fit in with a strand of

government thinking. Despite large-scale investment from central government

these experiments failed, further strengthening the mainstream movement's

case against worker control and also adversely influencing others with an

interest in alternative business forms:

> 'the troubled history and eventual collapse of all three [Benn
> Co-ops] left a general distrust of phoenix co-operatives in the
> minds of politicians, policy-makers and the public.' (Hannah
> 1989 p82)

From a specifically North East perspective the relevant point here is not their

failure but the fact that nothing similar was tried in the North East. Why did

nothing like Kirkby happen in the North East? There were struggling

companies in the area whose workforce may have been persuaded to try something radical, but the alternative does not appear to have been put to them. Also, although British co-operators disliked the idea of worker control it was happening in other countries, most notably in Spain, within the Mondragon factory complex, so there were successful models which government could have used as an example, if it had chosen to.

The very few fringe co-operative units that did emerge in the North East finally came to the fore in the 1970s and came about as a result of a newly awakened interest of a few individuals in the principles of co-operation, rather than its current practice. Those who promoted the alternative co-operatives were generally young, middle-class and well educated, challenging existing methods of business organisation. The growth of the alternative co-operative movement resurrected debates that had lain dormant since the 19th century about the ability of co-operatives to achieve radical change.

Only three examples of local fringe co-operation can be identified at this time, out of a nation-wide total of worker co-operatives of 36. (Hannah 1989). Their experience pre-dates the existence of any local co-operative support organisation but directly influenced such future developments. They are: Sunderlandia, a building co-operative, Little Women, a food co-operative; and Unit 58, a printing co-operative. The experiences of all three were written up after their closure and serve to identify some of the problems these types of organisations faced.

This was a building firm set up on co-operative lines in 1974 which undertook to train a large number of apprentices. The firm was set up as a single tier company in which ultimate control lay with all established (i.e., after a 3 month probationary period) members of the workforce voting at a General Meeting. Apprentices were included. Capital came from fixed interest loan stock subscribed in part by the promoters but also by outside sympathisers and friends.

The three promoters of the idea were Robert Oakeshott, Michael Pearce and Pete Smith. They met together in 1972 to pool ideas and formulate the firm. A survey was carried out which identified Sunderland as a suitable area in which to site the firm. It was the fifth largest town on the North East Coast and had a significant youth unemployment problem. Recruiting young people from here would give them education in new approaches to work and also alleviate a social problem in the town.

The promoters acknowledged that training the apprentices would be a core activity of the business and would be time consuming. Their training began with a six week session at Wearmouth College of Further Education and continued with supervision by tradesmen of 'foreman quality' who would have time set aside for the process, similar to the apprentice, master schemes of the 1940s.

Marketing had been overlooked or neglected by the promoters when the original discussions had been in progress. When the company opened for trading in 1973 there was nothing in the order books and a staff of 12 tradesmen and nearly 50 apprentices. Business was expected to come from Sunderland Corporation's Amenity Improvement Programme, which had a budget of £4.69m to upgrade existing housing stock in the area. However, when Sunderlandia did submit tenders locally it found it always missed the list.

This occurrence was attributed to hostility on the Executive of the local authority and in the local Labour Party. Sunderlandia did do work with Newcastle and Gateshead local authorities as well as with the Institution of Landlords and Church authorities. By 1975/6 it had a turnover in excess of £250,000 but failed to profit on the major revitalisation schemes that had been expected to form the bulk of its work. It was never able to recoup the losses made in the first five months of trading.

The recession of 1975 hit the building industry hard and meant that larger firms shifted their attention to renovation, becoming direct competitors to Sunderlandia. Sunderlandia had a higher cost base than these other firms and was unable to compete on a pure price basis. It ceased operation in 1976.

In 1977 an advisor reviewed the firm and found that there was not even a system for simple accounting. His report recommended the introduction of a

conventional hierarchy of management. At the 1977 Annual General Meeting

the Chairman summarised the social aspects of working at Sunderlandia.

"An initial enthusiasm for the company had turned into a
nightmare." (quoted in Tynan 1980 c)

In a report published by the North East Social Entrepreneurs Forum in 2000 it

was observed that the development of Sunderlandia was politically and

ideologically motivated, to create a social experiment. In the time that it

functioned it proved that worker controlled organisations could work, but that

they needed to be assessed on criteria other than profit and financial cost.

'If environmental and social auditing had been common at the
time, then Sunderlandia would have always been in profit. It
added greatly to the social capital of the area and enhanced the
lives of those who received training through it.' (North East
Society Entrepreneurs Partnership Forum 2000)

Unit 58 Print Services Ltd 1974-1975

This was a printing firm set up on co-operative lines in Washington, (which at

that time was still inside the County Durham boundary, although now it is in

Tyne & Wear), in 1974, principally driven by 'the promoter', Laurence

Cockcroft. A feasibility study had been carried out by the promoters which

had established that there was a local gap in the market for a medium sized

print firm. This would offer the distinctive service of a small lithograph

machine and film setting service, of which there appeared to be only one

other in the North East area. After one year's trading it was hoped to launch a

local newspaper. The feasibility study recognised that the enterprise would be set up in 'a climate of economic recession as well as an area of the country associated with economic malaise.' (Tynan 1980 a, p1)

Government finance was available through the Department of Industry and a request for £16,000 was made, representing nearly the bulk of the financing needed to get the project off the ground. It was planned that another £5,000 would come from the Industrial Common Ownership Fund and the remainder from a bank overdraft subject to a personal guarantee from one of the promoters. The factory space was subsidised by the local authority and given rent-free for two years.

Trading began in March 1975, before notification about the availability of the government funding was forthcoming. There was a total workforce of seven including one apprentice. An immediate difficulty was the inability of the firm to attract a marketing person to undertake the promotional and sales role within the business. This was therefore undertaken by Cockcroft himself, although he had no formal experience in this type of work. At the same time a downturn in the economy reduced the demand for Unit 58's services. The firm failed to capture a share in the market and was never able to cover its running costs.

In August 1975 the firm learnt that its application to the Department of Industry for grant funding had been rejected. The company lasted another three months before closing down, leaving Laurence Cockcroft with personal

debts of over £20,000. Ironically, during this close down period the Manpower Services Commission offered to finance a worker in the firm for a year, but the offer came too late.

In the conclusion to his report, Tynan observes that the idealism of common ownership released energy and enthusiasm but overlooked the class and power base from which the attitudes of the workforce were drawn. Common ownership and 'mucking in' were uncharted seas. The promoters failed to realise the depth and extent of working class frustrations:

> 'They were unable to cope with the acrimony of a workforce they wanted to change but which was shackled to the realities of earning a wage and the narrowness of educational experience. While the workforce at Unit 58 gave generously of their labour and the promoters gave generously of their money, enthusiasm and time they had neither the skills of business management nor of communication; in the event nor was there the time in which these might have been developed.' (Tynan 1980 a)

Commenting on Unit 58's experience Tynan also concluded that most of the causes of the co-operative's failure are to be found in the circumstances of its formation. Unit 58 is a good example of the way in which workers at that time were so conditioned to work in a hierarchical management structure, that even when they were offered workplace democracy, they found it difficult to carry it out in practice. Added to this, although the promoters had the ideals:

> 'They had neither the skills of business management, nor of communication. Nor was there the time in which these might have developed.' (Tynan 1980 a)

It is therefore interesting to find that Cockroft was involved in helping another

co-operative organisation setting up in Sunderland. His idealism still

appeared to have remained, even while he was working hard to settle his

personal debts from a previous bad experience.

Little Women Ltd 1976-1980

There is also a connection with Sunderlandia in the Little Women story. A

group of women, some of whom had husbands working in the building

co-operative, Sunderlandia, set up a grocery shop with nursery facilities in the

flat above, in the Millfield area of Sunderland.

At Sunderlandia wives of the partners were included in the intense cycle of

meetings and social events the organisation generated. Robert Oakeshott,

one of the key promoters of Sunderlandia, encouraged one of the wives,

Margaret Elliot, to think of setting up a venture herself, with a group of friends.

The most important aspect of setting up a business, so far as this group of

women was concerned, was childcare, and this is why the nursery above the

shop was so important:

> 'They wanted to work without the discomfort of supervision.
> They wanted to contribute from their sense of social
> responsibility; they would offer understanding and care for the
> local community.' (Tynan 1980 b, p3)

Lawrence Cockroft, at that time a partner in Unit 58, worked with Robert

Oakeshott to prepare financial predictions for the new co-operative.

Patterns of work included rotating roles, and this enabled mothers to go

upstairs and be with their children while the other partners were downstairs

running the shop. However:

> 'Friction arose from outside the group in the demands,
> prohibitions or complaints of husbands and the behaviour and
> health of the children. This usually resulted in crises of
> confidence in the women involved, who had to question their
> loyalty to the group and risk disturbing the delicate balance of
> energies there.' (Tynan 1980 b p24)

At the 1980 AGM it was decided to close the shop. Buyers were already

interested in it as a going concern, so it seemed as though it was a

marketable local service. However, so far as the women were concerned,

debts influenced their decision-making, together with loss of interest and the

changing needs of the women themselves, as their children grew older:

> 'One girl found it intruded too much into her life and reverted to
> her job as a lollipop lady. Another two found the demands of
> their children and husbands incompatible with working in the
> shop on a regular basis.' (Tynan 1980 b, p47)

They considered turning the business into something else but nothing would

guarantee them more money, therefore it closed. It is not known if their debts

were covered by the sale of the business.

Reflecting on this Trio of Organisations

The three reports from which the information about these 1970s co-operative

organisations were produced by the Co-operative Research Unit, based in the Open University. The purpose of this unit, which still exists, and has close links with the co-operative mainstream and fringe, is to develop research into co-operatives, offer advice, information and training aids.

They form a unique reference point for the local experience, not only of the co-operative businesses, but for highlighting some of the prevailing attitudes that directly affected the people involved in them. Little Women could run a business but they still had to fit in with the demands of husbands. They still wanted to have their children round them, not farmed out to babysitters. The printers in Unit 58 jealously guarded their skills and knowledge, being unable at times to see other people in the co-operative as equals. Even then the promoter was 'boss', although they may not have had the skills for that role.

Much more could usefully be extracted from a more in-depth analysis of these three case studies, but there is enough information here for the reader to get the sense of what was going on. The influence of Cockroft, and particularly Oakeshott, continued in the North East after the closure of the trio. They were, in effect 'social entrepreneurs', before the term was coined in the 1990s. Not all of the women went back to their previous work. Some of the experience of Little Women went into development work in Sunderland, in childcare provision and help for the elderly, much of which is current today.

Finally, the three Tynan reports are the only examples of failure that it has been possible to comment on in this study because of the existence of the

Tynan reports. The reasons why this has become problematic will become clear in Chapter 3.

The Emergence of Co-operative Support Organisations

The growth in numbers of fringe co-operatives, both regionally and nationally, is closely linked to the rise and fall of co-operative support organisations and is very different from any development so far in this study in that it was not always the co-operative movement, or local communities that were driving forward this type of development.

In the past, consumer co-operatives expanded in an organic, largely unplanned way. They spread naturally from neighbourhood to neighbourhood, as local people realised what the benefits were to them. Co-ops had champions, people who promoted the ideas and principles, but the main thrust of expansion was local. It was the type of expansion that couldn't be stopped, rather than needed to be started; its appeal was so massive.

There was no such enthusiasm for the expansion of producer co-operatives. It was supported by a few individuals who worked hard to spread the word and encourage people to try it for themselves. It was marginal in the extreme and had little impact in comparison with the previous growth of the retail movement.

Ernest Bader, who in 1958 gifted his chemical manufacturing plant, Scott-Bader Ltd to its workers, became a pivotal figure in the newly emerging field of co-operative development. He was convinced that a middle way existed between communism and capitalism and continued to champion worker ownership once the transfer of his business was complete.

He set up forums for debate on the subject and these eventually led, in 1971, to the creation of ICOM, the Industrial Common Ownership Movement. ICOM was a non-profit membership organisation that promoted and represented common ownership and co-operative enterprises throughout the UK. It was primarily concerned with advancing the cause of democratic employee ownership, especially in the worker co-operative form and it became a national focus for fringe co-operative development, something that had not existed for a very long time.

At a local level, although Sunderlandia Unit 58 and Little Women failed, their supporters still managed to retain a commitment to the principles of producer co-operation, to which was added an awareness of the need for help and support to get future initiatives off the ground. This led to a shift in emphasis locally away from directly setting up new businesses towards setting up support mechanisms.

Writing in 1987 about the development of co-operatives on Wearside, Robert Woodhead wrote 'the recent growth of co-operatives has been neither spontaneous nor unaided' (Woodfield 1987, p47). Rather, it had come about

because of the setting up, over a period of years since 1976, of various agencies and streams of finance.

This coincided with the debate about industrial democracy, which had stimulated the debate for support mechanisms. Again, Tony Benn was one of the prime movers in the discussion:

> 'People say to me "What a tragedy that the idea of a
> co-operative should be launched always in such unfavourable
> circumstances." Of course, that was the whole point. Because
> until the circumstances were unfavourable this energy and drive
> and organisation never emerged. There wasn't the machinery
> in government, (and there still isn't today), to make it possible
> for people whose prospects seem better, to be assisted.'
> (Coates 1976, p79)

1979 saw the formation of large numbers of local Co-operative Development Groups with local government and/or Urban Aid finance, part of a wider promotion by the Co-op Union. They included specialist local government officers and independent agencies, Co-operative Development Agencies. (CDAs). This 'new wave' was in its infancy and came about from a decision to form a national Co-operative Development Agency, taken by a Labour government in 1978 with all party support:

> 'Whilst each of these categories embraces only a small number
> of firms and constitutes only a tiny fraction of overall economic
> activity, the idea of co-operative activity is deep rooted.
> Economic recession in a conventionally organised industrial
> society is just the time when one would expect attention to be
> attracted to alternative forms. Given the predictions of several
> economic forecasts on prospective high unemployment levels,
> coupled with the emergence of micro processor technology and
> the prospect of large-scale, long-term unemployment, the

common ownership firm is seen not only as a home for
redundancy money but the beginning of a fundamental change
in attitudes towards human assets and their relationship to the
organisation.' (Wilson and Coyne 1980 , p7)

As this debate went on a branch of ICOM was set up in the North East

(ICOMN). (Murgatroyd and Smith 1984). At the same time another

organisation was established locally, the Northern Region Co-operatives

Development Association (NRCDA) (NECS Newsletter, 1985), arising out of

a completely different co-operative tradition, one more closely supported by

the mainstream co-operative movement.

Each organisation took a different position on the promotion of worker control

and 'never managed to agree on the remit of each'. (Hannah 1989, p147).

NRCDA promoted a 'labour movement' image, promoting good relations with

trade unions and encouraging new co-operatives to become unionised.

ICOM North became an active branch of the parent organisation with its

membership largely drawn from local alternative co-operatives.

Promotional material published by NRCDA explains that the organisation

came into being on the back of a national upsurge of interest in industrial

co-operatives, based around worsening economic recession and deteriorating

relations between workers and management. Janet Hannah observes that

during the later 1960s two divergent strands of opinion and policy were

emerging:

'One challenged the whole tradition of the wasted years since
the 1920s and aimed to build a new movement for worker

control and the other searched for a new formula to give the appearance of democracy without too much of the reality.'
(Hannah 1989)

ICOM believed people should choose to work co-operatively rather than have the option presented to them as a condition of employment. It argued that NRCDA should concern itself with advice and support on business matters, whilst training and support should be left to the practitioners. NRCDA rejected this distinction. They thought ICOM North should concern itself with being a member organisation for local co-operatives with only an occasional role in training initiatives:

> 'the relationship between the two organisations degenerated into a very unco-operative cold war and by the time ICOM North lost its funding there was very little constructive dialogue between the two. This had, for some time, significant consequences for co-operative development in Tyne & Wear. An increasing polarisation between the alternative co-operatives who identified and sympathised with ICOM and the job creation co-operatives who had contacts with NRCDA resulted in the two 'types' of co-operatives having little contact with each other.
> (Hannah 1989, p152)

Co-operative Development at a Sub-Regional Level

How did the North East respond to this rising tide (in relative terms) of co-operative activity? Each area adopted a different approach, depending on factors such as political will and economic circumstances. The metropolitan boroughs initially benefited from the existence of development workers funded through NRCDA, but when Tyne & Wear was dismantled as a local authority structure this consolidated approach was lost as funding was withdrawn. The

result was that co-operative development and support was fragmented as the five individual metropolitan boroughs absorbed (or abandoned) alternative approaches to job creation.

It is necessary to move outside of the Tyne & Wear area to find any significant fringe development at this time. Specific examples of experiences in Cleveland, Sunderland, Wansbeck and Durham follow to give an idea of what types of things were going on and how they were handled.

Development in Cleveland

Cleveland Co-operative Development Agency (CCDA)

Cleveland County Council was the first local authority to establish a Co-operative Agency in the region as an integral part of its industrial promotion policy. Beginning in September 1982, it was charged with the specific objective of identifying the opportunities for worker and other types of co-operative throughout the County, and the development of these ideas into successful enterprises. It had a team of five development workers, who themselves worked on a co-operative basis, and operated from a well-resourced centre in Middlesbrough. Its Board of Management was drawn from the County Council, four voluntary organisations including Cleveland Council for Voluntary Service, trade unions and Teesside Polytechnic.

In addition to providing advice and support to people setting up enterprises,

CCDA recognised the importance of community education as one of the cornerstones of its development. To this end, the Agency also carried out education and promotional functions within schools, colleges, trade unions, tenants and community associations and other further and higher education establishments. The Agency also worked through the personnel departments of large employers in the area, in order to contact people who might be in the process of being made redundant or taking early retirement.

In January 1984 Cleveland County Council made a grant of £100,000 for the establishment of a revolving loan fund to finance co-ops. In 1987, following a visit by minister Kenneth Clarke to the Mondragon Group of co-operatives, the Department of Trade & Industry committed £200,000 for the development of a co-operative initiative in Cleveland, with the aim of accelerating the growth of the worker co-operative sector in Middlesbrough and Cleveland. It is interesting to see that a Conservative minister had picked up on the potential value of initiating a Mondragon type experiment in Britain.

Unfortunately the experiment was not to be taken forward in any meaningful way. CCDA closed in 1996 when Cleveland County Council was disbanded and funding was lost, however a new, smaller, development organisation was opened in 2002 to pick up the work previously undertaken by CCDA. An example of the type of work supported by CCDA is the Co-operative Enterprise Centre in Hartlepool.

Hartlepool: The Co-operative Enterprise Centre 1980

This was an experimental project set up by Cleveland CDA in a disused factory at a cost of £300,000. (Slowe 1983/4 p33) The model was devised by the National Co-operative Development Agency (NCDA) and discussed with the Manpower Services Commission (MSC). It was agreed that the Centre would be an appropriate part of MSC's Community Enterprise Programme. An informal agreement to 50% funding was made which enabled NCDA to approach the European Social Fund pilot projects division, which at the time was very interested in workers co-operatives in areas of high unemployment. Their approval for the balance of funding was given at the end of 1981.[4]

The location in Hartlepool was selected because the European Social Fund required that funding was used in a steel closure area of high unemployment. Local backing was also in place from Cleveland County Council, the local Anglican Church and other locally based organisations. This backing swayed the ESF fund managers to provide funds in the Hartlepool area, rather than to allocate them to similar areas like Wrexham and Newport.

The Project concentrated on working with young unemployed people, employing 35 18-25 year olds, allocating them to business projects thought to be potentially viable having been identified with the help of local small business organisations. The employees were trained by staff members and various outside bodies in production, business and co-operative skills. They

were given total final decision-making responsibility for running their own co-operative businesses whilst at the same time benefiting from the support and training the Project offered.

Unlike some other projects this one was adequately financed but it was forced to close after nine months because of an administrative oversight by the Co-operative Development Agency concerning ESF finance which had nothing to do with the merits of the project itself. It further transpired that half the grant was not payable until well after the end of the project, making it necessary for the NCDA to fund the project from its own resources for half a year which was not only illegal but also financially impossible. Thus, roughly three quarters of the way through the year, being deprived of 25% of its years' funds the Centre ran out of money and had to close.

Development in Tyne and Wear

Fringe development in Tyne and Wear is limited and after searching available sources the following are the only examples which can be looked at in this section.

Sunderland Common Ownership Enterprise Resource Centre (SCOERC) 1983

In October 1983 this organisation came into being as a response to local demands for the creation of work opportunities that could be developed on

co-operative lines. It operated a revolving loan fund, financed by the Urban Programme, providing capital to assist in the establishment of co-operatives within the Sunderland area.

The fund was managed by a joint committee made up of ICOM (North), the Co-operative Bank, Tyne & Wear Enterprise Trust, the Industrial Development Section of Sunderland Borough Council. SCOERC also provided a medium for channelling finance secured from the European Social Fund to help support the development of co-operative initiatives and establish a 'co-operative development zone'.

SCOERC has continued to function in Sunderland since that time and in 2002 was renamed Social Enterprise Sunderland. At the time of the renaming a history of the organisation was prepared for its new website, which makes interesting links to the original three pioneering worker co-operatives; Sunderlandia, Unit 58 Ltd and Little Women Ltd.[5]

SCOERC has always focused on communities as vehicles for co-operative development and has established several community specific projects such as Hendon Co-operative Centre and Pennywell Community Business Centre. It has concentrated on bringing people together to work in a co-operative environment where support services are available and has achieved success with this approach. An example of its work is Pallion Residents Enterprises.

Pallion Residents Enterprises Ltd (PRE) 1982

This organisation was set up in the summer of 1982 by the Pallion Residents Association using the old Hepworth tailoring factory on Pallion Industrial Estate, which once employed 2000, people but which had closed in 1981 and fallen victim to vandals. Members of the Residents Association planned to convert the building into a multi-use site that would include managed business units and also social facilities.

Sunderland Borough Council gave a grant of £45,000, which was used to secure a 125 year lease. The site was cleaned up by a Manpower Services Commission team, following which a further loan of £100,000 for materials was made by the Council. Between 1982 and1987 a total of £354,000 was secured for the building from Urban Programme funds, resulting in its conversion into a sports hall and workshops. A private developer contributed £150,000 for the use of eight of the workshops.

PRE is a community business set up as a company limited by shares. Ownership of shares is restricted to those living in the neighbourhood. However many shares a person holds, a resident is still entitled to only one vote. As at 2002 it is still operating in the same premises, one of the oldest surviving fringe organisations in the North East.

The two remaining County Council areas, Northumberland and Durham

adopted different approaches to co-operative development.

Development in Northumberland

Northumberland County Council did not promote any policies specifically aimed at supporting community business ventures. In general, all the District Councils were prepared to accept applications form worker co-operatives within the framework of their strategy for assisting small businesses. More recently, although still handled within the County authority, there has been continued growth of the community enterprise sector in the Northumberland area.

Staff with specialist knowledge of co-operative development work in the Council's Economic Development Unit. They are not employed specifically as co-operative development workers and have a clear remit only to support those community enterprises coming forward with a clear idea of working democratically together. This is quite different to the pro-active approach taken in many other areas but it is one that has proved successful in Northumberland.[6]

In March 1981 Blyth Valley Council commissioned the Faculty of Business & Management, Newcastle Polytechnic, to carry out a study of worker co-operatives. (Shipley 1982) The main aim of the study was to examine the feasibility of promoting co-operatives as part of the economic development of the borough. As a result of the study a Resource Profile of the borough, a

handbook to assist those interested in forming a co-operative and an analysis

of the literature on co-operatives and their operations was produced. The

final piece of work was a report on the feasibility of promoting co-operatives in

the borough and some policy options for consideration by Blyth Council. An

example of an initiative which came out of that report is the Community

Initiative Centre in Wansbeck.

Wansbeck: Community Initiative Centre 1982

The Wansbeck experience was intended to capitalise on the still existing

community spirit left over from the mining culture of the area. For several

years, Wansbeck District Council had shown interest in supporting the

development of common ownership enterprises as a complement to their

existing industrial development policies. A sum of £30,000 was allocated from

the one of the National Lottery Funds and earmarked to provide loan finance

to new co-operatives.

Towards the end of 1982, in conjunction with the local Trades Council and

with assistance from ICOM North, the Community Initiatives Centre was

opened. In addition, a revolving loan fund was established (Wansbeck

Community Ownership Fund), with an advisory board comprising

representatives from the district council, Trades Council, Enterprise North,

Co-operative Bank, Northumberland Technical College and ICOM North.

The Community Initiative Centre was located in Ashington and was a

combined centre for the unemployed and a Wansbeck based co-operative development unit. It was jointly funded initially by MSC and the local authority. Funding was not guaranteed beyond September 1996. Four co-operative set ups resulted: Phoenix Fabrication, Kids Stuff (women's co-operative day nursery), Clanweld (mobile welding), Athena Secretarial Ltd (secretarial services). It is not known if the organisation or any of the co-operatives it set up have survived.

Development in County Durham

By far the largest co-operative development agency in the North East was established in County Durham. Durham Co-operative Development Association (DCDA) was set up in November 1988 following several years of planning and negotiation involving representatives of the local co-operative movement, Durham County Council and other interested parties.

Its objective was to increase job provision by assisting people wishing to start workers' co-operatives in County Durham with training, technical advice, loans and grants. It also provided advice and training to trading co-operatives in the County and promoted the principles of co-operation.

Business ideas included wholefood retailing, bakery products, hand made knitted garments and garden services. Other feasibility studies related to organisations that provided services such as personnel counselling and the provision of training and consultancy in co-operative methods for industry.

Some arts-based studies were carried out into the promotion of live music and discos and creative writing and community publishing.

The work undertaken by DCDA with people with learning difficulties, funded jointly by Durham County Council and the European Social Fund, broke new ground in both co-operative and social service fields and attracted interest from many sources. It became one of the specialisms of DCDA.

In July 2000 New Sector published a supplement celebrating the success of co-operative business in County Durham. It noted that 'Co-operative development has thrived in County Durham and Darlington while in many other areas of the UK it has struggled'. (New Sector 2000 , p1) By this time Durham CDA was one of the biggest and busiest co-operative support organisations in the UK. The supplement states that in 2000 there were 60 co-operative businesses in the area with a combined turnover of nearly £5 million. A further 30 enterprises were being developed.

It was clear that DCDA would be a key element in the completion of the story of fringe co-operative development in the North East. The search for fringe activity before the 1960s had been a frustrating exercise because so few could be found. The three contemporary examples based in and around Sunderland were encouraging but all had closed down, although there were signs that the activity in Sunderland continued. The work in Cleveland and Northumberland was encouraging but it had been difficult to track down any examples of activity in Gateshead, Newcastle, North or South Tyneside.

Therefore, to discover that there was a successful development organisation in existence, covering a large geographic area of the North East, was a huge encouragement. It offered the potential to undertake a clear cut piece of research based on DCDA's direct experience, as well as of those people that they had been dealing with as new, alternative forms of business were set up. There was also the opportunity to benefit from the direct experience of the large number of co-operative support workers employed by DCDA.

Conclusion to Chapter 2

This chapter has already provided some fundamental answers to the basic question "Why are there so few co-operatives in the North East?' The retail movement was rationalised to prevent it from extinction, in the process losing that intimate link with local communities which was one of its early strengths. A minute number of producer organisations were set up and attempts at developing a producer co-operative sector were sporadic, poorly financed and vulnerable to external pressures.

In effect, the odds have been stacked against any new fringe co-operative enterprise before it has even become a business plan. Yet still there is a commitment on the part of some parts of society to promote the values and principles of co-operation through this type of organisational set up. DCDA's rapid expansion is a testimony to the way increasing attention has been paid to the sector as a whole. The sector is regarded as having potential and

development funds have been made available from a growing number and variety of sources. Individual organisations may come and go but there continues to be an attachment to some form of co-operative working.

The chapter has shown that there is an element of idealism within the North East which appears to transcend common sense in many respects. This is epitomised by the experiences of the promoters of organisations like Sunderlandia, who wanted to change the ethos of working as much as provide work for people.

Early co-operators were intent on providing any goods or services that could be identified as needed by their members. They also had the mechanisms through which campaigning for specific issues and causes could be undertaken, particularly the Women's Guild. This made them sensitive to the needs of local people and able to do something about them. This element of care for the community has continued through much of the small-scale fringe development and appears to be strong in DCDA, through its involvement, for example, with County Durham Social Services.

It has become clear in this chapter that any type of co-operative has to exist in the larger business world. Even the retail movement has had to come to terms with this and is living by the consequences of decisions made at times of particular strength and weakness. The way in which an organisation handles change and reconciles it to co-operative values and principles is of importance and is subsequently considered. Similarly, they have to exist in

the social world, one that has changed out of all recognition since the 19th century. The co-operative jubilee histories bring the stories of the 19th century co-operators alive and it is easy to see that they faced some of the same challenges that face contemporary fringe organisations today.

Some notable differences exist too. It is unlikely that any commitment to the creation of a co-operative commonwealth exists in County Durham today. Another difference is the modern notion of social inclusion and empowering communities. Old co-operators would have fully understood the notion of empowering their community but would have struggled with the idea of social exclusion. This would not have been because there were no 'excluded' people at that time; there undoubtedly were. It was more the fact that the lot of the 'included' left much to be desired and gave plenty of scope for people to do something about.

Also, in areas like the North East when individual societies were being set up there was a oneness of community that gave it an inner strength. A co-operative society would be made up of a mining village community, a few streets near a ship-yard or an iron works. Everyone was in the same boat, earning the same, living the same way. This is nowhere near the lifestyle of communities that are the target of some co-operative initiatives today.

The background to the co-operative picture of the North East has been laid out in this chapter and from it County Durham has emerged as a natural focus for the primary research. What is needed now is to look more closely at the

economic and social aspects of the County, to establish what sort of environment DCDA worked in, and which enabled it to make the kind of impact that was absent in most of the other areas of the region. This work will provide the final piece of background necessary to complete a context for the primary research. Chapter 3, which follows, provides this pivotal point in the study, closing the introductory element of it and introducing the empirical study of fringe co-operative activity in County Durham, how it was undertaken and what emerged from it.

References

[1] TWEDDLE, T, JP, 1833-1916 was the first director from outside Lancashire & Yorkshire to become President of CWS. He was born in Byker, Newcastle upon Tyne and was employed by North Eastern Railway Company. He advocated co-operative representation in Parliament from 1905 and was Chairman of the Joint Parliamentary Committee. He is commonly held to have worked himself to death for the co-operative cause.

[2] Not like a Matalan membership, also £1.

[3] Also, the retail societies did not fully support the activities of CWS and independent productive societies. There was opposition and suspicion from both private traders and from within the movement itself. In 1871 it was estimated that the North of England Wholesale Society received only one-eighth part of the entire trade of the retail societies. The reasons for this appear to have come from lack of co-operative knowledge and sentiment among societies' officials, partly brought about because of the speed of expansion of the movement.

[4] By this time the MSC had withdrawn their "Community Enterprise Programme – Ventures" idea and so special permission for the Commission to fund the project had to be obtained from the responsible Minister of State at the Department of Employment.

[5] www.socialenterprise-sunderland.org.uk/history

[6] Wansbeck and Blyth Valley District Councils have in the past shown more of an interest in co-operative matters. For example, Earth Balance was an ambitious environmental project in West Sleekburn.

'Though the conditions of life were rude, and
though there was no resident gentry to set an
example of what culture and refinement could
effect, and no resident clergyman to teach the
inhabitants how to behave, the native population
exhibited qualities of manhood that make some of
us, who are their descendants, rather proud of
our connection to the village and its people.

It seems to me, when I look back and recall their
ways of life and thought, that these men of fifty or
sixty years ago, despite their lack of polish, their
illiteracy, their narrow outlook, their rugged
speech, and, if you will, their uncouthness of
manner, were distinguished by a robustness and
independence of character that atoned for many
failings.'

**Windy Nook & District Industrial Society
Jubilee History 1876-1926**

Chapter 3: The Search for Co-ops in County Durham – Establishing the Lie of the Land

Introduction

The previous chapter established that there are two very distinct and different strands of co-operation in existence in the North East, which have been identified as 'mainstream' and 'fringe'. The mainstream is well established and has survived a period of struggle and change which has reduced its democratic member involvement but improved its trading position. In contrast, the fringe is marginal and has had no co-ordinated region-wide or national support mechanism to assist expansion or consolidation, with an embryonic structure beginning to emerge in 2003 (NESEP). At a sub-regional level different areas have had different experiences of co-operative development and support.

This chapter narrows the focus down to explore the specific experience of co-operators in County Durham, an area with a strong tradition of mainstream co-operative activity which has been home to the most visible fringe co-operative development agency and the largest single number of fringe organisations in the North East.

The chapter is divided into three parts. The first section explains the theoretical background to the methods chosen to collect information for the

study and provides information about the actual experience of collecting it. It also explains why County Durham was chosen as an area of study. The second section uses some of the information collected to create a map of fringe activity as it existed in 2002. The third section begins to draw out some of the other findings specifically in relation to 'co-operativeness'. By the end of this chapter it is possible to see what exists in County Durham and also compare the area's experience against the broader co-operative picture provided by Chapters 1 and 2.

On the basis of the mainly historical evidence collected for Chapter 2 there was an expectation before the research was undertaken that there would be two distinct and separate stands of co-operative activity in County Durham. Firstly, mainstream activity centred round the retail trading activities of North East & Cumbrian Co-op and secondly fringe activity centred round the work of Durham Co-operative Development Association., referred to in this study as DCDA.

There was also an assumption that the mainstream movement was isolated from fringe activities and that fringe activity would be readily identifiable as co-operative, because it had largely been promoted by a co-operative development organisation. Both of these assumptions were called into question during the course of the fieldwork and the final picture that emerged was much more complex and less clear than had ever been imagined when the research was planned.

Section 1: Methods

Theoretical Background to the Methodology

The methods used in this study were chosen to facilitate the collection of a body of information about the reasons why certain individuals decided to come together and work in an unusual working relationship. To achieve this the study needed to utilise qualitative, rather than quantitative approaches. Attendance at a research methods course within the University of Durham provided basic information about how to undertake a credible sociological study and this was followed up by reference to several standard works on the subject including Gilbert (2001), Silverman (2000) and Williams & May (1996). My own personal experience in other fields also influenced the approach taken, as I had undertaken a survey of attitudes towards homelessness just before starting the research into this study. That work had made me very aware of issues surrounding asking questions and respecting confidences, experience which became unexpectedly useful during this work.

At the start there seemed to be three particular areas which needed to be considered to ensure that a rigorous study was undertaken. These were: being sure that the information came from a reasonable sample size; that the interview process reliably captured information and attitudes; and that the material collected was used in an appropriate way. This section focuses on these three areas but the remainder of this chapter adds the details to what became a particularly problematic methodological approach as the work

continued.

1. Identifying a Sample

Silverman refers to an assumption that 'social science research can only be valid if based on experimental data, official statistics or the random sampling of populations and that quantified data are the only valid or generalisable social facts' (Silverman, 2000, p7). He goes on to observe that quantitative approaches may simply be inappropriate to some of the tasks of social science. For example, they exclude the observation of behaviour in everyday situations and can conceal as well as reveal basic social processes. The situation I was faced with in County Durham was of a numerically small group of organisations but which represented a large cluster of co-operative activity within the wider fringe co-operative world. There was therefore a validity in following a quantitative approach, as well as a qualitative one. Trying to do both became problematic once the fieldwork began and a fuller explanation of this is made later in this chapter.

As the research progressed this point became particularly valid and it was decided to include, later in this chapter, some specific reflections on the way in which the methodological approaches turned out in practice. Most relevant to the current discussion is the fact that the actual number of co-operative organisations turned out to be much less than originally anticipated, even after introducing an element of network or snowball sampling. This effectively made any discussion of sampling methods

redundant, as it became possible to directly contact and interview a large majority of the final population.

2. Interviews

The end result was the preparation of an interview schedule that included some basic quantitative questions as a starting point, with an intention of providing a local outline of the organisations' size, turnover, number of staff etc. The majority of the interview schedule was made up of open-ended questions which would lead to the collection of the attitudes and experiences that I was more particularly interested in.

There had always been an intention to establish a picture of co-operative life through the perspective of contemporary life experience. It seemed to be the only way to add a deeper meaning to the available quantitative data. This immediately placed the empirical research into a qualitative arena. I wanted to adopt a purposive approach (Gilbert, 2001, p61) using an interview schedule, rather than send out a survey or questionnaire. I had found this to be a sound method of collecting information in the past.

It became clear from reading the literature that high quality results could be obtained from a small-scale sampling frame and also that it was acceptable to define and redefine the study population to conform with available lists of information about the population. The key imperative was to 'recognise the constraints on interpretation which arise from their

method of sampling, and honestly and clearly note them for their readers. (Gilbert, 2001, p63)

It was already known that DCDA supported 60 functioning organisations, together with another 30 in the process of development and to access one quarter of them would provide a solid amount of information with which to progress the study. I had made an outline calculation that I could undertake 20 – 25 interviews within the time I had available during 2001/2 and planned to create a sample to achieve such a work-load. It was agreed with my supervisor that this would be a reasonable number of cases to achieve the collection of a body of new information from which inferences and findings could reliably be drawn.

3. Ethical Considerations

Issues of informed consent and confidentiality eventually played a major part in the use of the data collected during the study but at the start this aspect was not seen to be as important as it eventually became. BSA Guideline 12 (2002) states that:

> 'Members should be aware that they have some responsibility
> for the use to which their data may be put and how far the
> research is to be disseminated. Discharging that responsibility
> may on occasion be difficult, especially in situations of social
> conflict or competing social interests'. (BSA,2002,p2)

The critical change in circumstances was the closure of DCDA, the

organisation that had fostered the development of fringe co-operative activity in County Durham. A full explanation of the events surrounding the closure and the implications of it are provided later in this chapter but the methodological implications are briefly stated here. In the planning stages of the empirical research it was hoped that DCDA would act at least as a point of introduction to the organisations themselves. In effect it would be a gatekeeper (BSA 2002, p3), through which the research process would be mediated.

The issues that would have to be considered in this relationship would have been the role of the gatekeeper; in particular, would DCDA want to use the information I collected in a way that was different to my own purposes? The Social Research Association, in its Ethical Guidelines (2003)makes reference to some of the issues faced: 'On occasions a 'gatekeeper' blocks access to subjects so that researchers cannot approach them directly without their permission' (2003, p29).

In the event this discussion never took place. Instead, following the closedown I was left facing issues of consent and confidentiality, the extent of which only became apparent as the fieldwork progressed. I was left with a firm responsibility to explain in detail to individuals, shocked by the sudden collapse of such a large and influential organisation, the nature of my research and the purpose it would be put to. The Social Research Association identifies the principle of informed consent as: 'In essence, an expression of belief in the need for truthful and respectful exchanges between

social researchers and human subjects'. (2003, p29). Great efforts were made to ensure that this principle was put into practice, particularly by explaining the purpose of the work and the way in which individuals and organisations would subsequently be referred to.

Having done this and been given (with some exceptions) consent to use the material provided it was also necessary to respect confidentiality. In only one case was a requirement made that I obtain permission for direct quotation from answers given to the questions posed. However, this, added to the general wariness of the majority of the interviewees, made me change my approach to the writing up of all the responses.

I had intended to use direct quotations from responses but settled eventually on a more general approach, making references to organisations but not directly quoting the responses of their personnel. I considered this to be a more suitable method than attaching pseudonyms to quotations, as in such a small 'co-operative world' it would have been easy to identify the individuals concerned and feeling were running high at that time. The consequence of such an approach was to make the analysis that follows more anecdotal in style than I would have liked, but this was seen to be unavoidable in the circumstances.

The tension that this study has faced with its chosen methodology is that between putting forward solidly reasoned arguments to support or discount the basic research hypotheses and setting out lived experience in a way that

makes it appear anecdotal and possibly open to criticism because of this. One approach that was not considered was that of going to selected organisations, looking for the most interesting cases or those most likely to support the basic research premise, although this could be seen as a valid research method. Quite consciously in fact, the study aimed at getting the stories that had been previously hidden behind some of the more high profile 'success stories', in an effort to reach out for new information and knowledge.

From this brief introduction to the methodology it is possible to see that the extensive planning that went into the fieldwork was largely overturned by a single event. The steps taken to react to this event form the remainder of this section and provide a fuller explanation of how the methodology worked out in practice. A section reflecting on the interview process itself draws the chapter to a close.

Identifying a Geographic Specific Focus

In the early stages of research for the empirical study it was anticipated that it would have a North East focus, trying to find as much co-operative activity as possible and analysing how it functioned and to what effect. This was based on an assumption that there would be a reasonably similar amount of fringe activity throughout the North East, probably with a greater amount on Tyneside and Teeside, because of the concentration of populations in those areas.

However, when the initial investigation took place it soon became apparent that, in addition to being a marginal presence, as had been expected; there were also significant differences in the way the fringe sector had been fostered at a local level. The background to this varied development has been outlined in Chapter 2 but in practice the situation which existed as the empirical study was being planned was as follows.

In the Tyne and Wear area there was no clear-cut co-operative development agency that covered the whole area. This was a surprise as I had expected the most heavily populated part of the region to be able to support such an organisation. Instead visible co-operative development centred around Sunderland Common Ownership Enterprise Resource Centre Ltd (SCOERC), an organisation operating in Sunderland. SCOERC focused closely on developing co-ops within small communities and was successful in setting up a co-operative building based in Hendon in which new businesses and activities could start up in a sheltered environment.

Northumberland had no discrete co-operative development agency. Such work was carried on within the local authority under the general banner of economic development. Cleveland had had a separate co-operative development agency but this had closed following the withdrawal of funding by Cleveland County Council when it was disbanded. In County Durham a co-operative development agency did exist and had done so far over 10 years. It had a large staff (50 people in 2001) and was seen both locally and nationally as a driving force within co-operative development. It had been

instrumental in setting up and supporting a variety of new co-ops and had

developed a specialism in the field of special needs provision that was seen

to be ground breaking.

Out of the four areas County Durham stood out as the place where lots of

things were happening which potentially could demonstrate what could be

achieved by working co-operatively in enterprises formed outside of the

mainstream co-operative movement. A choice emerged once this fact had

been established. Either to continue with a region-wide study, knowing that

there were large imbalances of co-operative experience or to focus on County

Durham as an example of an area in which there was an active fringe sector.

On the basis of it being unusual to find such a concentration of fringe activity

it was decided to shift the focus of the fieldwork away from the North East in

general to County Durham in particular.

- **About County Durham**

> 'It [County Durham] is very little more than one huge colliery, the
> prosperity of which rises and falls every day with that of
> commerce and manufactures of the world. The cities, the
> villages, the nobility, the clergy, the tradesmen, the labourers
> and the farmers all derive their wealth or their competence from
> coal. But for that coal, one half of them would never have been
> there and the indigenous inhabitants would by this time have
> been almost reduced to eat one another.' (The Times, 5th
> October 1850)

County Durham is located in the North East of England, south of the river

Tyne and north east of the river Tees. It is made up of the districts of Chester

le Street, Darlington (with its own unitary authority), Derwentside, Durham City, Easington, Sedgefield, Teesdale and Wear Valley. To the west are the Pennines and to the east the North Sea. It has been, and continues to be, subject to both regional and national influences, because of its location on top of the Great Northern Coalfield. This was first mined in the 12th century and became the heart of both the local and regional economy at the height of the industrial revolution, remaining important until late in to the 20th century.

At the time of the Rochdale Pioneers and Beatrice Webb, between 1850-1914, the coalfield was at the heart of the expansion of the regional economy. 1879-1908 saw the most rapid growth in coal shipments, paralleled by rising numbers employed in the pits and related industries. The rise in employment was most marked in County Durham where numbers increased from 30,000 in 1851, representing 18.5% of the total workforce to 100,000 in 1901, 23% of total workforce (McCord 1980). These large numbers of people worked in mines that had very little mechanisation underground, a perpetuation of a feudal method of work, using labour instead of machinery. This system would create problems in the future when technological advances were taking place at a time when markets for the product were rapidly declining.

Coal mining, the central industry of capitalist expansion in Britain, took root in rural society and many of the mining villages were country villages:

> 'While they were organised in a new form around industry, and
> while they were covered in black coal dust they were

nevertheless surrounded by fields and agriculture and those fields played an important part in mining life.'
(Beynon and Austrin 1994, p108)

Chapter 2 highlighted the massive expansion in the number of co-operative societies that occurred in the later 19th century and this was directly linked to the expansion of mining and related industries. There is a cluster of co-operative jubilee histories, written in the early 19th century, celebrating fifty years of co-operative expansion in County Durham. The experiences of co-operators in Annfield Plain, Bishop Auckland, Felling, Leadgate, Pittington, West Stanley and Windy Nook are, in effect, the stories of their industrial expansion and the challenges they faced because of it. Each mine created its own community to serve it and each community set up a co-operative society, creating the pattern of mainstream co-operative development that was so distinctive. However, prosperity was not a stable part of local life and things were destined to change from this point onwards.

By the end of the 1920s, at around the time when the CWS's Pelaw factories were showing off their technological expertise at the North East Coast exhibition, Northumberland and Durham were supporting more people than ever before and although these people were experiencing a rise in their standard of living the threat to employment became constant.

There was a realisation that a massive structural change was taking place, beyond the capacity of the region itself to cope with and it began looking for help to national agencies, especially central government. This was a new

departure for the area and was brought on by an awareness of the

unprecedented increase in government intervention during the First World

War.

> 'The experience of the 1930s in the North East brought home to
> even the most vigorous advocate of laissez-faire and non-
> intervention in the workings of the market that the state had to
> make some effort to remedy chronic regional imbalances in
> employment and economic well-being generally.' (Durham
> University Journal, June 1973, p228)

Two world wars unnaturally extended the life of the major industries of the

region and had masked the major difficulties that each faced, particularly in

relation to competition from other sources abroad.

Post-war nationalisation of the coal industry took control of this industry

outside of the County and fixed it more firmly into national decision making

processes, where the well-being of individuals and communities was

secondary. There was an ongoing understanding that, even in times of

down-turn, the coal resource (which included the people who had the skills to

extract it) would remain ready to be expanded when the need arose to the

extent that:

> 'No appreciable volume of alternative male employment should
> be deliberately introduced into stable, long-life, mining districts
> which are unlikely to possess much surplus of male labour.'
> (Hudson 1989)

The downturn inevitably occurred and the decline of the coal industry (and the

iron and steel industry based around Consett in the north west of the County),

and the subsequent efforts made to bring replacement industry into the area all made an indelible impact on the people of County Durham. Villages were allowed to stagnate after the pits had closed and new industries were located in new towns such as Newton Aycliffe and Peterlee, attracting young people because of the job opportunities and new housing.[1] The communities that had fostered the mainstream co-operative expansion were broken up and displaced:

In the 1960s and onwards, as the realisation that the industries in the region were facing extinction, rather than continued but reversible downturn, new ways of securing the future of the people were looked for and County Durham became part of an increasingly regional development programme (Challenge of the Changing North 1966). This was the period in which the movement for industrial democracy was emerging, which seemed to point the way towards an expansion of fringe co-operative activity, although there were no concrete examples of this to be seen locally. The local impact of colliery closure could be seen in Easington:

> 'Within a space of six years (1962-8) the closure of Deaf Hill and Wheatley Hill collieries has meant that one of the largest parishes in the Rural District [of Easington] has no working mine. In each case the pattern was the same, rumours were closely followed by Coal Board statements of phased closure. Many miners left the area, taking their families with them to find long-life collieries elsewhere. Transfer of a proportion of the workers to existing collieries within the area has meant increased travelling time and expense, often to jobs of reduced responsibility. Early retirement, salvage work, and unemployment accounted for the rest'. (Moyes in Kirkup, 1999, p236)

By the 1970s the ongoing problems created by high levels of unemployment meant that trying to attract new jobs to the area wasn't enough. Instead, attention needed to be paid to the day to day problems facing those people who were unemployed as well as to those young people who would be unlikely to find work when they became old enough, because jobs didn't exist any more. All of the carefully constructed patterns of assimilating young people into a work environment had been destroyed. This was the era of labour market interventions, such as the Manpower Services Commission (1974) and such schemes as the Youth Opportunities Programme.

It was during the 1970s that the Benn co-operatives came into being, a further response to large-scale factory closures. Locally, it was the time when Sunderlandia, Little Women and Unit 58, referred to in Chapter 2, came into being, the first identifiable, local examples of the fringe co-operative movement. It was also the time when the first fringe co-operative development organisations came into being. At this time the worker co-operative form was seen to be the one that could bring control of an organisation back to the people who worked in it.

The 1980s were a time of recession, re-structuring and privatisation. National policy focused on re-asserting the market, supporting enterprise and wealth creation, ideally through small business expansion. Enterprise zones were created and European funding became more important, both of which became important to County Durham:

'In 1936, the year of the Jarrow March, the main features of
North East unemployment was its acute concentration, locally
and industrially. In the mid-eighties, by contrast, it is dispersed
– not only geographically but also within communities and
occupational groups, among young and old, men and women.
North East unemployment today has no profile: no proud and
sullen working men in clogs and muffler to stand for a whole
class....old age pensioners have more group identity than the
unemployed.' (Pimlott 1985, p351)

Against this background a group of ideologically committed with experience of

setting up fringe co-operative activities got together and set up Durham Co-

operative Development Association.

The last pit closed in County Durham in 1993 and the effects of losing a

single, major employer continue to be felt. Robinson has made the following

observation about the North East as a whole, and it is equally applicable to

County Durham:

'There are communities which are part of the contemporary
'mainstream' and others which have been left behind,
marginalised and excluded.... The North East is a region of
fragments, shaped by an industrial past, then fractured by the
upheaval of de-industrialisation and, now, a patchwork of places
of renewal and of decay'. (2002, p317)

What was left in the 1990s after the final pit closure was a County with a

'split personality':

'The seriousness of the County's problems was reflected in the
establishment of two rural development areas covering 80% of
the County. West Durham RDA is primarily made up of dales
farmsteads, hamlets and villages, which, due to poor soils,
harsh winters and extreme remoteness are highly marginal.
The East Durham RDA is made up of pit villages in a rural
setting that are increasingly lifeless and isolated and which

experience dramatic rates of unemployment (as much as 40%
in the same village'. Local Government Improvement
Programme 1999).

Today, at the start of the 21st century, the County is facing up to the change it

has gone through and putting forward a positive view:

> 'Our economy is now based on a wider range of more modern
> industries than just one or two - such as coal mining and heavy
> engineering - as it used to be. But the pace of change needs to
> be maintained. The economy needs to be strengthened and
> unemployment needs to be reduced. Key agencies and service
> providers will continue to work together to promote an even
> more diverse and competitive economy, to create new, quality
> jobs and safeguard existing ones. We will do this by attracting
> new industries into the area, supporting existing businesses and
> assisting new, 'home grown' businesses to get off the
> ground.'(A Clearer Vision for the Future, 2003)

The County Durham of this study is one that is living with the legacy of the

past and there are a selection of regional (One North East, Government

Office for the North East) and sub-regional (e.g., County Durham

Regeneration Partnership, Employment, Education and Health Action Zones),

agencies that exist to deal with it in some way, to reduce the effect of

deprivation and its consequences. Key to this work is the most recently

published Index of Multiple Deprivation (DETR 2000). This statistical data

source brings home the challenge that face people living in County Durham.

Robinson and Jackson's (2001) sub-regional analysis of the data highlights

that, more than half of the region's population (almost 1.5 million people) live

in wards ranked among the most deprived 20% of the country. Within that,

the County Durham picture emerges as one of overall deprivation masking

pockets of extreme deprivation. Over 30% of the County's population live in wards ranked amongst the 'worst' 10% in the country. In Easington this figure rises to 79%. Derwentside, Sedgefield and Wear Valley also have a similar experience. In contrast, Durham City, Teesdale and Chester-le-Street have less than 10% of the population living in wards ranked among the 'worst' 10% nationally, although even here there are pockets of deprivation that have in the past been masked by apparent overall prosperity (e.g., Chester West in Chester-le-Street)

In terms of quality of life the IMD shows that poor health linked to high unemployment, low income and disability, particularly from coal mining, is a major and widespread problem. This has a knock-on effect for child poverty, education, skills and training and geographical access to services.

The picture outlined here is not only tragic, but, for the purposes of the study, informative. It establishes the difficulties faced by people living in the County and identifies some of the mechanisms set up to alleviate the problems. This is the local context for the work that DCDA was involved with. What sort of co-operative responses would merge to help the people of County Durham work their way out of deprivation? The answer to this question lay in the information held by DCDA, the following section outlines how this information was collected and collated.

Identifying a Subject Specific Focus

Identifying a subject focus involved discarding some elements of the co-operative story and concentrating on others, in order to keep the fieldwork within manageable proportions, whilst ensuring that as representative a picture as possible was put forward. It had always been intended that fringe activity would be the major focus of the primary research and the methods used to establish specific areas within the broad field are described later in this section. Firstly, it is important to explain the role and position of the mainstream movement within the fieldwork and a brief outline of the way in which County Durham fits into the larger North East & Cumbrian Co-op is provided here, as a background to the in-depth review of fringe co-operation that follows.

* **Collecting Background Information**

It was relatively easy to establish an outline picture of mainstream co-operative activity in County Durham, because of the way it had been subsumed into a larger, regionally-focused organisation which reports regularly to its members. Information about mainstream co-operative activity in County Durham came from a series of half yearly regional reports published by the Co-operative Group. These reports provided information about the trading activities and performance of retail co-operatives in the North East and Cumbria, as well as Area Committee reports.

The 'Mid Durham' area committee of North East & Cumbrian Co-op covers most of the mainstream co-operative activity in County Durham. The area stretches from Blackhall on the East coast to Derwentside and from Birtley down to Sedgefield. It has 23 food stores, 11 funeral homes, 3 travel agencies and a department store in Chester le Street's town centre. During the six months to June 2002 the Committee's activities included a discussion forum for members to learn more about the Co-operative Commission's recommendations regarding future strategy. There was also a meeting with Theatre Cap-a-Pie, a local theatre co-operative which used drama skills to develop the capacity and self-esteem of young people and whose base is a former co-operative store in Dipton.

The formal exchange of information with fringe co-operators, such as the Theatre Cap-a-Pie visit, is a new initiative for the mainstream movement. It is designed to extend the knowledge of committee members of other aspects of the movement. This development has come about since the Co-operative Commission began its work and is seen as a method of keeping committee members in touch with the broader movement.

Without intense and focused research the picture of modern mainstream co-operative activity in County Durham can only be established through the information provided at regional level. The Member Relations Department in the mainstream regional structure is the key point of entry for someone enquiring about how the Co-op works locally. Had I wished to provide a more

in-depth analysis of the workings of mainstream co-operation in County Durham this would have been the mechanism through which the information would have been obtained. However, as this was not required, no requests for such specific information were made.

It was relevant, however, to access other relevant information about local mainstream co-operative life. For example, 'Network News' is a specifically regional publication available to co-operative members who express an interest in local activities and it contains reports about courses, weekend schools, training and distribution of the Community Dividend. It is not sent to every member but to those who indicate an interest in co-operative activities.

During the course of the research I attended several local events to gather information. This was at a time when members were being informed of the findings of the Co-operative Commission's research, commissioned by the movement to analyse its strengths and weaknesses and offer a way forward to bring the movement into the 21st century.

The 2001 weekend school held at Gilsland Spa was an opportunity for local co-operative delegates and other interested members to listen to national speakers talk about the changes put forward by the Co-operative Commission and to debate some of the issues being raised. This provided an opportunity to see the local mainstream movement at work in a conference type setting. Another slant on local co-operative life was provided by an event held at Beamish Open Air Museum to celebrate International

Co-operator's Day, an annual event in July 2001. Against the backdrop of the museum, and its co-operative exhibits, it was possible to see the mainstream movement promoting itself, providing a family fun day at a reduced cost to co-operative members.

One of the most interesting things to come out of attendance at these two events was the way in which the mainstream movement liaised with local fringe co-operative organisations. At the summer school several of the workshop facilitators and speakers were drawn from fringe co-operative organisations throughout the region and at the Beamish day several fringe organisations were providing demonstrations of their work. Most notable was the presence of Jack Drum Arts, who presented community drama workshops during the day.

Attendance at one other event needs to be mentioned here, and that was at the Society for Co-operative Studies Annual Conference in September 2001. This was a much more formal event than the weekend school and the bulk of the attendees were delegates from regional committees with a special interest in education. In contrast to the weekend school it was almost exclusively a mainstream event, with little reference to fringe activities or their potential relevance to the mainstream. Attendance at this event was useful to show that the relationship between the mainstream and the fringe is more developed in some parts of the movement than others.

As information from these various sources was collated it became apparent

that the mainstream movement locally did have links with fringe organisations and that there was an active commitment to extending and enhancing these links. It was a fairly recent initiative on the part of the mainstream movement but one which was welcomed by established co-operators, as it enabled people with a deep knowledge of and commitment to the retail movement get to know that fringe activities existed and how they functioned. Within the members present as these various events there was a great sense of the established movement in the North East widening its horizons to acknowledge other local developments.

● **Unexpected Difficulties**

While the process of collecting knowledge about the mainstream movement continued steps were taken to organise the main part of the study, an investigation into fringe activities in County Durham.

The key to this lay in accessing the knowledge and experience of Durham Co-operative Development Association, as this organisation would be the point of access to information. The Director of DCDA was enthusiastic and supportive, confirming that there was no recent or similar research information available and the study would be of use both locally and in the wider co-op world. Over a series of meetings it was decided that, with the agreement of the General Council of DCDA, I would be formally commissioned to undertake the research, if funding could be obtained for this to happen. The Co-operative Union was likely to be one of the potential

sources and DCDA would offer in-kind support in the form of office facilities, as well as access to all necessary records.

It was agreed that the proposed study would begin with a mapping exercise to establish exactly what existed in co-operative terms in County Durham. Following this, interviews would be conducted with organisations with aim of finding out what their experience of being a co-operative business had been. In particular I wanted to establish why the business had been set up in the first place and how it had stuck to its co-operative aims and objectives.

There were two further aims to the research planned at this time. Firstly, to undertake a short study of those organisations that had been supported by DCDA but which had decided not to become co-operative businesses. Much information was available within DCDA on these organisations and no systematic review of the reasons why they had not started or had chosen to adopt co-operative status had ever been undertaken. This was a valuable source of information that could have added a new dimension to co-operative research.

The second aim was to prepare a history of DCDA. Co-operative development agencies have had difficult experiences throughout the country and many have folded in the past, leaving only a patchy covering of easily identifiable agencies across the country. DCDA appeared to be different, able not only to maintain its position, but also to flourish and expand its activities.

However, on July 31st 2001 DCDA unexpectedly and suddenly closed and it was no longer possible to access resources, information or expertise. Staff were made redundant and scattered and information was locked away in DCDA's Durham City offices as arrangements were made to find a caretaker management group to oversee a formal shutdown.

The closure of DCDA had an immediate impact on the planned research. It was no longer possible to work with DCDA personnel or contacts or access files held by the organisation. As a result the research into co-operative 'non-starters' and the formal history of DCDA had to be abandoned as both of these exercises would have required access to internal documents, which was no longer available.

The closure affected the research in other ways. From the research point of view the closure raised issues about the actual sustainability and soundness of co-operative development organisations. Had DCDA, itself a co-operative, been poorly managed, as some had insinuated, or was it a victim of uncontrollable external circumstances?

Was there some sense in keeping co-operative development within the control of a local authority, as had been done in Northumberland? Was there some sense in keeping development confined to one community, as had been done in Sunderland? The Co-operative Union quickly stepped into this debate by directly commissioning a research report that became the basis of a strategic review of co-operative development in County Durham. The fact

that the Co-operative Union became so directly involved so quickly was a sign of how shocked the broader co-operative world was by the closure of DCDA.

At a personal level, there was a sense of shock that such an apparently stable organisation had ceased to exist. This was compounded later when local and co-operative media highlighted the difficult circumstances in which the organisation had closed and the amount of personal acrimony and anger which was being directed at and between members of staff and those serving on the management committee. I was forced to consider my own position and weigh up the pros and cons of continuing the research in the County Durham area. At one level it would have been understandable to withdraw from a sensitive situation but on the other hand I was in a position to learn from the closure and see how it impacted on future co-operative development. Realising some of the difficulties that lay ahead I decided to continue.

It meant that I would be approaching operational co-operatives as an independent research student, rather than as someone attached to DCDA and undertaking research linked directly to them. I would be in the position of 'cold-calling' organisations and explaining to each one individually what I was undertaking and why. This altered the status of the research from being a piece undertaken from within the co-operative world, benefiting from all the support that would have been available, to a piece being undertaken by an outsider. As the interviews progressed, this turned out not to be the handicap

it could have been. Personnel in several organisations appreciated talking to someone with an interest in what they were doing but who was independent of the local co-operative and business world.

Only the mapping exercise remained intact and this continued to be the starting point for all else that followed. It also continued during the time when I was meeting with co-operative enterprises and some people were able to give me other contact information about organisations that I was not aware of.

This was how I became aware of the large number of projects being set up with funding from Single Regeneration Budget and Neighbourhood Renewal Funding that seemed to fit the 'co-operative' criteria without being named as such. This forced me into taking another decision, to stick to the information I could accumulate from DCDA's contacts, and acknowledge that there would be other organisations around that would not be part of this study.

This put a limitation on the mapping exercise but it provided a manageable core of information for one person to handle effectively, information which could be seen to come from directly co-operative sources. It also left open the possibility in the future of a properly planned and structured piece of comparative research into the similarities and differences between enterprises set up by co-operative development organisations and in other ways.

Creating a Data Source

Before its closure, DCDA provided me with a list of the organisations it had supported. This list had 113 entries (see Appendix 1 for full list) made up of names, addresses, telephone numbers and a brief description of each organisation's core activity. This was the single key source of information for the study and formed the basic data source. Additional information came from ICOM, the national federation of worker co-operatives and information from the Registrar of Friendly Societies, the organisation responsible for regulating Industrial and Provident Societies.

The purpose of getting hold of information from these two sources was to establish if any other co-operative enterprises had been set up outside of DCDA's support system. These two organisations would be expected to hold reliable information about co-operative organisations. ICOM, because it was authorised to provide model rules for new co-operative enterprises, and the Registrar of Friendly Societies, because it was the regulatory body for co-operative organisations to which trading records must be supplied.

The ICOM list added no new information and the Registrar of Friendly Societies' list mainly included working men's clubs. No new information became available that was relevant to the study but several points of interest emerged from the analysis of the two. So far as ICOM was concerned, although it was the membership organisation of worker co-operatives, it did

not appear to have gained any new or recent members from co-operative activity in County Durham. This suggested that the organisations being supported by DCDA were not being set up in a worker co-operative format.

The Registrar of Friendly Societies seemed to have no recent link with the organisations being supported by DCDA. There was a group of seven organisations on the DCDA list that were classified as Industrial & Provident Societies but they were older organisations, well established before DCDA began its programme of expansion. This indicated that there were few organisations opting to adopt the Industrial & Provident format, even though this was the most obviously co-operative one in existence.

One source of information proved to be invaluable for definitive data and that was the Companies House database of company information, which was accessible through the internet. It was possible to check every company name against this database and establish when the organisation was set up (and dissolved), what its legal status was and which accounting information it had supplied, in accordance with either the Companies Act or the Industrial & Provident Societies Act.

Once all this work had been done the initial list had been reduced in size. Eleven organisations were found to be defunct or closing and there were 26 incomplete entries. This left 76 organisations as a potential source of interview material. However, not all of these fitted into the research that was required to complete this study and it was necessary to consider carefully

which organisations could provide the type of information necessary for further analysis to take place.

The study was primarily concerned with organisations that came into existence when a group of people committed themselves to some element of personal risk, usually by becoming employed in a co-operative enterprise. It was centred on an exploration of the reasons why people take the risk of changing the way they work. This is in contrast to organisations in which no changes to an individual's employment resulted from being involved. For this reason some types of organisations were immediately excluded from the study.

Credit unions were the clearest example of this category. Becoming involved in a credit union does not involve any change to an individual's employment status, even if they are one of the founding members. It is very much a voluntary activity, although it is seen to be a co-operative venture and exemplify co-operative principles. Setting up a credit union is similar to setting up a new club or society, something that can be managed in spare time. The numerous members of the credit union need spend no time at all in the management of it, purely taking advantage of the service it offers. Seventeen credit unions featured on DCDA's list and were immediately discarded from further study, even though they represented the largest single group of organisations supported by DCDA.

This left 59 organisations that appeared to fit into the criteria of the research

that was being planned, although there was still some doubt about one category, the enterprise development organisations. More will be said about these later in this chapter. This group of 59 became the sample from which interviews were to be requested.

In addition to the information that came directly from interviews that were eventually undertaken a considerable amount of information came from secondary sources. Many organisations had promotional material that could be accessed, even if no formal interview could take place. Trade journals such as New Sector were also useful sources, as well as newspaper reports. New Sector regularly focused on a particular area to explore local development. Also, in the process of trying to set up interviews information was almost always forthcoming from the people I spoke to, even though a full interview did not take place. This led to a situation where it was possible to create a reasonably clear picture of the type of work that DCDA had been involved in before its closure. A digest of this information is attached in Appendix 2.

Preparing for the Interviews

It had been anticipated that a representative sample would form the basis of the interview list but as the number grew smaller it was decided to contact all the remaining organisations to ask for their help.

In the first instance a standard letter explaining the purpose of the study and

asking for permission to carry out a face to face interview was sent to the first 25 entries on the list. Attached to this was a letter of support from Durham CDA, providing their endorsement of the research. This approach elicited only one response and it was decided to abandon it in favour of telephone calls direct to those named on the list. Some contact names were available, but not for every organisation, and these proved useful in making the first contact.

It was at this point in time (Summer 2001) that Durham CDA closed. This made the work of contacting organisations much more difficult as the study was viewed with suspicion and sometimes hostility, particularly because of the endorsement of Durham CDA. Notwithstanding these difficulties it was eventually possible to carry out 26 interviews, mainly face to face but some by telephone and one by post. (See Table 2)

Table 2: Interviews Conducted During Empirical Study	
Name	Type of Interview Conducted
Argus Ecological Services Ltd	Face to Face
Broadgate Farm Co-op Ltd	Face to Face
Consett South Community Enterprise Association	Face to Face
Dene Valley Community Transport	Face to Face
Derwentside Leisure Ltd	Face to Face
Derwentside Market Traders Co-operative	Face to Face
Direct Care Co-operative Ltd	Face to Face
Durham Alliance for Community Care	Face to Face
Endeavour Woodcrafts	Face to Face
Langley Park Community Transport	Face to Face
Molly's Wholefood Store	Face to Face
Newfields Childcare Ltd	Face to Face
N'Land & Durham Machinery Ring	Face to Face
North East Direct Access Ltd	Face to Face
Northern Recording	Face to Face
Planning & Design Co-operative	Face to Face
Shildon Project for the Initiation of Community Enterprise	Face to Face
Stepping Stones Nursery	Face to Face
The Grove Community (Co-op) Shop	Face to Face
The SKIP Club	Face to Face
Growing Green (Organic Growers Durham Ltd)	Postal
Chimps	Telephone
Durham Quality Fashions Ltd	Telephone
Gas Services Northern Ltd	Telephone
Harehope Sustainable Carp	Telephone
Teesdale Garden Crafts Ltd	Telephone
Total Number of Interviews	**26**

A semi-structured interview technique was adopted, using a series of open-ended questions to establish information about several areas of working practice. Six sections were covered: background, set-up, current operation, the future, being a co-operative and reviewing experience. Prompt questions were included in each section. The interview schedule was piloted and subsequently revised to reduce the number of prompt questions, however,

the six basic areas remained. A copy of the interview schedule is attached in Appendix 3.

One specific area of the original schedule was discarded, and that was a series of questions designed to establish the size, in business terms of the organisation. For example, the level of turnover, amount of sales, operating surplus, etc. These had been included because it was thought that I would be going to see identifiable businesses operating through co-operative structures. What turned out to be the case was that very few organisations worked this way, or considered themselves to be 'businesses'. This was my first firm indication of the small-scale nature of the organisations that I was visiting.

Reflecting on the Interview Process

Putting aside the difficulties caused by the DCDA closure, most organisations were happy to arrange a visit from a researcher to talk about their organisation. Very few of them were particularly interested in the piece of work being undertaken or the reasons for it, but were pleased to have the opportunity to talk about their own special project. There was very much a sense of personal achievement within most organisations. The only difficulty with some was the pressure of work that they experienced. This meant that some appointments had to be made considerably in advance, to enable relevant personnel to be present. It also prevented me from going to some organisations, such as Durham Quality Fashions.

Where appointments were made they almost always took place and it was encouraging that people who had determinedly agreed to commit only a specified length of time often talked for much longer. There was rarely a time when an interview was cut short. In part this was a result of having reassured and built up the confidence of the interviewee to the point of being able to use the interview schedule but more often it was because the interviewee was responding to the questions posed as fully as possible.

In some cases, such as North East Direct Access and Endeavour Woodcraft, the permission of the co-operative group of workers was needed before I could go and visit. There needed to be a consensus within the group that they could discuss their organisation with an outsider. While consent was usually a formality I had a very early feeling that these groups in particular had an understanding of the democratic principle of working. With organisations like these I conducted interviews on a group basis, with several members of the co-operative group.

Several of the organisations were very well used to receiving visitors, to the extent of keeping visitors books and scrapbooks. They viewed the visiting process as part of their promotion and marketing work, a means of spreading the word about what they did. Organisations that were most comfortable with visits were mainly those who were involved in some form of partnership work, particularly where funding was involved. They were used to being seen as 'interesting', for example in relation to mainstream social or mental health

provision. Those who were more cautious were mainly in private sector-related activities, who may not have come across a research situation in any other work they had been involved with.

Carrying out the interviews was regularly problematic. At the very beginning of the study, when I had anticipated going to meet producer co-operators in their place of work, I had assumed that I would visit factory units on industrial estates, shop premises, offices etc. This did not turn out to be the case. The types of premises in which the organisations carry out their work are many and various. Endeavour Woodcraft and Langley Moor Transport are based in converted fire stations in ex-mining villages. Durham Alliance for Community Care has several premises but the main one I visited is in a Methodist Church hall in Durham City. Dene Valley Transport operates from shared premises in a converted shop and Broadgate Farm is located in farm buildings in the County Durham countryside. The SKIP Club was based in a youth and community centre in Spennymoor.

This meant that in some cases there was very little private or quiet space in which to carry out the interview. Tape recording interviews in these circumstances would have been of little use.[2] A few examples will illustrate the various difficulties. At Molly's Wholefood Stores the two people I had come to meet were serving in the shop during the interview, as they could not either close the premises or leave them to be looked after by other people.

At Durham Alliance for Community Care the person I had come to meet was

also on duty in the daycare room where eight elderly people were taking part in activities. There was no opportunity to ask specific questions of the respondent and the elderly people were very interested in me, as a new face. This interview turned into a useful reminiscing session about 'the store' in days gone by but did not collect a great deal of information about the organisation itself. Similarly, at the SKIP Club in Spennymoor, the meeting took place in a room with open access to other projects within the building. The interview was interrupted on several occasions as people wanted to query things with the project worker to whom I was speaking.

These comments on the interview process are not intended to be critical of the places in which the interviews were held, but to show that these organisations were small and pressured, often working in difficult surroundings.

At the majority of organisations I met with a single person involved with the running of it. In organisations which employed staff through a management committee I usually met with a staff member, rather than a volunteer, although at some organisations such as Dene Valley Transport a member of staff and a committee member were present, which added another dimension to the interview. Most of the people I met with were fully conversant with the background to the organisation in question and were able to fully answer the questions raised. This was the case even if the person hadn't been involved in the set-up process. Only once did the person concerned have no idea about the circumstances leading to the set up, nor a particular understanding

of the 'co-operativeness' of the organisation. In all other cases respondents could provide information specifically from their own experience of co-operative activity.

In practice it proved very difficult to keep respondents talking about a specific section of the interview schedule for any length of time. Most often they moved off at a tangent once they had begun to remember different things that had gone on in the past, or if there was something that was currently exercising their minds. One factor became apparent at a very early stage and that was that there was very little focus on the future. In almost no case was there a formal forward planning mechanism. Most often it was 'more of the same'. This made Section 5 of the interview schedule very quick to complete.

In the case of some younger organisations there was very little difference between past experience and the present and no obvious change in the way the organisation was working. The majority of the organisations spent a lot of time mulling over the start-up experience, as this was what seemed to stick mostly in their minds.

There was one final page in the interview schedule, which had been included initially only as an aide-memoir. It was a list of the seven co-operative principles. The information coming out of the interview sessions demonstrated that each organisation had a very different approach to co-operation as a concept and way of working. This list proved valuable as a checklist with respondents to identify exactly what their position was in

relation to them. It was by using this list that I was able to make some observations about how 'co-operative' the organisations actually were.

In a few cases the interview schedule was used as the basis of a telephone interview, and this did have the benefit of keeping respondents focused on the single question being asked. An amended version of the schedule was also used as a postal questionnaire in four cases where I had been unable to get any other kind of response or respondents were too busy to see me. Only one of these was returned, however the responses were very full and informative.

Conclusion to Section 1

Looking back over the narrative in this section, I was struck by how relatively straightforward it appears to make the changes necessary to keep the study going. At the time, however, it was a much more fraught situation, not only for me but also for the people caught up in the DCDA closure.

It was ironic, within six months of finding a unique organisation, and establishing that County Durham had long established links with the co-operative movement, to find that the door that stood open to a rich source of high quality information was permanently closed. Not only that, but the often acrimonious fall-out from the closure ensured that the mention of DCDA after July 2001 was greeted with, at best, a wariness and at worst outright hostility. There was a difficult choice to be made at this point to either carry

on or abandon the subject.

However, a mapping exercise did take place and the interviews were conducted and a mass of data was collected, so the study continued.

It later emerged (Turnbull et al, 2002) that DCDA had been facing massive difficulties itself, principally in relation to the way its finances were structured. Its growth as an organisation had happened too quickly for its financial and management structures to cope. Its experience would make for a study in its own right, but that is a story that will almost certainly never be told. Memories are too painful and I often wonder what happened to all of the records that were locked into DCDA's offices on the day of closure.

A different type of choice to be made emerged when the very first analysis of the DCDA list was undertaken. It was relatively straightforward to put the credit unions to one side; they didn't fit the criteria I was working with and I had no particular interest in credit unions as an organisational type. What was more difficult was rationalising the fact that DCDA didn't hold the monopoly on what I still at that time considered to be co-operative organisations. It was a real set-back to be told by Sally Robinson-Lundy, a member of the County Durham SRB team, after discussing my work with her, that she could produce a significant number of very similar organisations, currently being supported by the SRB 5/6 programme, that had never had any connection with DCDA at all.

This was when I finally had to accept that the mapping exercise, which was going (in my mind) to be so clear, concise and accurate, would eventually be only an incomplete snapshot. However, it would still be one that didn't currently exist, and although it meant that that I eventually had to face up to the challenge if delving into the minefield of definitions of the social economy, what emerged is still a fascinating picture of co-operative, social, community and business development systems and structures in County Durham.

Once all the information was collected and collated it seemed naturally to form into two distinct areas. In the first place there was purely practical information about the age, size and activity of each one and on the other there was more qualitative information about their experience as a co-operative organisation.

On this basis the information collected has been analysed in two different ways. The remainder of this chapter provides some basic information about the reasons why the organisations were set up and how they have progressed. This information is general, rather than specifically related to the organisations' experience of being co-operative. Chapter 4 moves the study forward in that respect by analysing the information collected in relation to the seven specific principles that the international co-operative movement have adopted as their framework for establishing and maintaining a co-operative identity.

Section 2: Establishing the Lie of the Land

Introduction

This section uses information collected from three of the six areas covered

by the interview schedule: background, set-up experience and operational

experience, to create a snapshot of the organisations in the study from a

purely functional point of view. (Section 3 will go on to provide the

co-operative viewpoint).

Broadly, there was activity going on throughout the County, although specific

clusters had emerged at different times in response to certain particular local

circumstances. For example, there was a cluster of different types of

organisations based around Durham City and the university. These

organisations were linked to a group of people with a strong interest in the

philosophy of co-operation. This group was active in laying the foundations

for the setting up of a development organisation, the DCDA.

There was a distinct cluster of activity based around Consett, beginning in

the 1980s, when the major employer in that area, the steelworks, shut down.

This was also the time when the first co-operative development worker was

appointed and she focused on development work in the Derwentside area, in

which Consett is the largest concentration of population. Generally, most of

the older DCDA work was based in the west side of the County and was

linked with the on-going closure of pits in the area. In contrast, there was

very little activity in the east side of the County, where more industries were concentrated and pit closure came later.

Initially, there had been an expectation from secondary research that fringe co-operative activity would be found in worker-co-ops based in manufacturing sectors, reflecting both the economic history of the area and the history of development of worker co-operatives. Local knowledge suggested that there was also likely to be some concentration in the areas of ethical trading and wholefood stores. In either case they would be businesses functioning within a recognisable business environment where they would be a minority, but not isolated.

What emerged from the study was that this had been the case in the late 1980s and early 1990s. Since then, fringe organisations were much more identifiable within a background of community development. There were very few identifiable worker co-operatives and very little activity in manufacturing. Within those organisations operating in the service sector there was a much higher number providing care-based personal services, rather than professional services such as insurance or banking.

What Did Organisations in the Study Do?

For the purposes of this study the data provided from which to establish what activities were going on is skewed in some respects. This is because of the presence of a number of organisations that either do not fall within the scope of this study (credit unions) or are development organisations in their own right, rather than organisations undertaking their own business activity. At first, I had planned to analyse the emerging trends by taking these two categories out of the list completely but this action was reconsidered as the study progressed because it was felt that leaving them in, at least at this point in the analysis, would give a better picture of the way DCDA had fulfilled its development role in County Durham and which areas of activity it had encouraged.

On the basis of this approach, the DCDA list (See Table 3) breaks down into three areas; community related activities, business related activities and a third category made up of those organisations that do not fit into either of the others. There is overlap between categories in several case, e.g., Teesdale Garden Crafts, which provides a sheltered workshop for vulnerable adults, who are involved in producing garden furniture.

What immediately became apparent was that only about 25% of DCDA's activities related to the support of organisations that could be seen as 'businesses', the area I was specifically interested in. The remaining 75%

appeared to represent activities designed to support communities, or the people living in them, at a personal level. This was not at all what I had expected to find

Alongside of this was the fact that the focus of activity had also changed over time, with a clearly identifiable set of worker-co-operatives, such as Alpha Communications and Oakleaf Furniture, having been set up at around the same time as DCDA started. This fact relates back to the environment that existed when DCDA was set up, emerging from a local 'hot-bed' of idealistic co-operative activity. However, very few worker co-operatives were set up following this and the move towards community activities could be seen emerging in the later years of DCDA's life.

1. Community-Related Activities

The term 'community related' has been used to identify activities which were seen to benefit local people but were not directly 'businesses', in the sense understood by a Business Link advisor, e.g., a furniture re-cycling warehouse. In terms of numbers, such activities account for approximately 75% of the organisations that DCDA was involved with. The largest proportion of this category is made up of social enterprise development organisations. They are micro-scale replicas of DCDA, mini-development organisations based in a specific community, financed through the Phoenix Fund. This shift towards locally based development work was very recent, within the last two years of DCDA's life. So recent in fact that some of the

organisations were embryonic, still undertaking skills surveys and possibly

not having premises of their own. Actually undertaking this work had

involved DCDA in a large recruitment drive, to place a single development

worker in each of the small areas in which an enterprise organisation would

work. I am assuming this need was related to identified local indicators of

disadvantage, because of the involvement of the Phoenix Fund, but there is

no evidence available to prove this.

A decision was taken at the start of the empirical work not to visit these mini-

development agencies because I wanted to speak directly with people

involved in setting up businesses, rather than the development workers

assisting them. However, I visited SPICE without realising that it was such

an organisation, and leant a lot about the things it was set up to do. An

opportunity also presented itself to visit Consett South Enterprise Centre,

which I took up, but after that the remainder were not approached. It is

probable that some of the less well established organisations would have

folded when DCDA closed, as DCDA's own staff, employed in several of

them, would have become immediately redundant at the time of its closure in

July 2001. Had I realised what they were doing at an earlier stage I would

have made a greater effort to see more of them, but the information

collected from these two organisations was useful in providing another

perspective on the set-up process.

Social enterprise development organisations were a recent and growing

feature. These are completely different in character and history to any of the

other organisations assisted by DCDA. The interesting point about these organisations, other than their number, is the way in which they stimulated clusters of activity based on a focal point within a discrete community. In the case of Consett South Enterprise Centre the conversion of two disused council houses into a resource centre had enabled new learning activities to be sited there. There were meeting rooms, and office space. There were ideas for a community newspaper, a community shop and café. A new mobile crèche business had already emerged. This example closely mirrored the way in which local co-operative societies in the 19th century enlarged their activities, to suit the needs of the membership it served - the local community. Shildon Project for the Initiation of Community Enterprise (SPICE) was very similar, based in a small, shop front premises, in the main street of Shildon.

The next largest number of organisations of a single type are the **credit unions**. This is because in the past there were specialist development workers involved solely in this type of development. In contrast to the social enterprise development organisations many of them are of long standing and it appears that new credit unions are still being developed, as some of the entries refer to credit unions that are still in the process of becoming licensed. Although an interesting category in their own right they fall outside of the main scope of this study and have not been investigated further.

Market gardening comes next on the list, in terms of numbers of organisations in a single category, and again there is a heavy bias towards

personal and community benefit. It is possible to see a commitment to the ideal of organic gardening practices. Organic Growers of Durham, the longest established organisation, has always been committed to this method of cultivation and have combined it with a strong ideological approach to co-operation. More recently, several organisations have focused on the therapeutic benefits of cultivation for people with mental health problems and learning difficulties. Most recent is the emergence of the community garden, pieces of land cultivated by members of the community and from which produce is distributed into the local economy, possibly through a community shop.

Community services include organisations involved in providing transport for local villages, such as South Bishop Auckland. There are also several community newspapers, although Shildon Community Press closed down as this study was in progress. **'People-centred' services** were well represented. Childcare covers organisations providing crèche facilities, full day-care, out of school provision and training in childcare. Expansion in this sector dates from the mid 1990s and can be seen to mirror government-led initiatives to match childcare provision with job availability. Newfields Childcare is an exception to this rule in that it was set up earlier, in 1991, to meet the needs of students and university staff. There is a parallel here to the way in which Argus Ecological Services was nurtured in a university environment.

There is a small sector that is concentrated on **day care services** for elderly

people. Organisations in this sector provide home help services to elderly people as well as drop in facilities at various locations within the County. There is no special reason why DCDA was involved in assisting this type of organisation.

There are also two other specialist groups of people; **vulnerable adults** and those with **mental health needs**. Development of these types of provision can be dated to the cutting back of state-funded provision and the commitment of staff already employed who wished to maintain a service for the vulnerable people they dealt closely with. There was a willingness from DCDA to support them in this and the availability of suitably experienced development workers to oversee the process. Since then there has been little new development of similar organisations. There could be two reasons for this, the lack of qualified development workers or a shift in the focus of activities within DCDA.

Arts, drama and music is one of the most dynamic categories, matching in numbers the manufacturing and retail sectors. Northern Recording and Jack Drum Arts, both well established, came into existence with a very conscious desire to work within a collective and democratic environment. The work undertaken by groups within this category is closely linked to schools and increasingly relates to regeneration initiatives, enabling people without a voice to articulate their feelings through other media.

2. Business-Related Activities

These account for the remaining 25% of DCDA's workload. Within the organisations set up to provide business-related activities the largest single category includes those set up to provide services to businesses and agencies. For example Argus Ecological Services, a co-operative specialising in environmental impact assessment and ecological surveys is made up of a group of graduates who wanted to work together in a particular way in their chosen field. Some of the group work on a part-time basis and clients include major house builders throughout the UK, other large environmental companies, Northumbria Water and Newcastle City Council.

There are several organisations included in this category that take on a strategic or co-ordinating role within their trading sector. Three in particular; Northern Dales Meat Initiative, Northumberland & Durham Machinery Ring and Rural Training Consortium, have all taken a particular approach to rural issues, developing strategies to overcome skills and services shortages, mismatches, gaps and overlaps. Organisations such as these also provide centralised purchasing facilities for goods such as fuel and agricultural supplies. Several of the organisations in this category have ceased trading and there is a suggestion that people involved in these types of occupations are able to dip in and out of self employment, mixing it with periods of conventional employment, e.g., Rural training Consortium.

Only a few **retailers** were on the DCDA list and they all appeared to be struggling, other than Hemp Products Retailing, of which nothing is known. Manufacturing is a tiny proportion of an already small number of organisations. Unlike some of the other categories there appears to have been no specific drive to encourage the setting up of manufacturing businesses. Teesdale Garden Crafts categorises itself as a manufacturing unit, when it also provides daycare for vulnerable adults. It is likely that Sew By Design Ltd provided such a service, but it has not been possible to establish this as it too closed during the course of this study. Only Consett Co-operative Enterprises, Oakleaf Furniture and Durham Quality Fashions Ltd would be clearly identifiable as manufacturing units within an orthodox business environment.

3. Other Activities

The remaining organisations do not fit into any of the other broad categories. There is a museum, a fish farm, a social club, a group of leisure centres and a market trader's co-operative. They bring home the complete diversity of the organisations that have been supported by DCDA in the past.

Table 3: What Did Organisations Supported by DCDA Do?	
Type of Activity	**Name of Organisation**
1. Community-related Activities	
Social Enterprise Development	St Augustine's Deanery Co-operative, Skerne Park Community Enterprise Assoc, **Shildon Project for the Initiation of Community Enterprise**, Grange Villa Community Enterprise, South Stanley Community Enterprise Association, Belmont & Gilesgate Community Alliance, Thornlaw North, **Consett South Community Enterprise Association**, CABLE (Cockerton & Branksome Living Enterprise), Blackhall Resource Centre Group, Easington SRI, Dawdon Steering Group, Hill Rigg House, Helmington Row Community House, Firthmoor Community Group, Horden Hall Residents Association, Shotton Partnership 2000, Counden & Leelholme Skills Survey, Firthmoor Association for Community Enterprise
Market Gardening	**Growing Green**, Shotton Community Garden Shop, Earthcare Nursery, formerly Borderlands, Spadework, Growing Concerns, Garden Octopus, Blackhall Market Garden/Craft Group, Wingate Community Organic Garden Group, White Leas Farm, Community Allotment Holdings, Spadework,
Community Services	Community Training & Development, Shildon Community Press, **Dene Valley Community Transport, Langley Park Community Transport**, Chester le Street Furniture & Fabric Recycling Co-op, Positive Parenting (Easington Colliery), South Bishop Auckland Transport, Easington Colliery Community Newspaper
Childcare	**Chimps, Newfields Childcare Ltd, The SKIP Club**, Trimdon Out of School Hours, **Stepping Stones Nursery**, Paradise Childcare Co-operative, Reach-Out Care Co-operative, Crèche Pool, Trimdon Village Nursery Group
Care of the Elderly	**Durham Alliance for Community Care**, N.W. Durham Rural Community Care, **Direct Care Co-operative Ltd**
Care of Vulnerable Adults	**Endeavour Woodcrafts*, Broadgate Farm, North East Direct Access Ltd**, St Mary's Care Co-op, Solutions in Care
Credit Unions	There were 17 credit unions listed but they have not been detailed here as they fasll outside of the scope of the study.
Arts-based Activities	**Northern Recording**, Vision Factory, Jack Drum Arts, Theatre Cap-a-Pie, S.N.U.G. Integration, MESH, Fishburn Youth Dance & Drama, Bearpark Artists Co-operative
2. Business-related Activities	
Professional Services	**N'Land & Durham Machinery Ring**, Alpha Communications Ltd, Impress Printing Services Ltd, **Gas Services Northern Ltd, Argus Ecological Services, Planning & Design Co-operative**, Energy Associates, North Durham Counselling & Training Consortium, Ethical Investment Co-operative, Fastrack Driver Training Ltd, Call Centres Durham, Northern Dales Meat Initiative, Rural Training Consortium, HOW Support Services, Call Centres Durham,
Retail	Land of Prince Bishops Smokery, **Molly's Wholefood Store**, Replay Computers, **The Grove Community (Co-op)** Shop, Hemp Products Retailing
Manufacture	Consett Co-operative Enterprises Ltd, **Teesdale Garden Crafts Ltd***, Sew by Design Ltd, Oakleaf Furniture Ltd, **Durham Quality Fashions Ltd**
3. Other Activities	
	Derwent Leisure Ltd, West Road Social Club, **Harehope Sustainable Carp**, Roots Land Project, New Earth Co-operative, **Derwentside Market Traders Co-operative**, Durham Miners Museum, 3Ps Pub,

Organisations highlighted were interviewed as part of the study.

Why Were They Set Up?

The longest surviving organisation on the DCDA list was Consett Co-operative Enterprises, set up in 1981. It was set up at the time of the closure of Consett Steelworks, as a way of meeting the challenges of large-scale unemployment. Alpha Communications Ltd and Newfields Childcare Ltd underwent what could be identified as a conventional set-up process, i.e., responding to a gap in the market to provide what ultimately became a self-sufficient and fully sustainable service. Oakleaf Furniture and Argus Ecological Services were similar. There are also two early 'rescue' packages, Durham Quality Fashions and North East Direct Access. Both of these came into being specifically to keep an existing organisation alive, providing the same service as before. What is perhaps notable about these examples is their rarity, bearing in mind the contraction of the North East economy at that time.

There are early examples of the commitment to organic cultivation and ethical food production and sale. These include Molly's Wholefood Store and Organic Growers in Darlington. Both organisations reflect a deep belief in and adherence to principles. They are the last survivors of a larger group of organisations that existed in County Durham, made up of people who were willing to put alternative business methods into practice. Members involved in Alpha Communications and Newfields Childcare had also been involved in this group and there was a close interconnectedness between the people involved.

Northern Recording set up in 1988 and based in Derwentside, emerged as a response to the same pressures on employment that Consett Co-operative Enterprises had faced, yet its approach was entirely different. It had no single or specific aim of providing employment for people. Instead it was set up to provide a place that would offer young people in the area an opportunity to express themselves through music production. Its roots were firmly based in the principles of community development, rather than business or job creation.

The next group that emerges includes organisations set up in the early and mid 1990s and demonstrates the way in which internal developments at DCDA influenced the type of organisation that was eventually helped into existence. Included in this group are the organisations set up to safeguard services under threat from cutbacks in the County's social services budget. Endeavour Woodcraft, Teesdale Garden Crafts, Earthcare Nursery and Broadgate Farm are all examples of this. These organisations came into existence in the way they did because of the close relationship DCDA had with social services at the time, which facilitated the move to the arms length provision of services.

Langley Park Community Transport, set up in 1996, is one of the earliest organisations to make a direct link between a specific geographic community and an enterprising way of improving their quality of life. This development leads into the final grouping, those organisations set up in the later 1990s.

This group is different again from the previous two and demonstrates the expanding number of organisations coming about from work done in specific communities. Chester le Street Furniture and Fabric Recycling Co-op is an example of this, as is Dene Valley Community Transport and The Grove Community Shop.

There is also a cluster of childcare provision. Setting up this kind of activity was linked to a nation-wide, central government initiative, the National Childcare Strategy, which provided an accessible funding source for additional childcare facilities. Also, within the group there are still examples of ethical considerations influencing business start-ups, for example Harehope Sustainable Carp. This is the first part of a larger scheme to create a sustainable, ethically run, natural environment within a reclaimed quarry.

An intriguing cluster are the theatre groups. Jack Drum Arts is the most carefully marketed of the group and the most obviously co-operative, with echoes of the cluster of organisations which came into being a few years earlier based around Durham University.

Survival

Rates of survival among co-operative enterprises are always of interest to those both within and outside of the sector. A number of the organisations in the DCDA List were either found to be defunct or closed as the study

progressed. However, on the other hand, there were some organisations that had been in existence for about 20 years.

Information about survival was collected from the Companies House website and also, where possible, from specific information available from each organisation. It was not always easy to establish if the organisations were still in existence. In some cases it was possible to see from Companies House records that organisations had been formally dissolved but in other cases it was only possible to see that accounting information was overdue, suggesting that the organisation was struggling but providing no information that could confirm this assumption.

There were also some organisations listed that could not be traced from the information provided on the basic lists, for example, Land of Prince Bishop's Smokery. Although the organisation was listed as active on the Companies House register it was not possible to contact anyone on the telephone number provided or the address given.

The initial exploration of the lists highlighted a larger than expected number of defunct organisations, either ones that had never begun to trade or ones that had closed down. The limited amount of information collected about these organisations provided some insights into why organisations close. As the research continued several more organisations closed but it was never possible to interview any one directly involved in a closure situation. Whenever a closure came to light there was always a reticence about talking

to an outsider about the reasons for it. The closure of DCDA itself also complicated the research into survival rates, as it was no longer possible to talk to staff about the background to some closures. This remains an under-researched aspect of the study.

How Were the Organisations Structured?

At the early stage of this research it was assumed that one of the key identifying features for a co-operative organisation would be its legal status but this did not prove to be the case. A specific corporate form exists, the Industrial & Provident Society, through which bone-fide co-operatives and organisations that provide a benefit to the community can be registered. Within this structure organisations have a legal status which guarantees limited liability while allowing a governance structure which reflects the mutual, not-for-profit ethos distinct from conventional corporate principles. Retail societies, working men's clubs and credit unions are regulated though this legal structure.

Industrial & Provident societies are regulated through the Financial Services Authority and there is a precise definition of a bona-fide co-operative:

> 'Bona-fide co-operative societies are run for the mutual benefit
> of their members, with any surplus usually being ploughed
> back into the organisation to provide better services and
> facilities. Each member has at least one share in the society
> and control is vested in the members equally.'(Registrar of
> Friendly Societies, Guide to Services 1999)

A variety of other structures have been used by the other organisations in the study. The most common is as a company limited by guarantee. It seemed strange that organisations set up by a co-operative development agency did not take advantage of the Industrial & Provident structure, which clearly provides a framework for co-operative activity. However, during the course of the interviews it became clear that, in addition to there being a range of different business structures, so little attention was paid to them by the people involved in running the organisations that it became virtually meaningless to try and pursue accurate information. Several people interviewed had no clear recollection of what the legal status of their organisation was or what was framed within the memorandum and articles.

These documents were not active management tools that directed the focus of the organisation. They were only referred to when a difficult issue arose, possibly related to a conflict between individuals or more usually when funding was being sought. Several organisations had thought about changing their structure to become a charity as they felt that was the way to secure more funding.

It is difficult to say whether this would actually be the case but it gives an indication of the way the organisations perceived their legal status as something that could be changed to suit a funder's requirements, rather than something to be valued because it identified them as co-operative.

Within the co-operative world the difficulties around registering a

co-operative company are acknowledged. The situation in the study reflects that difficulty. Updating and reform of co-operative legal structure and governance is an area in which the Co-operative Party has been active in recent years. Several amendments are currently being planned to make registering co-operative companies more straightforward and attractive, e.g., the Co-operatives and Community Benefit Societies Act and the new Industrial and Provident Societies Act, both enacted in 2003.

How Were They Financed?

19th century retail societies financed themselves from members' own contributions, but this was a luxury that the fringe was rarely, if ever, able to emulate. The early worker co-operatives set up in the 1970s had a distinct business idea and operated within the 'private sector' of business activity, in contrast to the public or voluntary sectors, and looked for sources of funding from 'business-like sources'. In the main, however, most of the recently established organisations have been set up with assistance from grant making bodies or through service level agreements with local authorities.

Experience of funding streams varied between types of organisation. The early workers co-operatives were more likely to look to co-operative sources of funding based around loans. ICOM and ICOF were familiar sources of information and loans. Many organisations felt that high street banks didn't understand the concept of co-operatives, and not many had tried to look for funds from this source.

Organisations set up more recently were more likely to have a community focus and look for funding through a variety of grant sources. These sources are available because areas of County Durham rank highly on various indices of deprivation and attract statutory and charitable funding. Recent statutory funding includes Single Regeneration Budget, Neighbourhood Renewal Fund and the Coalfields Regeneration programme.

The overall effect of the availability of such large amounts of grant funding was to make this the more usual route to getting a business idea off the ground in an area with a 'deprived' or 'disadvantaged' label. These areas were well served by a variety of development workers from different agencies, each trying to ensure that their 'pot' of money was fully allocated.

Decisions relating to financial management were often based on personal attitudes to risk and debt, resulting in some organisations operating without any debt at all from a very early stage and planning any expansion in such a way as to avoid creating a debt situation. Interviewees were reluctant to discuss specific financial aspects of their organisation against which to determine how well it was functioning in an economic sense.

People did not want to be involved in taking out loans from banks or other lenders. They were much more familiar with the concept of grant funding, where there was no intention of paying back money. This was not necessarily because there was an aversion to getting into debt, although this

certainly was an issue with several organisations. It was more closely related to a greater knowledge or awareness of the concept of grant funding.

Could They Grow?

The majority of the organisations interviewed were content with the amount of work they had and were not actively trying to increase it. There was potential for some organisations to grow and expand their services but there were seen to be too many disadvantages to allow this to happen. These disadvantages were centred round losing the benefits of a close-knit team and the personal relationships that existed between workers and clients. Also, the search for bigger premises was seen to be a major challenge and not likely to reap any obvious rewards.

There was little awareness of what capital investment could do for them. There was very little planning to upgrade premises or facilities or to raise finance for additional services. Most organisations operated from rented properties, not always ideal for their needs. Standards of ICT equipment varied enormously. There was a sense of 'we'll cross that bridge when we come to it'.

Only two of the organisations interviewed had more than 10 people involved in them as either members or employees. All of the other organisations were smaller than this. Many of the people employed worked part-time, particularly in the elderly and childcare settings.

There is an assumption that growth is a good thing and is the inevitable outcome of a successful enterprise but in only one case was there an active will to expand. Direct Care Co-operative in Darlington had more referrals than it could cope with. It wanted to be able to cater for the number of elderly people who needed their service but could not find staff to do the work. This was a major frustration to the members of the organisation. The remaining organisations taking part in the study have shown little interest in growing, for a variety of reasons. In some cases growth would actually be detrimental to the future of the enterprise. This is the case for those organisations that have a vulnerable client group at the core of their existence.

Expansion beyond the group of people originally involved was not seen to be a priority. Even when most of the founders had moved on there was more likely to be an acceptance of a reduced scale of operation, rather than trying to actively recruit new people into the organisation, or expand operations.

When founders did move on organisations handled the change in different ways. Most usually there was no direct and immediate replacement of the person who had left. Duties were divided among those remaining. This was seen to be an advantage in several cases as the decision-making process was simplified and speeded up. What emerged was an atmosphere in which people knew and got on well with each other and could make most business decisions quickly and easily.

Several organisations functioned with as few as two people left in the management role, leaving an organisation that looked more like a partnership than a co-operative. It was unusual to find an organisation that had formalised the reduction in its management group through a revision of its legal structure.

Some organisations had little intention to grow or expand when they began; others have been asked to extend their service and have decided against it. Endeavour Woodcraft is an example of this. It cannot now offer its service to any new clients because it has reached the capacity of both the building and the specialist workers. Alternative premises could be found but there is a great unwillingness to increase the size of the organisation at the expense of the intimate and supportive atmosphere that has been carefully fostered over many years. Founder members are concerned that they would become administrators of a larger workshop, rather than fully involved members of the co-operative as they are now.

Conclusion to Section 2

The first surprise that emerged from the information collected together in this section is the amount of social, community based activities that DCDA have been involved with. This is partly accounted for by the new Phoenix Fund work, but even putting this to one side, there is still a noticeable bias towards activities that promote services that improve the quality of life for

communities rather than directly promote the setting up of identifiable co-operative enterprises that looked like 'businesses'. Unfortunately, the closure of DCDA meant that it was never possible to establish this was the case so some of the conclusions that follow in this thesis are directly influenced by that fact, leaving the reasoning in my hands, rather than local experts.

The picture that has emerged is one of phased development, with each phase ceasing to expand once the driving force to develop it had been withdrawn. The initial ideological hotbed of ideas and enthusiasm that had brought DCDA into existence has largely faded out. What remained was an organisation that was increasingly reactive to external developments, rather than consciously driving forward a co-operative development plan. This led to fitful, often time limited, development.

It also appears that DCDA was going out to people and organisations and fitting in with external agendas, rather than being approached by them to set up or re-structure an organisation specifically as a co-operative. In some cases this created identifiable co-operatives, but in most cases the ideological underpinnings were of marginal importance.

The shift of activity over time also reflects changes in the local economy and the methods used to address issues emerging as a result of disadvantage and deprivation. The most recent approach, the localised enterprise development, fits in with this shifting pattern of priorities but also began to

highlight a more dynamic response. It was only possible to see two of these organisations in action but there was very much a sense of potential, that they were operating at the right level to work with people to further a business idea.

The size of the organisations was a surprise, as was the sense of struggle. Working conditions, pay rates and terms and conditions of employment were almost always at the lower end of the scale. The majority of the organisations visited during the course of the study operated in small, isolated premises that bore no relation to the glossy magazine image of start-up businesses. There was a distinct feeling that fringe organisations operated in a very different economic world to most other businesses, both in terms of ethos and business methods.

They had little relation to high tech business parks built by development corporations and inhabited by profit-making businesses. There was very little sign of people aspiring to improve their situation in life through setting up a co-operative enterprise. Most usually actions had been taken on a reactive basis, responding to a set of circumstances. This was not the same as aspiring to run a business, which in several cases had turned out to be a burden rather than a pleasure.

Finally, the basic structural framework of co-operation that I had expected to find had not emerged, leaving me still searching for some way of finding out if the organisations within the study were actually co-operatives.

Section 3: Establishing 'Co-operativeness'

Introduction

Now that the basic outline of the development of the research has been put in place we can move on to consider some aspects of the 'co-operativeness' of the organisations in the study. No clear co-operative identity has emerged from an analysis of the legal structure and financing of the organisations, but instead a rather worrying lack of it.

It had been assumed that a co-operative development agency would have a precise set of tools with which to ensure that the basic co-operative ideology was put in place. This was based on the existence of the Industrial and Provident Society structure, used by all retail societies, working men's' clubs and the credit unions. The assumption had been that such a specific co-ops structure existed, within which each organisation would live out its 'co-operativeness'. Whereas the business idea could be different, the common co-operative ethos would provide instant recognition. This did not appear to be the case in County Durham.

Another factor that emerged was an indication that DCDA was not the only organisation in County Durham that was involved in setting up activities within corporate structures. For example, Langley Park Community Transport had been introduced to the idea of a co-operative way of working by a

development worker at the Rural Community Council, as this worker had a knowledge and understanding of, and commitment to, co-operative ideals.

At first, I thought this was a chance occurrence, but it became more apparent as the study progressed that there were other types of support organisation involved in setting up new ventures with working methods very similar to those of DCDA's organisations. This added a complicating factor to the study and made me take more notice of the notion of the social economy, which has its own range of structures and definitions.

It is therefore the purpose of this section to explore firstly the reasons why the DCDA organisations were set up as co-operatives and then move on to further consider some of the issues involved in the relationship between co-operatives and the social economy, in relation to activities in County Durham.

Why Were the Organisations Set Up As Co-operatives?

There are several distinct and different reasons why the organisations in the study were set up as co-operatives and they can be grouped into three broad categories: groups of individuals following a conscious or active path to co-operation; people being passively drawn into co-operation; and, finally, a group in which no-one really knows why it happened.

The first group includes those organisations that fully intended to be co-operatives before they took advice from anyone else. Their start-up process was driven by the need and willingness to formalise a co-operative working relationship. Organisations in this category include Argus Ecological Services, Alpha Communications and Organic Growers of Darlington.

This group also includes two organisations, Newfields Childcare and Direct Care Co-op, which emerged from earlier co-operative ventures and could therefore be seen as second generation co-ops, involving some new people but building on the experience of an organisation that had already gone through the set-up and operation processes. These two are interesting because they demonstrate a method of expanding the numbers of co-operatives in the area, i.e., through role models. What is even more interesting is that, in the case of Direct Care Co-operative, the previous experience of co-operative working had not been a successful or happy one.

Yet, even this was not enough to stop a second, successful co-op setting up out of the ashes of the first failure.

Within this group strong commitment to co-operative principles was expressed and a distinctly higher level of consciousness of co-operativeness existed. People involved had some level of co-operative knowledge or awareness and there was an understanding of co-operation as a 'package' that included a commitment to the wider community and to providing education for future co-operatives. This may not have come about in practice, but the initial

intent was there, based on knowledge of co-operative values and principles.

Also, with the exception of Organic Growers of Darlington, there was very little co-operative militancy or campaigning connected to the set-up process. It was a much gentler process, enabling the group of individuals involved to work together in a way they themselves chose and had control over. It was not intended to be a vehicle for staking a co-operative claim within the wider market economy.

The militancy that did exist within this grouping came from the organisations that came into existence from a background of threat and uncertainty, Whether is was experienced in the public or private sector the reaction was the same. The people involved knew they wanted more control and autonomy in the future, to ensure that what had happened to them or their client group could not happen again. What they didn't know was that the autonomy and control would be gained by working within co-operative principles.

If, at the time organisations like North East Direct Access and Durham Quality Fashions were facing momentous change, there had been another way to secure progress, their choices might have been greater. In the end they took on co-operative status because it was the shoe that had the closest fit at the time, perhaps not perfect but the best available at very short notice.

Northern Recording fits into this grouping but its experience of start-up is different again to the others. Before it had any legal status or formal funding

the people who eventually became directors of Northern Recording were part of a voluntary group that used the techniques of debate and discussion between members and participants to arrive at decisions on how the group should be run.

When, after a lengthy period of time Northern Recording became a reality, the people involved decided that they didn't want an employee/management structure and decided to adopt a co-operative form instead. One of the principal reasons for this was that it formalised and reinforced the way the group had been working for years previously, rather than changed existing relationships.

The second group contains organisations which became co-operative by suggestion. That is, the people involved had little or no knowledge, awareness or understanding of co-operative principles, other than perhaps a historic memory of the co-operative movement epitomised by the old retail stores. The role of these people in the set-up process was largely passive and they were in the hands of other people, who supervised or directed the way the final organisation took shape. An example of this situation could be an organisation coming about from a public consultation event that had led to the preparation of a community 'wish list'. Such an organisation could end up being run by the individuals who had made the 'wish' in the first place.

Dene Valley Community Transport is an example of this, in which some people had begun their involvement by standing up and voicing their opinion at a public meeting and ended up as directors or trustees of grant holding organisations responsible for the employment and management of staff. The Grove Community Shop is a similar example, although this one did not come about directly from a public meeting. It was, however, left up to a very small group of people to take the idea forward and bring it to reality.

This grouping has come into being at a time when much attention was being paid to the fate of individual communities and when large amounts of funding were becoming available to set up projects aimed at regenerating communities that had lost the identity they previously had through association with a specific employer or industry.

The final small group includes those organisations whose personnel had no awareness of why their organisation had been set up in a particular way. Durham Alliance for Community Care and Broadgate Farm are examples of this. The initial reason for this is that the individuals interviewed were employees of the organisation. In the case of Durham Alliance for Community Care some knowledge of the start-up process had been lost when founder members had left but also there was a sense that such matters concerned the management committee rather than the project staff.

In these two organisations, individual employees were passive because they had not been 'sold' the co-operative vision by people already in the organisation. This was not a phenomenon only experienced by employees in these two organisations. It is however, interesting to note that the promotional material produced by Durham Alliance for Community Care carefully explains the co-operative nature of the organisation but some staff were not fully conversant with the reasons why the structure was in place. In the case of Broadgate Farm the new project manager, who was interviewed in the very early days of his appointment, when his knowledge of co-operatives was limited, did eventually take up co-operative membership, after a period of induction.

The Relationship of Co-operatives to the Social Economy

The term 'fringe' co-operative activity was adopted at the beginning of this chapter, simply to mark the difference between the activities of the mainstream co-operative movement and anything else of a co-operative 'productive' nature that was being, or had been, set up. It was anticipated that everything in the fringe category would be identifiable as non-mainstream co-operative trading activity based around some sort of business idea. This has not turned out to be the case.

The organisations in the study have been identified by those involved with them by various labels and being 'co-operative' was not always one of

them - for most of them labels were of secondary importance. Also, it became apparent that there were other organisations in existence that had no connection to DCDA, but were set up to encourage participation and involvement of a geographical community or community of interest. How did they fit into the picture? The realisation of the potential scale of these organisations has led to the point where some observations need to be made about the range of labels available to new organisations and what they mean in relation to an understanding of the term 'co-operative', in the context of the contemporary economic climate of County Durham.

In the 1960s and 1970s, at the time when the co-operative mainstream was concentrating on its own internal difficulties, other new forms of business relationships emerged, most notably the worker co-operatives, as championed by ICOM. At the same time there were other initiatives emerging that were based on other principles and values, for example, those of community development, in response to social and economic change, empowering groups to take action for themselves. Increasingly the voluntary sector has worked to place a monetary value on the work that it does, beginning to bridge the gap between the business world and the conventional voluntary sector.

Growth like this, together with changes at national policymaking level, has led to a position where a 'social economy' is now seen to exist, complementary to the private and public sectors. This new sector includes elements of other economic sectors (both competitive and non-competitive) and within which exist organisations labelled as 'social enterprises'. It is here that the

organisations in the study and those discovered outside of it appear to meet on common ground.

The definition of the social economy is not fixed, and neither is that of social enterprise. The Department of Trade & Industry has given its definition of a social enterprise as:

> 'A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.' (2002)

The DTI definition builds on some commonly agreed (within the social enterprise world) characteristics[3]. In the UK it is common to see six of these characteristics listed in relation to social enterprise: social purpose, engaging in trade, no private profit distribution, assets held for community benefit, democratic and accountable. These characteristics could be applied to the organisations in the study – does this make them social enterprises and co-operatives or is there something else that makes a co-operative different from a social enterprise?

How Does the Introduction of Social Enterprise Affect the Study?

Initially the experience in County Durham suggested that co-operatives and social enterprises were closely compatible. In 1999 the Phoenix Fund was set up through the DTI to encourage innovative ideas to promote and support social enterprises were closely compatible. In 1999 the Phoenix Fund was

set up through the DTI to encourage innovative ideas to promote and support social enterprise development in disadvantaged areas and in groups currently under-represented in terms of employment. County Durham benefited from this fund, the distribution of the money being co-ordinated by DCDA. This led to the expansion of clusters of community based activity in County Durham. Since then, Business Link County Durham has taken over this work, through its Community Enterprise Team. The term 'community enterprise' refers to organisations set up and run by the community they serve and is often interchangeable with the term 'social enterprise'. The introduction of the concept of community does, however, shift the focus of business expansion another step away from orthodox new business start ups and adds another dimension to the world in which co-operative development operates.

It is clear now that DCDA was not the only organisation involved in encouraging groups and individuals to think in terms of enterprise. At the time the Phoenix Fund was being distributed County Durham was beginning to plan how it would use £45m coming from phases five and six of the Single Regeneration Budget programme, between 1999 - 2007. This money has been able to fund over 200 projects locally, focussed on those that will meet the strategic objectives set for the programme. Two of these objectives affect the way in which business development occurs in County Durham. Strategic Objective 1 relates to local regeneration and effective community involvement and Objective 2 is specifically to 'improve the development, survival and expansion of new and existing businesses and community enterprises'.[4]

In addition to this, the mechanism for accessing advice on business start up through the local authority demonstrates a leaning towards voluntary sector funds, rather than through venture capital sources. The County Council's website directs those with an interest in starting up a new business in several directions, two of which relate to grant funding. The County's Small Projects Fund was set up in 1990 to serve the East & West Durham Rural Priority Areas (about four fifths of its area). It provides a fast track grants scheme for small projects brought forward by local community and voluntary groups, trade associations, small community enterprises and local authorities. A scheme of this tone and size would appeal to some of the organisations visited during the study. The second web link is to County Durham Foundation, a grant distributing body that provides a gateway to many different funding sources, for example Community Action, Neighbourhood Renewal Community Chest and the NOF Fair Share scheme, all of which have elements of economic development and job creation within them.

The effect of having all of these different schemes and programmes available in the County is to make it difficult for a specifically co-operative activity to emerge clearly; instead, they become a smaller part of this more crowded and confusing picture. Also, new enterprises are claimed by their sponsors as the type of organisation that the sponsor needs them to be, in order to contribute to their own (the sponsoring organisation's) outputs and outcomes. Set against this is the fact that most organisations in the study did not set too much store by labels in the first place, becoming almost chameleon like in the

quest for money, matching themselves to the set of criteria that presented itself.

This study does not explore the way in which the social economy and social enterprise has developed but it is necessary to acknowledge that these developments have taken place. This is partly because they have influenced the way in which co-operative development has been undertaken in County Durham but also because it has made it more difficult to determine if the organisations in the study are 'co-operative' or not. They have been supported by an organisation identified as a co-operative development agency but which increasingly worked within a broader 'social enterprise' agenda.

One other factor has made the search for co-operatives more difficult. Not all of the organisations have identified what they do as 'trading', some seeing themselves more closely related to voluntary organisations than businesses. This is understandable if their dealings have been with grant making bodies and other support mechanisms that focus on empowering their community. They seem to fall outside of both the co-operative and the social enterprise definitions. More importantly, they attached little significance to any labels identifying what they were doing with what was going on elsewhere. They were wholly concerned with running their own activity.

There were at least another nine development trusts[5] operating in County Durham, engaged in the economic, environmental and social regeneration of a defined area or community: Development Trusts cover a wide spectrum of

activity:

> 'Not only are their locations diverse, so are their activities. They build and manage workspace, provide sports and recreational activities, run childcare centres, promote community development, carry out environmental improvements, preserve and refurbish local buildings, run training programmes, support small business, set up community enterprises and much more.'[6]

So far as the experience of this study is concerned, there is no obvious distinction between the work of a development trust and a co-operative development association. Development trusts are not-for-profit organisations, community based and owned and are independent and aiming for self-sufficiency (unlike DCDA). Any spin-off organisations would be very similar to the ones being assisted by the DCDA based community enterprise organisations.

The activities of development trusts locally haven't been investigated closely but there is enough information available to suggest that that there is a significant amount of work currently going on in County Durham, that aims to do very similar things to DCDA, but which is undertaken by different organisations. Further examples are SRB funded initiatives and other funding streams designed to regenerate disadvantaged areas.

This outline is not exhaustive. It is enough to show that:

- Encouraging activities that promote similar aims to the co-operative values and principles is very popular
- There is no common list of these activities and projects

○ It is difficult to see clear differences between some organisations using different titles, either development organisations or enterprises set up by separate development organisations funded from different sources and with different agendas

DCDA was not part of a strong national group of co-operative development agencies because such a group does not exist. Co-operative development nationally is fragmented and patchy and it is not part of a political agenda to provide this framework. Also, mainstream co-operative identity was weak at the time the social economy was emerging and growing and hasn't played a large part in shaping the social economy or establishing its own place within it. It is therefore interesting to compare the experience of a few new national development organisations that have come into being very recently as this reflects an earlier point made concerning the way in which organisations identify with their 'trade' rather than the principle that backs it up.

More Co-operative Development Outside of DCDA

There are two examples of complete, national co-operative structures that have been set up outside of both the mainstream and the fringe mechanisms. This appears to leave their operating independently of the entire co-op movement, although they both seem to use co-operative principles as their basis for operation.

The National Association of General Practice Co-operatives (NAGPC), that

supports GP co-operatives in the promotion of quality out of hours provision.

GP co-operatives began in the late 1980s and adhere to basic co-operative

principles.[7] In 1995 political pressure was successful in persuading the

government to introduce a package of measures that produced a rapid

growth in the number of co-ops around the country.

> 'The NAGPC grew from initially putting pressure on the
> government to recognise that co-operatives were good for
> patients and GPs and should be properly funded, to an
> organisation which is very active in all the areas shown and
> more, as this site shows. Its membership has grown and it is
> recognised as a powerful voice, as Mr John Denham stated
> when he spoke to our members at our June 99 Conference'.[8]

Another example is Supporters Direct[9], a government initiative, funded by

public money whose aim is to help people who wish to play a responsible part

in the life of the football club they support. Supporters Direct offers support,

advice and information to groups of football supporters and all organisational

models suggested are based on democratic, mutual and not for profit

principles. The criteria for eligibility for assistance state that supporters

groups must have democratic structures, and be open to all fans and

supporters. The approach of this organisation differs from other development

bodies in that it expects supporters' groups to have an understanding of

openness and democracy before it offers any service. There is an implication

that a new group must come up to scratch before it receives the Supporters

Direct seal of approval. Again, local football clubs have been attracted to the

notion of active supporters groups. A trust has been established at Bishop

Auckland and Darlington has registered an interest.

What is interesting about these two examples is that they are organisations totally divorced from the mainstream co-operative movement that have picked up strongly on the co-operative principles without any obvious recourse to long standing co-operative knowledge. As a result, in County Durham co-operative circles there does not appear to be any centrally stored information about GP surgeries operating as co-operatives or supporters groups operating under co-operative principles, although both do exist. There is no obvious link or sharing of experience.

Conclusion to Chapter 3

What exists now is an understanding of County Durham's past history and a contemporary picture of local life, together with an (incomplete) map of the responses made to deal with the challenges posed, mediated through DCDA. The information shows that DCDA was responding to local people's needs in relation to their experience of social and economic change, rather than their desire to set up co-operatively structured business. This is a finding that had never been anticipated when the study began.

When the information contained in this chapter is looked at as a whole two things in particular emerge. The first is that the people who took part in the study were hugely influenced by the place and time in which they happened to set up their organisation. In most respects these were factors that were entirely outside of their own control. Each individual explanation of the events

leading up to the co-operative being set up has demonstrated the way in which a particular set of circumstances dictated a reactive course of action.

Secondly, against this background it is possible to see that co-operation itself, either in its mainstream or fringe activities, had an insufficiently clear or strong identity with which to challenge the changes that were going on. Instead what emerged, particularly with the co-operative fringe, is a set of small organisations (DCDA included) being influenced by external pressures, to act in a particular way, to fit a current policy solution.

It is possible to see, through the work of DCDA in County Durham, a local example of the way in which policy interventions have affected individuals. Beginning in the 1960s and 1970s the emerging ideological background of worker democracy, a response to unemployment, created the will and the knowledge to set up an organisation like DCDA. However, it did not result in the formation of a large number of strong, clearly identifiable, worker co-operatives. Instead, the workers democracy movement and DCDA were overtaken by the creation of a wider policy framework that enabled additional numbers of interested parties to enter into the social economy debate and to set up social enterprises, further blurring the already faint lines between co-operative and social enterprise development.

Things changed again in the later life of DCDA, when the enterprise centres were funded. This can be seen as a shift away from the idea of promoting small businesses towards a community enterprise approach, recognition that

in some areas economic life through orthodox job creation mechanisms will never be the same again. Instead, a mechanism for maintaining community cohesion is required, to keep as many people (as distinct from workers) as possible 'included' in constructive community life.

It is already clear to see that there aren't many co-ops and they are mainly small and often struggling. Also, there isn't an entrepreneurial culture or a drive towards self-employment. Yet, local people have taken responsibility for ensuring that some threatened activities are saved for the benefit of the people the service caters for.

What has emerged clearly is that most of the organisations are not centrally based within the 'market economy' familiar to most business school students but are to some degree sheltered or even isolated from it. They do not exist in an identifiable competitive market. Most of the organisations existed in a different world, more closely linked with either a public service or voluntary sector ethos of work. The older worker co-operatives are an exception to this although some of these have been threatened by changes in consumer preferences.

It appears that DCDA was part of a much larger attempt at setting up organisations that re-captured the solidarity and collective actions of communities, rather than a focused attempt to champion business start-ups through a co-operative ideology. It was frustrating to find that 'co-operativeness' was part of a much bigger picture of social and economic

redevelopment in the County, rather than discrete and specific. Also, that there were a range of other organisations in existence that had not been assisted by DCDA, but had come into being with principles and values that could be mistaken for those of co-operation. It meant that the study became more a snapshot of a part of the wider social and economic development of the County, rather than the accurate picture of co-operative development that it had set out to be.

In order to progress the analysis further, and make some more sense of the notion of co-operation in relation to the experience of County Durham, the following chapter will take as its focus the values and principles of co-operation which were adopted by the world-wide co-operative movement in 1995. It is these values and principles which are said to make co-operatives readily identifiable. Will this prove to be the case when they are applied to the organisations mentioned in this chapter or is the picture more complicated than that?

References

[1] County Durham's 1951 Structure Plan introduced the idea of categories of settlements, including Category D. Villages in Category D had no further economic reason for existing and would be allowed to stagnate, while those areas with better economic prospects would receive new forms of investment to enhance their attractiveness.

[2] Also, a tape machine would have intimidated quite a few of the respondents, in view of the recent closure of DCDA. People were very sensitive at the time and I judged that this approach would have been counter-productive.

[3] See, for example: Bridge to the Social Economy Project, 2003, A report into Social enterprise development and the Social Economy in Scotland, which contains an analysis of these six characteristics.

[4] www.durham.gov.uk/srb6.

[5] Cornforth Development Partnership, East Durham Play & Community Network, East Durham Villages Regeneration Consortium, Jubilee Fields Community Association (Shildon), Middleton Plus, New Shildon Residents Association, Sacriston Community Development Group, Sedgefield Development Partnership, Shiney Advice & Resource Project (SHARP).

[6] Definitions of Development trusts www.dta.org.uk

[7] See www.nagpc.org.uk for full details.

[8] www.nagpc.org.uk/nonmembers/nmcoopsnagpc.htm

[9] www.supporters-direct.org for full details.

Chapter 4: Playing by the Rules?

'It does not seem to us that the pioneers of the society had any comprehensive vision of the principles of co-operation in its relation to the commercial and industrial redemption of the particular class of which they were a part. Their notions were indicative of a very local, and what would now be considered a very inadequate, application of the co-operative idea....Their policy, reduced to strict analysis, may be said to have been such as assisted the development of local association and increased the possibility of local fellowship.' (Pittington Amicable Industrial Society, 1924, p64)

Introduction

The mainstream co-operative movement has a formal and agreed set of values and principles subscribed to by many co-operators. They have been formally adopted by supporters of co-operation on an international basis through the International Co-operative Alliance (ICA, P214).Table 4 lists these principles. They have come about from practical experience as well as intense discussion and debate. In effect, they provide the establishment view on the movement's perceived position in society.

The ICA has had a safeguarding role in respect of co-operative principles and has updated them in 1937 and 1966 before the current revision in 1995. This most recent revision arose out of a growing unease about the nature of co-operatives, particularly in respect of their credibility, their management and their ideological underpinnings. In effect there were:

'Gnawing doubts about the true purpose of co-operatives and whether they are fulfilling a distinct role as a different kind of

enterprise'.(Laidlaw, Journal of Co-operative Studies 1997)

Between 1992 and 1995 a debate went on that culminated in the adoption of revised rules and principles. The process of researching and adopting them is interesting in itself, but for the purposes of this chapter the most important point made by Birchall is that:

> 'As in previous revisions of the principles, the current revision does not draw deeply on political or moral philosophy but provides a practical consensus based on what the member organisations regard as important.' (Journal of Co-operative Studies 1997)

This assertion echoes strongly the way in which the ideological underpinnings of the Rochdale Pioneers' approach to co-operation were formalised afterwards by the writings of people like the Webbs, Holyoake and Greening, rather than the Pioneers adopting a previously existing ideological standpoint such as the one put forward by Robert Owen. It highlights the way in which the values and principles actively emerge from the life experiences of the people involved in co-operative enterprises.

The Pioneers transformed existing modes of co-operative practice to suit their own particular circumstances. By chance or forethought their combination of democratically controlled retailing and a strong commitment to saving through purchases, both without precedent in 1844, struck a chord with the people around them, enabling a small-scale self-help group to become considered as the founding fathers of a world-wide movement.

In Chapter 2 a review of the origins of the modern co-operative movement identified two strands of thought and action that influenced the way in which it developed. The individualist/federalist debate fixed consumer co-operation as the favoured, dominant method of keeping control of those goods necessary to survival. This stance was linked to a firmly held belief in the role of trade unions as the guardian of employee rights and the existence of a strong Labour Party to secure democratic rights. It was believed that this tripartite approach would secure the benefit of the worker in every area of existence. In practical terms this meant that fringe co-operation, in which each individual worker has a vote to ensure democratic control of the organisation, was effectively marginalised, the fear being that a few workers could hold the majority of consumers to ransom to secure the success of the productive unit. This fear came from within the movement itself and appears to take little account of a productive unit needing to survive in a broader competitive market place to secure its place in the business world.

The method of creating a value-based framework for activity seemed logical when applied to the development of the Rochdale Pioneers' methods of working but the contemporary situation is different. The study has begun to show that organisations being set up under a co-operative development banner do not always have a strong understanding of, or adherence to, co-operative values and principles. They adapt and change according to the circumstances they encounter in everyday life. Also, the two other elements of the tripartite ideal, a strong trade union presence and Labour Party, have had eventful histories of their own which have not helped the development of

fringe organisations.

The aim of this chapter is to enlarge understanding, rather than to score against a list. From a historical perspective it is not possible to firmly state that every co-operative venture set up in the golden age adhered to, or were good examples of, the principles in action. Similarly, in the contemporary mainstream movement, are organisations like NECS or the Co-op Bank paragons of them? The Co-operative Commission undertook work to explore these issues in 2001 and the Commissioners were aware that there was generally insufficient clarity about the concept of 'co-operativeness'. One of their main conclusions was that there needed to be attention paid to establishing and celebrating the 'Co-operative Advantage', to make people aware of the specific things that make co-operation what it is and to encourage organisations to aspire to it.

However, at present the Statement provides a single, widely accepted model for co-operative development that can be applied to the organisations identified in the mapping exercise to establish to what extent they can be seen as 'co-operative'.

Table 4: The 1995 ICA Statement of Co-operative Principles

1. Voluntary and Open Membership

Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member one vote) and co-operatives at other levels are also organised in a democratic manner.

3. Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation on capital subscribed. Members allocate surpluses for any or all of the following purposes: developing their co-operative, benefiting members in proportion to their transactions with the co-operative and supporting other activities approved by the membership.

4. Autonomy and Independence

Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

6. Co-operation Among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7. Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

The analysis of each principle is broken down into a brief background,

continues with a look at what was found in the study and concludes with a

commentary on the relationship between the findings in relation to the spirit of

the principle.

Principle 1: Voluntary & Open Membership

> *Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.*

Background

This principle embodies a commitment to freedom and equality, together

with the need to accept the responsibilities that come with such a

commitment. The early co-operators found it easy to attract people to join

their societies, so much so that the idea of freedom to join was not

originally articulated in the principles they worked with. They also found

that people were willing to take on the responsibilities of membership,

giving up their time to serve on committees to ensure that the society and

its membership prospered. All this was done within a wider awareness of

hard won rights and responsibilities, particularly in respect of the franchise

and working conditions, and the need to protect them.

What Was Found in the Study?

There was a variety of experience, which created a spectrum of approaches to control through voting rights. Most of the organisations in the study give voting rights to members but not to service users. Membership equates most closely to straightforward ownership in this group, with customers or clients seen as a market, rather than an interest group that might influence the running of the co-operative. Examples of organisations operating in this way are Northern Recording, Jack Drum Arts and Molly's Wholefoods.

A few organisations are set up to include input from the people who benefit from the service. There are degrees of influence. For example Stepping Stones Nursery has worker directors and parent directors. The parent directors act in a representative role on a day to day basis to ensure that the organisation is run to suit the needs of the users of the service. Parent directors do not form a majority in the management group and therefore cannot outvote the worker directors.

Some organisations have employed new members of staff rather than enhance the membership of the co-operative. There are two main reasons for this happening. Firstly, some organisations have found it more effective to employ staff on a standard contract of employment. Doing this has overcome problems that have arisen because of the length of time it takes to make decisions in a fully co-operative organisation. The shift to employees can be

gradual and unintentional, sometimes following from the loss of original founder members. In these cases organisations have advertised posts explaining the co-operative ethos and offering membership at the end of a probationary period. Once this period is over new employees have decided not to become members but remain as employees. Stepping Stones Nursery has experienced this.

Conversely, the introduction of employees can also be related to the success of the organisation and the need to expand quickly, putting pressure on the recruitment process. Durham Quality Fashions experienced this when they secured additional orders and needed to increase the workforce to meet the deadline. In this situation there is also an element of flexibility. If the level of orders is not maintained over time employees can quickly be made redundant whilst co-operative members cannot.

In a very few organisations control rests only with worker members but there is also a formal subsidiary membership that exists to further the aims of the organisation. This group may, or may not be made up of people who use the service. For example, Organic Growers of Darlington is run by its full members who control co-operative activities. There also exists an associate or supporter membership that has a purely advisory role. This type of arrangement mirrors the 'Friends of' type of arrangement that sometimes exists in the voluntary sector. A similar arrangement exists at Endeavour Woodcraft, providing a mechanism for the parents and friends of the full members to offer their help and support in any relevant way without having

any voting rights.

Do the Findings Reflect the Spirit of Principle 1?

The concept of membership is not one that is at the forefront of day to day operation within the organisations studied. It is something that is fixed at the time the organisation is set up and not generally considered any further. At a practical level this is legitimate, particularly when the membership is clearly defined as those people who have agreed to work together in a co-operative arrangement and who do so on a daily basis. This can create an inward looking organisation where decisions are taken to suit the (often small) core group. This in itself is not a problem but it potentially reduces the 'openness' of membership, creating a gate-keeping effect, only allowing in those people the group want to work with. If the organisation is working under pressure, with little time to consider the wider view of its operation (as is common with the organisations in the study) it could end up as a closed group, unwittingly discriminating against potential members because it operates reactively to secure its existence.

The 'voluntary' nature of the organisations needs to be commented on. In a very broad sense the individuals had not been coerced or forced into the business arrangement they worked within but at the same time, many people struggled with it and some had wondered if they would have gone into the arrangement if they had realised how difficult it was going to be. They had made the move mainly because external factors had made it the most

attractive option out of a limited choice at a particular moment in time. This, in many respects, is not volunteering.

Principle 2: Democratic Member Control

Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member one vote) and co-operatives at other levels are also organised in a democratic manner.

Background

The thinking behind this principle is that, no matter how much capital you may have put into the organisation, it entitles you only to one vote. This has a historic basis, going back to the expansion of the retail consumer co-operatives and contrasts with the rights of a shareholder in a capitalist business that buys influence in relation to the size of their shareholding.

Within the mainstream movement it was expected that workers take up their democratic rights as members of their local retail societies rather than as employees. There was no expectation put on employees to become members of these societies and it is likely that very few are. Trade unions are left to fulfil the role of mediator between employer and employee, in much the same way as any other enterprise. It is true that co-operatives historically have provided good terms and conditions for their workers but this may have more to do with the top down, benevolent approach to workers rather than a

calculated effort to involve them in the operation of the company for their benefit.

What Was Found in the Study?

Active involvement in the decision-making process was embedded in the working practice of all of the organisations. However, it was rarely expressed as 'democracy' and there was little indication that vote taking was a frequent occurrence. More often, decisions were taken unconsciously, based on an unwritten code of acceptable action. This was particularly so when day to day operational decisions needed to be taken. Vote taking was more likely to occur when there was an element of conflict that needed to be resolved.

The idea of being part of the decision making process within an organisation is one that had captured the imagination of most of the people contacted during the study. It is the mainstay of their commitment to the current way of working, putting them in a position to control the way in which the organisation develops and operates. However, the will to become self-sufficient did not always exist before the other circumstances came together to force the organisation into existence. There was no evidence of a driving desire to shift away from the master-servant relationship and form new, democratic ones. What became difficult was continuing to share that democracy once it had become established. This was linked with issues around decision-making. Several organisations explained that the decision-making process was much easier when the core group was smaller and this

influenced the way in which they recruited new members when founder members left.

These considerations did not apply to those organisations with a broader or larger membership. In these cases membership is based on a more relaxed interest in what the organisation has to offer, rather than something on which livelihood depends. In this situation members have a greater choice, either to take an active part in the organisation or to offer nothing in return for the services they want.

It is at the annual general meeting, when reports of activity through the year are made, that the free rider effect becomes apparent. Several organisations found that these meetings were poorly attended with only those who usually showed an interest in the organisation's activities attending. This reduces the number of people actively taking part in maintaining democratic control, similar to a poor turn out in a parliamentary election process. These experiences echo closely those of the retail co-operative movement where there is a large membership but only a small number of people involved in the democratic process.

What emerges from the study is a distinction between an initial commitment to democracy and a desire to keep control that re-emerges over time. For example, Newfields Childcare has a long and honourable tradition as a worker-co-operative but even here it was acknowledged that effective decision making in relation to the running of the business has become more

successful in a small group than a larger one. The organisation now runs with a very small core group and has found that it is more effective to employ staff than expand the worker membership. The driving force behind this management structure has been to secure the future of the business and to maintain the reputation that it has locally as a high quality childcare provider.

Throughout the study democracy and control were explained in very human and personal terms, rather than in idealised or conceptualised ones. There was a strong sense of teamwork in many of the organisations. However, no employees were interviewed and their perception of their working environment might well be different. The founder members had often experienced very difficult times that had threatened the organisation's existence and had worked together to overcome the obstacle or difficulty. In many cases they were best friends as well as colleagues.

Do the Findings Reflect the Spirit of Principle 2?

There was little evidence of conscious democratic process in action, mainly because the organisations were so small. Instead, there was a reliance on personal relationships, often built up over many years. A tension emerged between two separate concepts: democracy and control.

It is very clear within the mainstream that decisions have been taken on the basis of one person, one vote. At various meetings it is possible to see people acting in the role of delegate, putting forward a collective, agreed

view. This is not quite the type of democracy that emerged from the study. In the main, there were small groups of people who had never felt sufficiently strongly in their own right to take the initiative and set up a democratically accountable organisation. Instead, circumstances had led them into a situation where a democratic solution had been offered. What had appealed to them was the idea of greater control in the decision-making process, rather than the idea of a group of people working together to guarantee democratic control.

Over time, changes in personnel, difficulties in recruiting new people willing to adopt this way of working and some bad experiences of conflict, had all served to make the idea of uncomplicated control even more appealing. So far as the business idea was concerned this made very little difference, but in relation to co-operative ideals it showed how far away the organisations were from the principle of developing membership based democracy.

Principles 3 and 4

It became clear during the study that there were close links between the findings in respect of Principles 3 and 4. Therefore, the analysis and discussion for these two has been combined to give a clearer picture of two concepts which overlap significantly.

3. Member Economic Participation

> *Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation on capital subscribed. Members allocate surpluses for any or all of the following purposes: developing their co-operative, benefiting members in proportion to their transactions with the co-operative and supporting other activities approved by the membership.*

4. Autonomy and Independence

> *Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.*

Background

The Pioneers understood Principle 3 in relation to the amount of money they saved in their individual societies as share capital and also the amount they earned in dividend on purchases. There are two different types of economic participation involved, in addition to a straightforward return of money to members through dividend. Firstly, the accumulation of substantial amounts of share capital meant that decisions had to be made about how it was used. Secondly there is an understanding that the core of the capital accumulated is to be used to develop the co-operative so that it becomes a resource for future members. The principle represents the distinctive 'co-operative' use of money and has close links to Principle 4, Autonomy and Independence, which reflects the history of the mainstream co-operative societies, proud of their independence and guarding it jealously. The principle has been drafted from a position of strength, when retail societies were strong, both in

membership and income terms. The contemporary picture highlighted in County Durham is very different.

What Was Found in the Study?

Very few of the individuals involved in the organisations had put their own money into the venture they were involved with, other than a token amount to secure limited liability. North East Direct Access was an exception to this as founder members had contributed their redundancy payments to the start-up of the venture. Over the course of several years land and capital assets had been accumulated. Such indivisible reserves are an issue for organisations because it complicates both the closure of the business or when members leave.[1]

There was a great sense that individuals were risk-averse, applying personal financial rules to the operation of the organisation and almost always staying out of borrowing situations, mainly by choice. Few of the organisations required large amounts of capital investment, making it easier for them to function in this way. Organisations were much more familiar with the possibilities of grant funding, because it did not have to be repaid, rather than loans. Some had considered changing their legal status in order to become eligible for some grant funding streams.

There was almost no sense of protecting a co-operative investment for the benefit of future members. Organisations functioned in the present, having

enough to do and worry about in the short-term. Because no capital had been invested there was no need to take far-reaching decisions about the percentage that should be returned in relation to surplus made. In those cases where surplus was made it was usually a small amount, such that it could be given as a donation to local charities. Most organisations functioned on the basis of balancing expenditure to income, rather than generating a surplus.

Do the Findings Reflect the Spirit of Principles 3 and 4?

These principles most clearly highlight the differences between the capacity of the mainstream and the fringe (in County Durham at least) to reflect and support co-operative ideals. One of the abiding memories people carry of The Co-op is the dividend that accumulated every quarter. What is less often thought about is the process through which it was accumulated and distributed: regular visits to the retail societies, the making of purchases and the committee work involved in deciding what to do with capital accumulated. It was a constant reinforcement of the participatory message, and also of the autonomy of the society. There is very little relationship between this activity and the member economic participation in the fringe organisations in this study. There was no opportunity for the groups involved to develop the type of active economic participation that an old retail society would have had.

At one level all of the organisations in the study were autonomous and independent in that responsibility for self-government and control rested

within them. This does not, however, mean that they were absolutely free to exist in the way that they really wanted to. There are questions over the degree of independence in relation to external forces and also of the cost of achieving or maintaining autonomy. The study revealed that not all of the organisations were in a position to be self-sustaining, for several different reasons. Some were dependent on external agencies for funding, business support and advice and this influenced the amount of autonomy they had.

In a slightly different way several organisations were dependent on a single market or supplier, although in these cases there was likely to be some sort of inter-dependency between the two parties. Organisations in this category were often the ones involved in social service related activity. Many of the organisations set up to provide care for the elderly, particularly daycare, fit this category. This type of arrangement, embodied in Service Level Agreements, represent a different kind of contractual agreement, different to those found in an open market. This agreement most often exist where the local authority has had to cease providing some sort of activity directly and hopes to maintain it through an intermediary organisation at a cheaper price. If budget constraints and policy directives had not arisen it is unlikely that the local authority would have taken the initiative to hive off the services in such a way.

In the field of leisure services Derwent Leisure is an example of this category. It derives income from the users of leisure facilities in Stanley and Consett but it also receives a budget from Derwentside District Council. This budget is regularly reviewed and will diminish over time so that the business receives

less local authority cash. This in turn means that Derwent Leisure must find ways of making up the shortfall, either through increasing the number of people using the services, diversifying or putting up charges.

Molly's Wholefood Store is an example of the price to be paid for maintaining autonomy. Members of this organisation had a complete dedication to the ideology of co-operation and operated their business in line with these ideals. Once they lost their trading advantage to supermarkets the business declined and was only able to continue in existence because the members reduced their wage rate to a bare minimum. Even this was not enough to save the company, which closed in 2002. In this case co-operative autonomy was maintained but the business closed, a sharp reminder that:

> 'Unless the principles of co-operative economics are well understood...the co-operative will ultimately collapse'. (Kagawa in Thompson, Weavers of Dreams, 1994, p107)

Principle 5: Education, Training and Information

> *Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.*

Background

The problem of educating the members of the rapidly growing societies in the North East was enormous; even then there was an awareness of the different

varieties and interpretations of the concept of education. The situation is no less complex today, when it is generally acknowledged that fringe co-operatives need to generate a more proactive approach to educating people into an awareness of co-operation.

This principle can be broken down into two areas, internal and external. Internal education is focused on the people already involved in a co-operative organisation, who have sufficient knowledge of the theory of co-operation to enable them to commit to it. External education is focused on people who do not. The small number of organisations functioning as co-operatives would suggest that the external programme is not reaching its intended audience or not encouraging them to change their outlook sufficiently to embrace a new philosophy.

What Was Found in the Study?

The study found that this principle was the one that was most difficult to work with. Only a few organisations had a very strong commitment to education and training and put on formal and continuous programmes of courses. Others had found that the time taken to do this could not be spared and that they rarely resulted in new members joining the co-operative. There were organisations who wanted to continue an education process but who found themselves so pressured by workload and administration that there was no time left in which to do it. There were also organisations that hadn't really thought about continuing any sort of co-operative educative process.

The study highlighted that inter-co-operative knowledge was very limited. The sense of isolation was very strong and indicated that there was no effective method of keeping co-ops in touch with each other. This is despite the fact that New Sector, the national magazine of community and co-operative enterprise, has its editorial and production base in Durham City and regularly features the activities of local enterprises. There did not appear to be a systematic method of keeping the outside world up to date with co-operative activities. An exception to this is the interest that the local newspaper, the *Northern Echo*, shows in co-operative activities. It regularly features articles on some of the organisations that were involved in the study. There is no evidence to show that this is part of a co-ordinated promotional plan; it is more likely to be   individual organisations contacting the newspaper with stories, but the paper does seem supportive of these types of organisations.

Do the Findings Reflect the Spirit of Principle 5?

The ability to put this principle into action was seriously compromised by the pressurised atmosphere in which most of the organisations worked. This did not just apply to education about co-operative matters but to training in general. Many of them worked in sectors that are heavily regulated and most training resources would naturally be prioritised towards ensuring that adherence to this regulation was secured. This places education in respect of the principles and value of co-operation further down the list of priorities.

The research raised the question of how effective the education and information programme is. The majority of new businesses starting up elect to form traditional companies and a much smaller number as co-operatives. Advice agencies such as Business Link keep only limited information about co-operative model rules. Co-operative development agencies do exist but apparently outside of the mainstream of business set-up organisations. Co-operative business start up is also often positioned in the social sector rather than the economic, seen as responding to the needs of communities in crisis rather than at a level where informed and considered choice can be made on the basis of a full knowledge of all alternatives.

The findings outlined above create a very different picture to the one found in the mainstream co-operative world. The co-operative movement has vast educational resources, co-ordinated through the Co-operative College, yet these are mainly only accessible to the retail movement. Courses are provided for shop staff on business and management and to committee members on good practice in democratic procedures. Once you are 'into' the committee structure of a co-operative society there is a large selection of education and training available to you. This includes opportunities to research and debate co-operative issues, using the Co-op Union archive as a resource.

What was interesting was that there did not appear to be any link between all of this knowledge and the people running the organisations in the study. There was a definite sense that education and training happened at the start-

up phase and stopped once you were up and running. The demise of DCDA has removed the only structure that had a specific countywide remit to enlighten people about co-op principles and educate those who want to know more.

Principle 6: Co-operation Among Co-operatives

> *Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.*

Background

This principle has echoes of later co-operators' dreams of a co-operative commonwealth, one based within the mainstream capitalist dominated world, rather than as a series of completely self-sustaining communities, as Robert Owen had envisaged. It reflects the way in which the CWS was developed, within the control of the retail movement. Co-operative politics also emerged as a method of strengthening the national voice of the movement. Outside of the retail movement efforts have been made to create this element of co-operation among co-operators but it has not always been successful. For example, the experience of co-operative development in the North East in the 1970s and 1980s, mentioned in chapter 2, was more of an example of non-co-operation among co-operatives.

What Was Found in the Study?

The study indicated that this principle operates on two levels, one practical, the other ideological or philosophical. In neither case has it proved easy to promote inter-co-operative working, although it has been tried. There was a general willingness to forge relationships with other organisations that worked within a similar ethos but there were two immediate difficulties to doing this. Firstly, organisations were not aware of the existence of other like minded organisations and therefore had no way of getting in touch to establish the working link. Each organisation was too involved in maintaining its own activities to look around at what else was around locally, even when there may have been benefits arising out of such a review.[2]

Secondly, there were so few similar organisations that it was not possible for practical supply links to be made. This was particularly so with producer co-operatives that needed to buy supplies to manufacture a product. It was not feasible to source a supply of wood from another co-operative because of the time it would take to find one and this would rarely be a local supplier. A higher priority was to have a reliable supplier, setting up a relationship on the basis of making a choice and developing trust, rather than co-operation.

It was more common to find that organisations identified more closely with organisations that were involved in the same line of activity or business as they were. In the case of Derwentside Market Traders identification was with other market traders, voiced through their own trade association. Many of the

projects depended on external funding or service level agreements rather than independent sales. Such tight agreements might deter co-operatives from forming relationships with weaker co-operatives, in case their own service is threatened.

Another type of inter-organisation co-operation emerged during the study through the activities of community enterprise organisations such as Shildon Project for the Initiation of Community Enterprise (SPICE), and Consett South Community Enterprise Association. The enterprise association becomes the focus of various activities that are protected by it until they each become strong enough to take up their own identity. The focus is a physical building to which people come to do various things, such as learning, paying into a credit union, looking for information, looking for an opportunity to volunteer, meeting people and socialising. The resources available within the building include space, ICT, publication resources and knowledge from individuals.

This type of organisation promotes co-operation at a number of levels, but not necessarily in a conscious or deliberate way. What emerges are clusters of development that are closely linked to the centre, where knowledge appears to circulate freely. There is a core number of volunteers/activists who have fingers in several pies and who are physically in the building on a regular basis as well as attending meetings outside of it. There are close links with regeneration initiatives of various sorts and the building is also a focus for a throughput of trainers and teachers, bringing new skills to local people.

Do the Findings Reflect the Spirit of Principle 6?

Meeting other co-operators doesn't happen very often and the study itself created a lot of interest among the people involved in co-operative organisations because it covered such a number of organisations, talking to lots of people with a common interest and experience.

There are two main reasons why meetings do not take place. Firstly, it is a full time job running a co-operative organisation and people do not have much time left over to spend meeting other like-minded individuals, no matter what mutual benefit might come of it. If organisations are functioning well members are content with that and enjoy the peace and quiet. If organisations are not going well all energies are directed at sorting out problems.

Very few of the organisations understood themselves as promoters of the co-operative ideal or had a firmly based co-operative identity which they wished to share with others.[3] This means that there were few organisations acting as examples of good practice within their particular trading environment. This fact highlights the way in which the approach taken to Principle 5, education, impacts onto an organisation's ability to liaise with other local co-operators. The key finding, which again links with the previous principle, is that the organisations are under too much pressure of work to think clearly and effectively about working together.

Principle 7: Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

Background

The wording of this particular principle is complex and the interpretation of it by organisations is varied. Few would readily identify what they do in or with communities as 'working for sustainable development'. In the early days of co-operation the community and the co-operative membership were largely one and the same. The community had identified a need and taken action to improve their situation. Once this need had been met others were identified, leading co-ops into many other activities but all specifically for the benefit of the society's membership. Two different interpretations of 'community' emerged over time. The first one was of community as people outside of the co-operative organisation. The other was of the membership being the community. One was an outward looking view, the other inward looking.

What Was Found in the Study?

Those who saw community as being outside of their own organisation made conscious efforts to make donations to local charities and good causes, even when their own trading operations might be fragile. The retail co-operative movement in the region can be included in this group of outward-looking organisations. It is firmly committed to charitable giving and supports many

257

local activities on a regular basis. It has also taken a stance on fair trade and sustainable agriculture. It is focusing its shop development programme on small and medium sized units in local communities rather than out of town superstore developments.

The other, larger group of organisations in the study identified community as those people involved in the co-operative itself. This included non-members (service users) and was particularly strong within the care providers sector. There were degrees of involvement. In some organisations the vulnerable client group had been re-defined as co-operative members and the whole service had shifted its focus in consequence. The 'sustainable development' that took place took the form of work to enable people with (for example) learning disabilities to fully develop their potential, growing in confidence and learning new skills enabling them to contribute to life around them in a way they may not have done in the past.

The ethical standpoint that has been highlighted and promoted by, for example the Co-operative Bank, was in evidence in some organisations, particularly those that had a commitment to organic cultivation and environmental protection. There seemed to be a natural empathy between these types of activities and co-operative methods of work. A belief in co-operative relations between people often went hand in hand with a desire to protect the environment.

Do the Findings Reflect the Spirit of Principle 7?

One wonders if all of this type of work reflects the intention behind the wording of this principle or if, in fact, it is a call to be more radical. Many businesses have a concern for community and an ethical standpoint so what does a co-op have to do to be seen as 'co-operatively concerned'? The principle contains a very modern commitment to sustainable human development that was not consciously articulated as such in the study. In one way, if this was more firmly articulated, it could be re-positioned as the first, rather than the last, principle in the list in terms of importance and relevance in the modern world.

At its most basic level, the principle is understood as a philanthropic wish to give to others who are less privileged, usually through donations to good causes. At its most complex the principle embodies the need to put individuals in possession of the tools necessary to improve their own experience of life, ultimately for the benefit of future generations. The study has identified ways in which the people involved have been changed by their experience of setting up fringe activities and have accepted a new view of their own position in society.

By considering the co-operative development that has gone on in County Durham as the sustainable development of local communities, rather than the setting up of small businesses, it is possible to identify all of the organisations within the study as examples of the work done by DCDA in pursuit of this principle. They no longer seem to be a curious mix of differently constituted

organisations, but instead become examples of a specific approach taken to develop a co-operative consciousness.

However, there are complications, particularly the fact that the capacity of co-operative development organisations is limited, making it difficult for them to handle this development in an efficient way. Communities need to be able to see what it is that a co-operative support organisation can offer which is different to all other comers. Work will continue but it needs to be supported by a firmly articulated view of co-operation that stands out within the broader range of social enterprise activity. This view has recently been categorised by the Co-operative Commission as 'The Co-operative Advantage'.

These are all complex notions, being developed in a fragmented way, so it is not surprising that this principle is most commonly understood as being fulfilled by donating to good causes. However, potentially it is the one that has most to offer the people of County Durham because it can bring the benefits of working for themselves within a clear set of principles to the people of the County.

Conclusion

In some respects this chapter is a compromise. It could have been very short, if only the surface differences between the organisations had been considered, or very long, if every difference had been analysed against the intense debate and thinking that has gone into the wording of each principle.

The end result provides only a flavour of the full analysis that might have been undertaken in relation to the local information accumulated. The chapter could also have taken a negative view, because it increasingly appeared as though there were only a tiny number of principled fringe co-operatives in existence. However, this approach would unnecessarily undermine the work being undertaken at many levels within County Durham, to develop and maintain co-operative organisations. The chapter has, though, given a clear indication of the distance that exists between the organisations in the study and the larger, world-wide co-operative movement that has created and subscribed to the ICA Statement. There is a great deal of ground to cover before these two extremes of co-operative activity meet on common ground.

In the light of this, it is worth reiterating just how very hard it is for organisations like those discussed here to become and stay co-operative and that the reasons for this are largely out of their control. Although Beatrice Webb made her opinion very clear about the importance of the principles and that success or failure was directly related to adherence to them, the situation in County Durham at least adds another perspective. All of the organisations involved in the interviews met some of the criteria listed in the ICA Statement, however, at a deeper level, only a few were active examples of co-operation. The remainder had either a passive commitment or very little commitment at all.

The debate at the heart of the co-operative movement currently focuses on identifying the co-operative advantage and this study has indicated that it is a

rare thing that is easily lost. At its best it is an example of a viable alternative to orthodox working relationships. It creates a tangible, positive atmosphere that can be felt when visiting committed organisations but is difficult to articulate in words. It cannot be solely categorised as an economic benefit, it is much more rounded than that and it needs to be supported at several levels in order to both maintain and expand it.

What is undeniable is that a strong commitment and belief in co-operation as a way of working together was the best basis for developing an identifiable co-op organisation. In the best examples this commitment stood alone as a guiding philosophy, above all other considerations and every decision made within the organisation was based on this philosophy.[4] Even in difficult times the people involved would look for a co-operative solution to problems. This type of attitude could be seen in small worker co-operatives, providers of special needs services and larger membership organisations and was not directly linked to legal status or co-operative background. It was very personal to the people involved.

Commitment waned for several reasons, often inter-linked with other circumstances. There is a relationship between facing conflict and the size of the organisation. Smaller groups of people suffered more in the aftermath of difficult situations and were less likely to look for new members if founder members left, or were asked to leave. A 'closing of ranks' was common after painful events had occurred. Ironically, the strong sense of ownership felt by remaining members inhibited continuation of one of the key principles,

voluntary and open membership. A very strong feeling of protection emerged, looking after the organisation they had struggled to set up. In some organisations this protective attitude drove future actions forward, creating an unconscious barrier to future members.

The age of the organisation was a further factor in maintaining commitment. Once it was up and running it was the business activity that was the focus of attention, not the co-operative structure. (This wasn't the case in the strongly committed groups). Routine, custom and practice were layered over the original ideas of the group, distancing the members from their original philosophy. People slipped into roles and stayed there, either as active or passive members. The challenges of keeping the organisation going were enough to contend with, leaving little or no time to think abstractly about the ethos or principle.

Another inter-linked factor was the employment of staff and their potential to become new co-operators. For example, in childcare and services for the elderly the work is often part-time and lowly paid with considerable turnover as people change jobs on a regular basis. Even organisations with a strong commitment to co-operation have found it a struggle to continually train new staff in the ways of co-operative working to a point where a staff member would consider becoming a full co-operative member. Some organisations have given up any formal programme of co-operative induction because of the time it takes and the lack of results. Having a large staff working with standard employment contracts immediately places the co-operative members in a

formal master-servant relationship. This may be against their co-operative beliefs but unavoidable in practice to get the job done.

I do not recall many times when I met with people who consciously referred to the ICA Statement as the basis for what they were doing. It was more usual to hear personal interpretations of how people felt their organisation was different, which often encompassed only a selection of the seven available principles, rather than the whole vision. In this chapter all of the co-operative working that was encountered was originally attributed to the fact that it occurred in organisations set up as co-operatives and working to the principles. However, another possible interpretation emerges at the end of this chapter. Could it be that the people involved were co-operative by nature, and would have behaved with the same level of commitment and care for others wherever they worked?

If this is the case then the information collected during the study would need to be analysed in quite a different way, focusing directly on the life experience of the people involved, rather than on them as representatives of the organisation within which they were members. The following chapter will return to this aspect of the study.

So, the answer to the question originally posed, 'are they co-operatives?' has resulted in a complex answer. Some are co-operative in name, status, identity and practice, but not many. Most could fit some of the co-operative principles in some way but lack the vision of early co-operators. What was

missing overall was a sense that everyone had the spirit of co-operation at the heart of their work, whatever it was. In some cases it had never existed, in others it had been worn away. The ICA establishment had gnawing doubts about the purpose of co-operatives and whether they fulfilled a distinct role as a different kind of enterprise. These doubts have been reinforced by this study but the reasons for this are wholly understandable, from the perspective of the people involved in them.

References

[1] In the event of closure the assets of the co-op have to be distributed to other co-ops – in effect giving away everything you've worked for.

[2] Broadgate Farm and Endeavour Woodcraft could have mutually benefited from each other's activity but Broadgate Farm had new staff in post who were unfamiliar with co-operative development and were preoccupied with dealing with internal difficulties. There was no awareness of other similar organisations in the County and the timing was not right to find out about them. This may change as Broadgate Farm settles down again.

[3] There were some notable exceptions, particularly Organic Growers of Darlington, whose whole method of work reflected co-operative ideals and principles in practice.

[4] A parallel can be drawn between organisations actively committed to an equal opportunities policy, placing it at the heart of their method of work, rather than paying lip service to it.

'The Co-operative Movement will certainly go on because it is essentially a part of the working-class effort to a higher life. Our society has a great future before it, and it greatly depends on whether the spirit of the old pioneers still prevails and is still strong enough to disperse the forces of pessimistic croakers....Strong, therefore we must be with that inspiration of the future which quickened the leaders of the past, and resolved that –

The Best Is Yet To Be'

Leadgate Industrial & Provident Society Ltd,
Jubilee History

Chapter 5: The Best Is Yet to Be?

Introduction

The analysis of the empirical work using the co-operative principles did not produce the clear cut evidence of the existence of identifiable co-operative organisations that was expected. On the other hand, it hasn't been possible to show that the organisations were not co-operatives, because there was always some feature of each one that could place it within the spirit of at least one and usually more of the stated principles.

This has led me to take a step back from the principles themselves to look at them as part of a more general set of guidelines for ordering human existence, rather than a set of concepts that can only apply to a strictly designated co-operative. In effect, it brings the thesis full circle, back to the opening discussion of concepts and theories relevant to human existence. The third part of this final chapter therefore re-visits some of the concepts and theories highlighted in Chapter 1, in the light of all the information that has been collected since it was written.

Before that, the first section of the chapter serves to bring to a close the analysis of the empirical study, collecting together some of the final pieces of information that haven't been covered elsewhere previously. From there it is possible in Section 2 to reflect on the overall outcomes of the empirical work, in relation to recent changes in the co-operative world, changes that could

significantly change the future co-operative picture in County Durham.

It has become increasingly clear that DCDA was only a part of a much bigger picture of community based activity in County Durham, designed to encourage self help, local autonomy, democratic control and care for the community. What is difficult to see at this point in the study are those 'beacons of co-operativeness' that rise above those organisations that make up the more general social economy. It should be these organisations that provide models of co-operation to which all others can aspire. The co-operative difference and advantage should be clear to see, although at present it is not.

The co-operative movement itself recognises this fact and has taken steps to re-create a sense of identity. In other areas of the country, and the world, there are examples of successful and expanding co-operative enterprises that provide the foundation on which to build an awareness of the potential of co-operative enterprises. Within Section 2, which is entitled 'from divergence to convergence', is a consideration of the potential that exists for greater co-operative development locally, and some examples of what might emerge from taking a more visionary and co-ordinated approach.

Section 3 rounds off the study by linking the empirical work with some of the original concepts explored in Chapter 1 and close by considering that perhaps a study of formally constituted co-operative activity is restrictive, and only scratch the surface of co-operation in everyday life. In fact, does it only serve

to raise a further question about where to look for true co-operation? Is it not actually found at a much more fundamental level within each family and community grouping, and is expressed informally and unconsciously every day of our lives, without ever having a label attached to it?

If this is the case then, perhaps, the study has actually been an exercise in not seeing the wood for the trees, not seeing past the definitions and structures to see the way in which everyday life is mediated through a multitude of small co-operative acts, which provide the unity in diversity which has made the life of the people of County Durham bearable in the face of so much change and challenge. However, before further exploring this argument, let us conclude the analysis of the empirical work, as this may add some final insights that will be useful in the later sections of the chapter.

Section 1: Some Final Insights

Thinking back over this piece of research, I didn't find the co-operative world that I had imagined existed when the study began. Instead what emerged was a much more complicated picture of the 'real world' in which nothing was as straight forward as it seemed. What was uncovered were some examples of the actual impact of de-industrialisation on individuals and communities and the methods that had been used to counter its effects, rather than a 'co-operative world'.

The study has been able to provide some evidence to show that there are only a few co-operatives in County Durham, in common with the North East and the UK generally. It had been anticipated that this mapping exercise would be aided by the use of a definition or model of co-operation but this turned out to be more difficult to achieve than thought at the time. It was this experience of difficulty that led to the approach adopted in the previous chapter, an analysis of experience with reference to co-operative principles. Even then it has not been possible to say at the end of it that there are a specific number of clearly identifiable co-operatives in County Durham.

Another question the study was trying to address was 'why should there be co-operatives in the North East?' There was enough historical evidence to show that a great co-operative legacy had existed, enough to show that the area had been fertile ground for co-operative ideas and that there had been

an understanding of the concepts of industrial democracy and control of the means of production. However, this legacy was not enough to safeguard or promote a co-operative future, in either retail or productive activities. There had been too much social and economic change in other directions and too little support and promotion of co-operative principles to allow it to grow and develop a significant and identifiable dynamic.

Questions relating to 'how do co-operatives come into existence' and 'how are they organised' created a rich source of information that completely changed many of my previously held notions of co-operation, which had been formed through mainly historical influences. It was from this work that the study moved into the complex contemporary world of development agencies and the idea of small organisations and communities being directed into actions to suit an outside agenda. This was when the split between business and social forms of activity became absolutely apparent and shifted the study away from the expected economic focus into a more complicated socio-economic one.

The people who live in the County have been shaped, consciously or unconsciously, by their industrial history, alternately benefiting from the high points of its expansion and becoming a victim of its recession and extinction. For most of the 20th century it suited the national economy for people in County Durham to produce coal. Towards the end of that century it did not. Instead, the people were persuaded that they needed to demonstrate initiative and become entrepreneurial, to forge a better future for themselves, as if they had been to blame for past changes. One cannot but help wondering what

the regional economic strategy document would look like if coal extraction, ship building and iron and steel production were still a feature of the local and national economy.

The interviews and supporting research provided many answers to the more straightforward questions about when, how and why co-operatives were set up but even here the diversity of responses was amazing. At one time there had been a distinct ideological cluster of co-operative set-ups but in recent years this had changed completely to what appeared to be a scatter gun approach to development.

I had not imagined that there would be any direct comparison between the experiences of the mainstream movement and the organisations I visited during the study. I had thought that the comparisons would come from other fringe enterprises that I would find out about during the literature search process. However, this did not turn out to be the case. There were too few historical fringe enterprises to refer to and gain information from. This became an unexpected benefit, rather than a disadvantage.

The benefit came when I read about the experience of individual co-operative societies and the people involved in them to see how they had behaved and responded to the challenged they had faced. Some very close parallels emerged between their past experiences and those of the people I had been meeting. It was possible to look back at the early societies through the stories that were told to me during the interview process and link the two sets of

experience together in a very real way. The experience of the early co-operators became more, not less, relevant to the present day. Every co-operative society anniversary history had lessons that are relevant to today's community and social enterprise world.

A major difference that emerged is that there is no obvious, direct groundswell of feeling towards embracing the co-operative methods and principles that so captured the imagination of the 19th century co-operators. There is no sense now that local people are looking over the fence at co-operative enterprises and saying to themselves 'let us imitate that', which was directly the case in the 19th century.

Co-operation as 'Outsider'

Perhaps the biggest surprise as the study progressed was finding that most of the co-operative structures exist outside of the formal business economy. This initially led me to think that the whole subject under discussion would shift out of the economic arena into a much more social one. However, another interpretation could be that 'the economy' is, in fact, much wider than my previous understanding of it. For example, the public sector may not manufacture wealth but it does influence local markets and this is where many of the organisations I visited are positioned.

It emerged clearly in the study that for many years the co-operative mainstream had lost touch with the developments that led to the emergence

of the social economy. Partly this was the inevitable legacy of the outcome of the individualist/federalist debate but more than that it was a consequence of the way in which most of the movement's energies had had to be channelled into defensive survival strategies, rather than pro-actively trying to promote the values and principles it espoused. It was interesting, and shocking, to note that the mainstream movement itself had recently gone through the same testing circumstances that faced many of the tiny contemporary organisations that were the basis of the study.

The mainstream movement was stuck in an inward looking mode, increasingly trying to secure its own survival, rather than concern itself with changes at the fringe. While the co-operative movement struggled for survival political agendas changed, society moved on and new, pioneering organisations emerged that had a fresh approach to working together, work that embodied many of the co-operative principles but carried none of the baggage of association with an old fashioned business.

From small and uncoordinated beginnings in the 1960s and 1970s these organisations have grown in number, experience and voice, attracting attention both locally and nationally to a point where they became influential, in a way that the co-operative movement had once been, but was no longer. In effect, during the mainstream movement's dormant phase, it was replaced as the dynamic voice of self-help and local involvement by what has come to be known as the social economy. When the movement had secured its own future it had effectively lost its position as leader in the field of democratic,

member-led organisations and instead was faced with the reality of sharing the pond with an increasing number of active and vociferous new fish.

It was very difficult to identify many of the organisations I visited with the models referred to in planning or strategy documents issued by government departments or agencies such as One NorthEast. In particular there was a stark mismatch between the concept of small and medium sized enterprises, which seemed to be the one used most commonly to describe growth. Almost everything I came across was more accurately described as a micro-business and these were unlikely ever to grow into anything approaching a small to medium sized enterprise. There was no sense that any of the businesses had been set up with the intention of becoming large organisations. Neither had any intention or vision to do this emerged as organisations had become more established. There was much more a feeling of personal loyalty to the people involved in the founding of the organisation.

Parallel to this is the way in which there are so many second tier organisations in existence now with a remit to either get jobs created or to regenerate de-industrialised communities. This type of support structure did not exist when the Pioneers were buying sacks of flour. They had to take every initiative to get hold of stock and provide somewhere from which it could be sold; it was very much a self-help position. The situation today is that few individuals are motivated strongly enough in a local area to get out and instigate some form of local action for themselves. Instead, they are more likely to be encouraged into action through the intervention of an agency or

support organisation, each of which has its own agenda for existence and is subject to its own pressures.

The Extent of Struggle and Fragility

From the position of an individual researching modern organisations it was difficult to come to terms with the amount of struggle individuals had endured in order to keep going, quite apart from the initial struggle that went on to get started. There was also a sense that most of the organisations didn't appreciate what they were actually contributing to their local economy. They were so busy working and dealing with struggles that they didn't have time to sit back and see what their position and impact was in the wider economy. It is interesting to think about this in relation to the early societies, as in some respects it is a quite different experience to that of the early co-operators, who had an increasing awareness of the power they wielded through the combined spending power of all the societies.

Reading co-operative society histories gave a sense of people overcoming difficulties but arriving eventually at a point where overwhelming success was more of a problem than survival. It is true that these histories are written in a particularly celebratory way and that they do refer to difficult times but the contrast between these stories and current day experiences was stark. Participants in the study regularly mentioned the challenges they had faced, which had sometimes resulted in conflicts that had impacted permanently on friendships and personal relationships.

Thinking back to the co-operative society histories and other documents in the 19th century, there was never the same sense of struggle being endured in isolation. There were almost always greater numbers of people around who could understand what you were going through, membership was larger and more people were involved in decision-making. There was a much greater level of informal support, even though structured support was non-existent. At a human level there seemed to be a greater capacity for people to help each other. One of the reasons why this might not be so evident in the present day is because of the small numbers of organisations and also the way in which each one usually operates in isolation from the rest. They feel they have to shoulder all the burdens because they don't know where else to turn to talk to people in the same position as themselves.

In the very different 19th century world small co-operative societies expanded into every aspect of social life, filling gaps in provision as they saw them affecting their membership, providing education, places to meet, books, lectures, opportunities to debate political issues. By doing this, and by continuing to expand the retail and wholesale business empire, co-operators became a force to be reckoned with, both locally and nationally. There was no feeling that the isolated, fragmented, small scale organisations that were looked at during the study could ever combine to create some sort of lobbying power. Yet, in many cases they are undertaking work which is of high value to central and local government as they search for tools to re-engage elements of society.

The study has been an exercise that has exposed the fragility of several organisations and structures, not just the ones that the study focused on. Fragility also extended as far as the democratic structures that exist within the mainstream co-operative movement, and echoed many comments frequently made locally about the difficulty of engaging people in the exercise of democracy or fighting for local improvements. Members control the movement's direction through a series of local, regional and national committees and boards and there is always a need to have a more diverse range of people standing for election, to keep new ideas coming into it.

In common with many of the micro-businesses looked at during the study it emerged that the mainstream movement itself had had a difficulty with forging links with other people locally who held similar views, a position it is now taking steps to change. Recently, the way in which local co-operative committees function has been altered to include opportunities for committee members to visit other types of co-operative ventures and these visits have been successful in making committee members aware of the wider co-operative world and the issues it faces.

Thus, the mainstream co-operative movement was, or has been, as fragile as some of the tiny organisations visited during the research. The hopeful signs are that people within the movement are increasingly open to change, willing to learn from those around them as well as share experience.

External Pressures

Reference was made earlier to the importance people attached to being in control of the decision-making process within the business. This can be seen as 'internal control' and early co-operatives made a science out of making sure this happened. There were, however examples of organisations that felt pressured by external forces that were felt to pose a threat to their autonomy. Attracting and using external funding sources was one of these pressures and it is not one that a 19th century co-operator would recognise, coming from a world of substantial cash surpluses. In particular a reliance on time-limited funding was seen to be a drain on emotional resources as people hunted for other funding streams to match or extend those already available.

There was often a sense of threat as one funding stream came to an end which lowered the morale of the people working in the organisation. This was particularly the case in community businesses that were unlikely ever to earn enough income from sales to cover costs and thus secure complete independence. In contrast, some of the businesses, that were more secure in their income from 'market sources' had very little concept of the network of grant funding sources that existed within the County.

Very few of the organisations were set up to be wholly self-sufficient and this had a great impact on how the people involved perceived them and identified with them. Those nearest to being self-sufficient are those set up specifically as worker co-operatives and these are the older organisations in the study.

They have a distinct business idea and operate towards the 'private sector' end of business activity, in contrast to the public or voluntary sectors. One wonders if this is because they were set up at a time when people were more closely linked to a culture of work, rather than the present, when government initiatives are so much more common.

Many organisations have been set up with assistance from grant making bodies or through service level agreements with local authorities. Grant funding is often time limited and energy is required to ensure a continual and sufficient flow of income. Service level agreements are also renewable each year and must be seen to provide best value, ensuring that the costs agreed are as low as possible. Any other income is incidental to this one main source and care must be taken to ensure that the terms of the service level agreement are not infringed.

Several people in the study were totally overwhelmed by the responsibility for managing large amounts of other people's money, to the point that it inhibited them from using it freely or innovatively. It seemed that there needed to be a change in outlook that would enable people directly involved in enterprises to feel less weighed down by the responsibility of looking after it and also for the providers of the money to accept that some things would fail. Even in the private sector venture capitalists take the risk to invest in something that might fail, but the public funding sector, in which many of the organisations in the study solely exist, does not appear to have developed this attitude.

This isn't to discount the need to be accountable, but there is value in letting people walk away from a failed project with a notion that some of the things they did were right, and that they learnt things in the process that could be usefully translated into other parts of local life. The alternative is for people to walk away so scarred that they never want to consider getting involved again, and this attitude was encountered during the research.

Aspirations and Expectations

A factor that clearly emerged from the local study, and which was not echoed in the reading about 19th century co-operative societies, is that it seemed to be all work and no play, especially where paperwork, administration and management was concerned. In most cases this was not timetabled into anyone's routine workload and was often done out of working hours. Whilst such out of hours work is often the case with small businesses the need to make group decisions added time to the process. This made people feel as if they never really walked away from their work. There was a difference here to some of the old co-operative society histories, which regularly talk about social events, dancing, outings and the legendary 'co-op tea', all of which provided an atmosphere of people who not only worked hard but played hard too.

In a financial sense it also effectively reduced the rate of pay they were receiving by lengthening the number of hours they needed to work for the business to keep it going. In some cases there were individuals who were

very proficient at managing the business but more often there was a sense that administration and management was an unwelcome distraction. At The Skip Club, for example, the people involved explained that their primary interest was in providing childcare and that the management of the process was not something that they would willingly get involved with if it could be avoided. It was not seen to be an area in which they had any expertise.

The older organisations, such as North East Direct Access, were beginning to realise that a problem they would face is deciding what to do with the business when they no longer wanted to be involved with it.[1] Some of the co-operative legal structures make it difficult for a co-operative to be sold. The implications of this were beginning to be considered by some organisations. Additionally, very few respondents, even those committed wholly to the co-operative ideal, felt that they could recommend or encourage other people into working in the way they did. The disadvantages were seen to outweigh the advantages quite considerably.

There has been very little sign of people naturally aspiring to improve their situation in life through setting up a co-operative or community enterprise. Most usually actions have been taken on a reactive basis, responding to a set of circumstances.

The overall lack of a driving force was as notable. Many people felt that they had got into the business arrangement they now operated under by chance. Overall, there was very little sense that the people involved wanted to exert

control over their own working arrangements or work democratically with a group of like-minded individuals. For those people faced with redundancy in the immediate short term survival was enough and the method of achieving it was secondary.

Thinking back to the local industrial history of the County in the light of the list of organisations supported by DCDA highlighted another unexpected (unthought of) aspect of the study. Since the 1960s and 1970s very few of the new enterprises set up made use of the skills that were being lost from the region's industries. It appears that co-operative development attracted (or searched out) a different client group to that being seen at local job centres and unemployment benefit offices.

There are several implications to this phenomenon. It adds weight to the theory that the scope of the local economy is wider than mainstream statistics identify and that co-operative development is not likely to be reflected in a reduction of unemployed people because the people using the development agencies are unlikely to have been 'statistics' in the past. What did happen to all the skills that used to exist in this area, as they don't appear to be being used in co-operative or social enterprises?

All of the strategy documents and plans put forward in recent years have picked up on the notion of unlocking and realising our potential, based on creating an entrepreneurial culture (e.g. Competitiveness Project 1999). The facts have been, however, that entrepreneurship of the scale and type

envisaged in these reports was deliberately bred out of the local workforce many years ago. What is actually happening now is that a spirit of entrepreneurship is being created, rather than expanded, and this is a totally different exercise that takes much more time to achieve.

In contrast, there is a great sense of enthusiasm and energy about the entrepreneurial co-operative societies of the 19th century. Almost everything that needed to be done to ensure their continued existence was undertaken in the spare time of members. There was a high level of commitment. Levels of commitment in the modern enterprises were high too but the sense of enjoyment or achievement was often missing. People sounded tired when they talked about the things they did and rarely linked their achievements to improvements in their local community.

It is easy to forget that the original consumer societies were involved in other, more wide ranging activities that came about once the shop was up and running. In effect, each society became its own development agency. What was different was the funding regime for such activity. Societies became cash rich and were able to finance additional new developments easily and quickly through their democratic structures. Each locality had a particular preference for development that was closely tied to the wishes of the people who lived there.

There were also distinct differences between the settings for discussion and debate that existed in the past and which exist now. Workplaces were local to

the communities that supplied the labour force. People not only worked together but they lived near each other and near to their place of work. Different families knew each other from several social settings including school and church and a complex web of relationships bound them all together. In such an environment it was natural for ideas to emerge from numerous informal conversations. In contrast, these types of opportunities for conversation do not exist in the same way now.

Communities are no longer explicitly built up around workplaces. This immediately splits the community away from the workplace. Also, people do not come together socially in the same way they did when consumer co-operatives were expanding across the region. As well as a greater choice of leisure activities the home environment is more attractive, keeping people at home, rather than in a group discussion situation. The extensive campaigning atmosphere does not exist in a present day society that has become used to its rights and also to the pace of change which can mean two or three changes of job as well as periods of unemployment in one working lifetime.

Importance of Being a Sound Business

One of the major reasons why the Ouseburn Engineworks failed in the 1870s was because its pricing policy was poor. Engines were sold too cheaply and the business could not exist on the amount of income it generated. This despite the fact that orders were coming in and the product was of excellent

quality. None of these factors related at all to the organisational structure of the business, although poor management also played a part.

Undertaking the study has really brought home how important it is for co-operative or social enterprises to be based on the strongest possible business idea, managed well, financed adequately and employing (in whatever sense) people who have the skills for the work and are paid accordingly. There is no substitute for a well run organisation. In the event of failure it is more likely that the fact it was a co-operative will be remembered before the fact that it was a poorly run business or an unsound business idea.

An organisational structure and ethos is only part of what is involved in running a business. In order to survive or thrive it needs to have a market, sell its services and be able to at least cover all the overheads it incurs. This is the same whether it is a not for profit organisation or a share holding, profit making business. The idea of making a healthy surplus is still contested ground within co-operative circles, as it is often seen as profit-making, rather than creating a resource for future development. It is seen by some to be 'selling out' the co-operative principles whereas the more realistic viewpoint is that a thriving co-operative will be successful and that success will manifest itself as a greater income from sales, eventually seen in accounts as surplus.

Although there is a great diversity of occupation within the organisations this study covers there is need to have the right skills to do the work involved, and this has nothing to do with co-operativeness. For example, the childcare

providers in the study sell their services on the basis of the quality of care they provide and the reputation they have established for themselves. Working to co-operative principles may be an additional selling point but the childcare is the key feature that parents are interested in when they are looking for a place.

Most of the organisations in the study had less than 10 members. The approach to running these organisations was very personal, using feelings and experiences to make decisions. For example, decisions relating to financial management were often based on personal attitudes to risk and debt, resulting in some organisations operating without any debt at all from a very early stage and planning any expansion in such a way as to avoid creating a debt situation. This is different to informed business development based on sound economic principles and agreed through a formal organisational structure. Instead, it is decision-making based on the awareness and understanding that exists between a small group of individuals who work closely together, who take a personal view of the organisation they are involved in, rather than a business view. It is a working arrangement that makes expansion difficult and also succession.

What is more likely to develop in these situations are clusters of very small organisations, taking small shares of a total market. This reinforced the sense of isolation that pervaded the research. Although they were providing employment and goods and services to the local economy most of the organisations did not fit into any well known category so far as business

classification or economic contribution was concerned. With regard to the service sector in particular, the sense of value for work done came from the clients for whom the service was provided, rather than those people or agencies that record mainstream indicators of economic wellbeing.

Measuring Benefits

In County Durham, at its current stage of development, co-operative and social enterprise is not likely to provide a neat solution to the problem of job creation faced by policy makers and strategists. This fact needs to be more widely understood at this level so that they can take a broader view of the benefits coming from the social economy and re-assess their measurement techniques to fully acknowledge them. Part of this re-assessment could include the greater acknowledgement of social profit, a qualitative measure, shifting away from measuring numbers of people in work and capital profit and loss.

There is a place for quantitative measurement but the value of social enterprises is more closely related to the way in which the people involved in them become more rounded and skilled individuals, able to act effectively and proactively in different life situations. The study identified the way in which some individuals value the autonomy of their position within a possibly fragile organisation more highly than greater financial reward in a more oppressive working environment. It is difficult to explain in writing the positive and supportive working atmosphere enjoyed by many of the organisations visited

during the study but it was this that was valued most highly by people within these organisations, more so than financial reward. It is not something that can be measured in the same way as numbers of jobs created but it has an equal value in terms of social well-being, an alternative form of 'profit'.

Conclusion to Section 1

It was strange that the study happened to be carried out at a time when the attitudes of the co-operative movement were changing in a way that had not happened for almost one hundred years. After turning its back on anything other than consumer-led expansion the movement finally turned to embrace the wider community when the Co-operative Commission's report was adopted in 2001. Locally, this could be seen by the way the local movement started to build links with the wider social economy. There was a distinct realisation that this wider view could breathe some fresh air into long established structures. It was interesting to note that there was no sense of 'the co-op' trying to impose any of its own experience onto newer organisations in a paternalistic way, which could easily have been the case.

Behind all this change is a very great awareness of past failures. The failure of DCDA refocused the minds of everyone who worked in both the mainstream co-operative world and the social economy. Perhaps the way the Phoenix Fund money (held by DCDA at the time of its closure) was reassigned provides the best example of this different kind of co-operation in action. There was an overwhelming imperative to keep the £500,000 which

had been allocated in the County Durham area, for the benefit of local people. This created a situation in which several agencies needed to work quickly and effectively together to make sure that it happened. Eventually, the money did stay in the County and several new working relationships were put in place to administer it. The local Business Link franchise brought the team of people employed to administer the Phoenix Fund money, whose jobs had been threatened by the closure of DCDA, into its own structure. This resulted in County Durham's Business Link having one of the in-house first community enterprise development facilities in the country.

The co-operative movement itself has made great efforts in the last few years to forge links with the social economy and to give greater acknowledgement to the value of the co-operative fringe and the need to make links with the broader economy. The example of Business Link is timely because it provides an opportunity to move on to the second section of the chapter and introduce other examples of the way in which things appear to be changing for the better within co-operative circles.

In among all the concrete evidence for convergence there is still an amount of rhetoric that can't be ignored - many strategy documents do not a co-operative renaissance make. A recent attempt to get a North East Co-operative Council off the ground, based on the East of England model that is now planning its 10 year future, have proved futile. This type of umbrella body did not capture the local imagination and has become dormant.

The mainstream co-operative movement has mainly been cast in the role of 'bad guy' for many years by other fringe activities, yet disinclination to compromise can exist in the fringe too. An article in *The New Co-operator*, (June 2001) written at the time of the proposed merger of ICOM with the Co-operative Union brought this home. It is entitled, 'why should worker co-ops join forces with the retail co-operative societies?'

In the article it is stated that 'we worker co-ops have sometimes dismissed the Co-op as old-fashioned and irrelevant to us 'real' co-operatives. But, it also challenges the fringe by asking 'do you use your local Co-op shop, garage, travel agent? Do your children take part in the co-operative Woodcraft Folk? It highlights the way 'going it alone' was a preferred option, even when it was non-productive:

Hopefully, now that these two sectors have begun the process of unification, as a result of the co-operative movement's own experience of adversity, their combined strengths can help to realise the true potential of co-operative enterprises. The following section tracks some of the key changes that have taken place recently that might help this to happen.

Section 2: From Divergence to Convergence

'We are wanted [in the Co-operative family] because we are the actively democratic and innovative teenager (in co-op terms) in the family. For too long ICOM and individual worker co-ops tried to go it alone, deluding ourselves that we were making a difference when in fact all we were doing was surviving.' (The New Co-operator, June 2001)

'It is our way of showing that the Co-operative Movement now has a single strategic voice in the UK. We want people to know that the co-operatives, in all their various forms are uniquely positioned to deliver goods and services in a commercially and socially sustainable way.' (Co-op News, January 11 2003)

'Today's co-operative movement has many strengths. Its ethos can tap into the public's disillusionment with corporate greed and lack of ethical standards displayed by parts of the private sector, but the structures and the ways in which co-operative principles are implemented need to be brought up to date in order to deliver those values in a fiercely competitive world.' (The New Co-operator, March 2001)

Perhaps one of the most symbolic changes that mark the new dynamism of the co-operative movement was the name change that saw the Co-operative Union become 'Co-operatives UK' in early 2003, after 133 years. Following the re-alignment of the worker co-operative sector with the mainstream movement Co-operatives UK has emerged as the vehicle for bringing together thousands of individual co-operative businesses, which in total is estimated to account for £17 billion of UK trade.

This followed the equally landmark decision taken by ICOM in 2001 to merge with the Co-operative Union, to create a new apex body in the UK to

serve the needs of both worker and consumer co-operatives. This represented a major step forward for the UK co-operative movement, 'an historic turning point which is the start of a revolution in co-operative support and promotion in this country'.' (Letter to Members, 2001)

This was not just a national phenomenon. After the demise of DCDA, new initiatives have emerged that aim to unify the regional picture. In 2003 the North East Social Enterprise Partnership (NESEP), together with a regional action plan for social enterprises, was launched. Tim Cantle Jones of One NorthEast made it clear that this was just the start:

> 'It will lead to a significant resource shift to social enterprise....support for social enterprise needs to be brought into the mainstream".' (New Sector, April/May 2003)

For the first time, a significant number of different audiences and interest groups are looking at the social enterprise sector in the same way. There is increasingly a sense of convergence, rather than the divergence that has haunted both the mainstream and the fringe sectors.

Why should this be that case? Stuart McKellar, the first Chair of NESEP, observed that "after 20 lean years there was now "a policy rich environment (with at least six different funds or initiatives to turn to and within which we can deliver what others can't – social inclusion, rebuilding communities, public goods."[2]

The formal adoption of the NESEP's Action Plan provides a natural conclusion for the organisational element of the study, potentially a happy ending for co-operation in County Durham. The plan talks about a 'shared vision to embed social enterprise in the cultural, social and economic fabric of the North East'. However, a note of caution must still remain. Such documents, echoing similar sentiments, have existed in the past, created by other organisations living on time limited budgets and working in a hostile environment, so should current developments be seen as more positive in their potential for long term effectiveness?

Change Coming from Outside of the Co-operative Movement

Several different organisations and structures are changing their position to create an atmosphere where previously isolated players now have increased common ground from which to take forward significant developments in the social economy and the co-operative sectors. Mention has already been made of the DTI's Strategy for Social Enterprise (2002). This has raised the profile of social enterprise development nationally and came about following the setting up of the Social Enterprise Unit and a conference hosted by Patricia Hewitt, the Trade & Industry Secretary, titled 'Social Enterprises and Co-operatives: 21st century Businesses'. At this event it was also announced that a new umbrella organisation, UK Social Enterprise Coalition, had been set up to provide a united voice for the diverse social enterprise sector. The Co-operative Bank and The Co-operative Commission are part of this new initiative.

The DTI's strategy document provides the framework for 'a more enabling

environment, to help social enterprises become better businesses and ensure

that their value becomes better understood'. The vision put forward in this

document is one which merges social and economic benefits through

neighbourhood and urban renewal and regeneration, public service reform,

creating wealth through sustainable economic activity and promoting social

and financial inclusion by the development of social capital and active

citizenship.

At almost the same time as this strategy was being published the Small

Business Service received the final report 'Researching Social Enterprise',

from the Centre for Enterprise & Economic Development Research at

Middlesex University. This report highlighted the distinctive needs of social

enterprises and the structures necessary to support them. It concluded with

implications for policy, stating that:

> 'The low level of knowledge and experience of social enterprises
> that exists within the Small Business Service (SBS) currently
> makes it essential that the SBS (at different levels) works with
> organisations that already have experience in this area.' (DTI,
> 2002, p66)

It is possible to see locally that the recommendations made have been taken

on board. Recently in Tyne & Wear (2003) a mapping exercise of social

enterprise has been undertaken by SBS and in County Durham one of the

franchised Business Links operates with a specific department dealing with

social enterprise.

At a regional level there is more evidence of convergence, particularly with the publication in 2003 of a regional action plan for next three years in the life of the North East social enterprise sector, arising out of the 2002 regional economic strategy 'Realising Our Potential' (One NorthEast 2002). This incorporates developments at regional and sub-regional level. The overall vision here is:

> 'to embed social enterprise in the cultural, social and economic fabric of the North East and develop strong and vibrant social enterprises across the region....This shared vision will be achieved through the adoption of animation, business support, fiscal, procurement, training/learning and other activities carried out at regional, sub-regional and local levels'. (NESEP 2003, p1)

The most recent development regionally has been the series of seminars held at sub-regional level by NESEP and it exemplifies this more 'joined up' approach. The aim of the seminars was to identify and build on local enthusiasm for the formation of a Federation of North East Social Enterprises (FONSE). Such a federation would be a major step forward in providing a regional and sub-regional voice for all those organisations highlighted in the study which currently feel isolated and cut off from any form of support network.

The regional voice will also be heard at national level following the setting up of the Social Enterprise Partnership. This organisation was established in 2002 with initial three year funding from the European Social Fund's Equal Programme, and the partnership comprises Social Firms UK, Co-operatives

UK, Social Enterprise London, the Local Government Association, the Development Trusts Association and the New Economics Foundation. This is the first time a nation-wide network of organisations related to social enterprise has been attempted since the 1980s when a (short lived) national, co-ordinating co-operative development agency was set up.

There is little doubt that FONSE will come into existence, not least because the social economy sector in some other parts of the region is sufficiently developed to support it. It is less clear how successful such a structure would be within County Durham as feelings over the closure of DCDA still run deep. However, as the memory of events that brought about the closure of DCDA recede into the past and new personalities come into the field this new initiative is likely to be carried forward. County Durham may not be the premier force in the new federation but it should be represented, if only to keep a stake in the way in which the sector develops regionally in the future.

Other pressure groups have influenced the debate within the region. It is interesting to look back to the findings of a report published by the North East Employment Forum (1999). This report highlighted a European perspective as outlined in the European Union Paper on 'Growth, Competitiveness and Employment', which urged the need to find new and imaginative development models and to promote new avenues for employment growth in the future:

> 'This perspective makes essential the search for new
> instruments, new ways of labour organisation and new
> entrepreneurial ventures.' (Co-operatives and Social Businesses
> Focus Group Report, 1999, p4)

The reports mentioned here are only examples of work that has been going on throughout the region in recent years, to realise the potential of social enterprises. Other organisations that have promoted the cause of social enterprise and have produced reports include Unison; VONNE, North East Constitutional Convention and the Centre for Urban & Regional Studies. Each report has added some further information or insight to the subject. Looked at in total they give an impression of the scale of the investigation that was being undertaken.

Changes from within the Co-operative Movement

Recent changes which have taken place within the mainstream co-operative movement have been monumental. The Co-operative Commission (2001) presented its report to the co-operative movement at its annual congress. It made sixty recommendations to secure the future of the movement into the 21st century. In the past similar reports have been presented and no action has been taken to implement the recommendations made, leading to the long-term decline of the movement. The 2001 report met with a more favourable response. Congress accepted over two thirds of the recommendations and agreed the remainder at a Special Congress in November 2001.

In addition to purely trade based recommendations, designed to make the retail and wholesale businesses more effective, parts of the report focuses on bringing the producer elements of co-operation more closely into the centre of activities and work continues to achieve this. Other new approaches include the setting up of the New Ventures Working Group in 2001. It has a remit to identify new opportunities in appropriate areas of the economy that have the potential to be successful co-operative ventures.

Also, Co-operative Action has been established to promote the values and principles of the movement, raise community development venture funds and to encourage public and private sector investment in under-invested communities. This organisation has awarded its first grants, two of them to organisations based in the North East.[3] The significance of these awards lies in the fact that they come from the centre of the co-operative movement and provide funding for activities that have previously been seen as marginal. Co-operative Action is also supporting a loan fund administered by Industrial Common Ownership Finance and an investment fund.

Where Does the Co-operative Movement Fit with Social Enterprise?

> 'The social economy should no longer be seen as a marginal, add-on area of business for the co-operative movement, but rather an integral part of its mission and its activities. If the ending of social exclusion is to be made a reality then the social economy is the means to establish and maintain the inclusive society which underlies the movement's own agenda'.
> (Co-operative Solutions to Public Service Provision 2002, p78)

Explicitly stated social goals can also provide an added competitive advantage, leading to commercial success:

> 'It is important that all involved appreciate that there is no choice or conflict between commercial objectives and social goals….without a surplus the business will decline and social goals will not be met.' (ibid, p15)

The specific social goals mentioned in the Co-operative Commission's report are: customer economic benefit, member benefit, employee stakeholders, ethical corporate culture, campaigning for the consumer to create trust in the brand, community investment, influencing social enterprise initiatives at local and regional level, democratic participation and civic and community education. Most of these goals, (stripped of their corporate style language), would strike a chord with or have relevance to the organisations in the study and would open the door to them thinking about themselves and the work they do more positively:

> 'The key to the past success of the Co-operative Movement, and I believe, its future success, is this unique link between its social goals and its commercial success. It is these social goals that give it that unique Co-operative competitive advantage.'
> (Co-operative Commission 2001)

Alan Donnelly, Secretary to the Commission, pointed out that the starting point must be to define what these social goals are:

> 'Central to co-op enterprise is the representation of the interests of all stakeholders; enabling and empowering them, creating a co-operative enterprise economy, informing, educating and raising awareness of co-operative values.'

He then went on to comment;

> 'In relation to trying to punch our weight within the economy, we
> are recommending that the Co-operative Movement expands its
> role in the social economy. As well as a Co-operative
> Foundation to promote the values and principles of the
> Co-operative and Labour Movements there should be an
> economic summit meeting hosted by the Co-op Bank, with
> participation by people from across the social economy to press
> the case for new measures to assist this development.'

At the same time as this sea-change in positioning occurred, the Co-operative

Party has been successful in steering a new Industrial & Provident Societies

Bill through Parliament. This bill is designed to protect co-operative and

mutual businesses from carpetbaggers, creating new opportunities for mutual

organisations to run public services. Enacted in 2002 it is the first legislation

on industrial and provident societies for over thirty years. A second bill,

designed to reduce the risk of asset stripping was enacted in 2003, another

example of the commitment being demonstrated by the Co-operative Party.

These are all examples of the way in which the climate for discussion of social

enterprise and co-operation is changing. John Mills and Austin Mitchell have

recently written:

> 'Today issues are coming to the fore which highlights the
> interdependence of all groups in society and by their very nature
> recommend co-operative solutions. Among these are the
> manifest degradation of public services upon which the majority
> rely, sustainability issues arising from pressure on the world's
> ecology, and an increasingly obvious connection between
> economic inequalities and rising violence and insecurity,
> whether that be domestic crime or international conflict.'
> (Mills and Mitchell 2002)

It is unusual to come across so much reference to activities based around co-operative principles in so many different forums and encouraging to think that Mills and Mitchell have highlighted a phenomenon that is likely to take on a momentum of its own and become more publicly owned. However, social enterprises and co-operatives are still marginal activities and there is much work to be done to change this.

Will Things Change?

Throughout this section there has been a certain sense of deja-vu, of revisiting ground that was covered in the 1970s when the original network of co-operative development agencies was set up and co-ordinated nationally. This was the time when rivalry emerged between the two separate organisations that came into being in the North East, one supporting establishment co-operative views and the other more closely linked to ICOM's thinking and heritage. Intentions existed then to streamline co-operative development structures but nothing concrete came of them. Instead there were more examples of non-co-operation.

At that time the policy context was one of extending worker democracy. Although some industries were threatened, there was no clear understanding that the whole industrial base of the region was in terminal decline, with a consequent knock on effect in society. Developments now include a different set of players and alliances. Fringe and mainstream have come closer

303

together to try and work out a relationship with and within the broader social economy. The policy context this time is more situated in a social inclusion framework than a purely economic one. Not only is the co-operative movement faced with consolidating a meaningful relationship with previously isolated fringe groups, it must also grasp the complexities of the social enterprise world and establish a credible position within it. All this while maintaining its trading position. Although there is scope for cautious optimism there is still a long way to go before the vision of the Co-operative Commission is fully realised.

This section provides evidence of an intention to change at an institutional and political level, but is this enough; might it be matched by the will of people in communities to change their view of co-operative enterprise? It has been said by participants in the study that if other alternatives to setting up co-operative enterprises had been available then they would have been taken. Nor was there any evidence of a desire to be free of the dominant capitalist economic and social structures. Instead, there was an unconscious acceptance of existing ways of life. It was only when a threat emerged that action resulted. Yet, this is only a local snapshot of a movement which has been very successful in many other parts of the world, and even in some parts of the UK. The picture in some other areas is very different (though still marginal) and co-operative enterprises have made an impact on both the people working in them and on the economic sectors in which they operate.

To Achieve What?

What could be achieved locally by unleashing energy and raising confidence in all sectors of co-operation? The search for an answer would most logically start at Mondragon, probably the best known co-operative enterprise in the world. Three other examples are also given, to give a flavour of what could be achieved within a broad co-operative framework.

1. Mondragon

Mondragon is located in an area of Spain with some similarities to the North East. Geographically both areas are isolated and their economic development has been influenced in the past by the development of shipbuilding, iron and steel industries. Both areas have encouraged the development of modern service industries in an effort to replace older traditional industries as they have declined. Co-operatively speaking the North East of England had a tradition of co-operative experience, which Mondragon did not, yet it was Mondragon that became the powerhouse of co-operative producer development, an apparent utopia.

There are some similarities between the early Mondragon story and the Sunderlandia experience in that Mondragon came about from the beliefs and commitment of a small group of people and faced local opposition to what it was doing. Since the 1950s, co-operative enterprises in the area around Mondragon have expanded into a total co-operative system with a net worth

calculated in millions.[4] It consists of 86 production co-operatives averaging several hundred members each, 44 educational institutions, 7 agricultural co-operatives, 15 building co-operatives, several service co-operatives, a network of consumer co-operatives with 75,000 members and a credit co-operative/bank.

The Caja Laboral Popular has 132 branches in the Basque region and its assets stand at over a billion dollars. With over 18,000 jobs Mondagon accounts for about 5% of total employment in the Basque country. A major part of its products are in middle level technologies but it also produces high technology products, through its own research institute. A second-degree retail co-operative, Eroski, developed with branches all over the Basque country, quite the reverse of the British experience. Mondragon's comprehensive website gives more background to each of these aspects of its total operation.

The story of the expansion of Mondragon from its small beginnings is one that co-operative development agencies, local authorities and regeneration partnerships have dreamed of replicating in this country. At regular intervals workshops and debates are held to see if such an undertaking could be established and Mondragon's own promotional teams tour the world explaining how it all happened. Yet it hasn't happened here despite the fact that, almost at the same time as Mondragon was developing, the potential to do something similar existed in the North East.

2. Poptel and The Phone Co-op

Poptel is well known particularly in the third sector as a supplier of internet services and as the technical operator of the ".coop" top-level Internet domain. It is now made up of three separate companies, each concentrating on a particular aspect of telephone and internet technology. The Phone Co-op is the "retail" ISP business of Poptel. It is an established consumer co-operative and a member of Co-operatives UK. It provides broadband/ADSL Internet access, dialup Internet access, web hosting & domain services and email.

The staff from the web development department of Poptel formed a new company in September 2002 called Poptel Technology Ltd,[5] a worker co-operative. It continues to work with organisations in the co-operative and social economy sector, providing award-winning accessible web design, project definition, management and consultancy, content management and website applications. It has free on-line resources to help manage websites.

Poptel Ltd provides wholesale ISP and hosting services to Poptel Technology and The Phone Co-op as well as other social economy organisations. Its Virtual ISP service offers flexible, scalable and cost effective solutions to organisations wishing to 'add value' for their members or supporters by offering a full range of Internet Services.

3. Suma Wholefoods

Suma is the largest independent wholesaler in the healthfood and wholefood trade, with an operating base in West Yorkshire. It has over 100 employees and has grown over 25 years to a point where it distributes 7000 product lines to independent retail shops, supermarkets, institutions (hospitals, schools, prisons), community groups, caterers etc. It uses its own fleet of vehicles and carriers. Many of the products are manufactured to own designs and the company has pioneered new products and categories in the UK; including recycled paper toilet tissues, dairy-free margarines, organics, fairtrade, and introduced leading environment friendly brands to the UK.

Suma is one of the largest workers' co-operatives in the UK, subscribing to the International Co-operative Alliance principles. It has elected managers and is 100% employee owned:

> 'Suma is, at heart, a political statement that workers can successfully manage their own businesses without an owner/manager elite. Suma is an ethical business. Our reputation is our greatest asset. Suma workers can uphold or damage that asset. We practice equality of wages for all jobs, multi-skilling and job variety. We use our business to fulfil our ethical business principles by pioneering new business strategies.' (www.suma.co.uk, 2003)

4. Traidcraft PLC

An interesting conclusion to this list of examples of co-operative enterprise is Traidcraft [6], set up in 1979 and now the UK's largest fair trade organisation,

which has its main base and head office in Gateshead. Traidcraft operates on a principle of paying a fair price for the products we buy, establishing long term relationships and partnerships with the communities it works with in various parts of the world, so they can work their way out of poverty, creating a more equitable world. Although not a co-operative in the same way as previous examples it operates within a Christian ethos and 'welcomes co-operation' with all who share a concern for fairer trade'. It also sources its goods from organisations across the world set up primarily for the benefit of their members and the community, that pay fair wages and provide good working conditions and which encourage and enable workers participation in ownership and decision-making.

It is interesting to think that Traidcraft essentially operates a global co-operative development agency from a base in Gateshead, while in its home region it has proved difficult to pin down what co-operative development is. The examples shown here show what can be done in a co-operative way but the question still remains: why does it not happen here? If Traidcraft can do it at a distance, could local agencies not make it happen in local areas?

Identifying a Way to Achieve Change

It would be useful to spend some time thinking about how the local position might be changed, so that it can become more exciting and dynamic. While the evidence for the empirical work was being gathered there was a feeling of great potential in communities that were involved in developing their own

cluster of social enterprises. There were problems with the way in which co-operation could be expressed in new projects but these weaknesses were the product of an over-stretched organisation (DCDA) trying to do too much with limited resources, rather than any weakness in co-operative principle.

So, the demise of DCDA, happening at a time when national policy was changing, has caused a considerable realignment of co-operative development work in the County from which, I would argue, some benefits have emerged. It has reinforced the fact that development organisations (of whatever sort) have to be sound businesses too; they are as much a part of the local economy as any of the projects they set up.

Also, they cannot operate in isolation from the local economy but need to be embedded in it. One of the most interesting outcomes of the closure of DCDA was the way in which Business Link took over the management of the staff employed by DCDA to carry out the Phoenix Fund project. They became part of a specific section of the Business Link organisation, dealing with community and social enterprise and visibly embedded in its structure. The arrangement has raised the profile of the social economy and provided a means for cross-fertilisation of ideas between the conventional and alternative business support sectors. It is an unusual set-up in national and local terms.

It seems clear that the challenge for co-operative development does not lie with the communities of County Durham. The time has gone when communities would 'rise up' of their own accord and act in their own defence

to improve their standard of living. However, there is a role for a variety of agencies to keep communities informed (educated) about the potential for making a difference and to do this these agencies must be strong and confident in their own abilities, with a realisation of what they can and cannot do, accepting that complementary skills exist in other agencies. This ideally would lead to a sharing of knowledge and resources that would enable new business ideas to become established within the most appropriate structure for the people involved, rather than being fitted into a particular target driven agenda.

What could emerge is a business start-up environment that can fully support, both in the immediate and longer term, the full range of business ideas that undoubtedly exist in the County. The fringe and the mainstream have already demonstrated intent to merge together and Business Link has shown that such convergence can happen between them and some players in the fringe movement. Again, the beginnings of significant change have already come about. If those involved have the courage to take the next steps to breaking down barriers then perhaps a local Poptel or another Traidcraft could emerge in the future.

Conclusion to Section 2

Outlining the model makes it possible to highlight another aspect of the study which has been a cause of some thought for a while. Very early in the research I came across a notion that the only responsibility a business has is

to increase its profits and it does not need to demonstrate a social conscience. At the very end of the research process, based on all of the interviews and conversations I have had with people involved in the organisations I have visited, it would seem that this is a view held by many in traditional industry and commerce but it is one that is changing. The thing that made up the conscious life of the organisations in the study were the people involved in them and how they behaved among themselves or responded to external challenges.

This forces me to ask; do I want to be involved with an organisation that has no social responsibility but makes good levels of profit over which I have no control or one that has a social responsibility? Perhaps the model outlined would make it possible for more socially responsible businesses and organisations to emerge that also generate profit – the best of both worlds?

Another point that needs to be considered alongside the model is the need for discernment among all development workers or business advisors, to understand that different people work well in different settings and environments. Within the model it would be possible for a range of different ideas and projects to be developed, using a variety of management and operational structures, both co-operative and non-co-operative. The opportunity would be there for new people to be channelled towards a format that best suits their skills and capacities. This would have the benefit of ensuring as far as possible that people were comfortable with what they were doing, rather than struggling to conform to something they weren't happy with.

In the short term it may also create a situation where niche development is encouraged, building on certain skills or experience and encouraging new ones. It may be a cluster of small, capitalist enterprises in which dynamic individuals push ideas forward, or it may be a cluster of small co-operative enterprises, in which groups of people work together to move into a particular field of work. Having the flexibility through the model to take approaches like this would enable County Durham to bring together its own experience of co-operative development, together with its experience of offering business start-up advice and then adding to it some sort of cluster development, such as has been pioneered by the Sunderland enterprise agencies.

What could emerge is a business start-up environment that can fully support, both in the immediate and longer term, the full range of business ideas that undoubtedly exist in the County. The fringe and the mainstream have already demonstrated an intent merge together and Business Link has shown that such convergence can happen between them and some players in the fringe movement. Again, the beginnings of significant change have already come about. If those involved have the courage to take the next steps to breaking down barriers then perhaps a local Poptel or another Traidcraft could emerge in the future.

Section 3: Closing Reflections

'This [Co-operative] movement, when focused as a whole and rightly understood, is the biggest romance of modern times, and no student of sociology can afford to ignore the place it now takes in the realm of trade and commerce. The movement as a whole is not only interesting, but multitudes of its constituent parts have provided an opportunity of such unique service from the individual and bestowed such benefits as in themselves make history.'
(Pittington Amicable Industrial Society, 1924, p43)

Introduction

This study began its journey confidently grounded in a set of romantic assumptions rooted in the history of an outstandingly successful 19th century organisational phenomenon. It is coming to a close suggesting that it is, in fact, informal, unconscious co-operation at a human, individual, level that has enabled the people of County Durham to maintain unity in adversity through the majority of a difficult 20th century.

The previous section concluded the analysis of co-operation in a purely economic sense, but it does not provide a conclusion to its personal and human aspects and these need to be considered to round off the thesis. At the end of the study I was left with a substantial amount of information about how people felt about co-operation. This section uses that information to explore the question: 'what can the study add to our knowledge and understanding of the concepts of co-operation at a human level?' The section begins with a return to some of the theories and concepts first explored in Chapter 1.

Section 1 of that chapter concluded by highlighting four key points to emerge from the secondary analysis of theories and concepts that I felt had a significant bearing on the research that I was undertaking. Now that the whole study has been formulated I would like to return to them and reflect on the way in which my views on these particular points have been reinforced or have changed in the light of the experience gained during the research process.

Revisiting Key Points Made in Chapter 1

1. Co-operation is a major element of life but is not always easy to recognise or define because it is absorbed so completely into everyday activities.

Information in Chapter 1 highlighted the fact that co-operation is a major part of everyday life but it is not always easy to recognise or define. The implications of this were not fully appreciated at the beginning of the study, as the later chapters of the thesis shows. Issues around defining co-operatives took up much time in the later stages of the study, causing me to re-assess the nature of the activity that I had witnessed as I visited the organisations in the study. Even now there is more than a suspicion that informal co-operation, another aspect of the subject is, absent from this analysis. More will be said about this later in this section. Informal co-operation may have been overlooked before this because of the efforts made to focus on the way organisations work, rather than on the way human beings work. This relates back to the theories of Marx, Lynd and Glen put forward in Chapter 1, in respect of the over-spill of life experience into the workplace and vice versa. It suggests that there is another

story to tell about the way individuals co-operate in all aspects of their life, not only in their work experience.

The idea of threat and survival became more relevant, particularly after preparing the social and economic history of County Durham. The analysis of the 2000 Index of Multiple Deprivation really brought home how far the changes in the County's economic base had affected local people's economic, physical and emotional well being. In effect, it had influenced the evolution of the economy and of society of County Durham and its people. The theory that then became more relevant was that of Bauman, who argued that there will be a general lack of work in the future, concluding that: 'Work is today, one may say, a daily rehearsal for redundancy.' (Bauman 2001, p118)

If that is the case, what sort of life might emerge in a post-work era? County Durham is already in this insecure world and I began to wonder where all those group interactions that previously happened in the workplace, now take place? Has co-operation, expressed as group interaction, gone underground or is it more the case that it has continued where it always was but never noticed – as a human universal?

---

2. Co-operation can be pursued actively as an ideal or it can function within groups at an unconscious level, reinforcing and supporting a dominant hegemony. It operates in both co-operative and capitalist environments.

The second area that emerged at an early stage was the existence of different approaches to co-operation based on differing local circumstances. These

varieties were also interspersed with competitive tendencies, which could either emerge as a response to external circumstance or, more interestingly to internal pressures. This proved to be the experience of the organisations in the study. What is interesting now, looking back, is the way in which I had failed to appreciate that I would actually find varieties of co-operation in the organisations I visited, and was surprised when I did. It was only much later in the research process, when the thesis was being brought together that these links began to be made and the implications of looking at theory, concept and practical research became apparent.

It became very clear that the organisations that I visited were operating within the real world, a very competitive world where it was necessary to understand the rules of engagement in order to survive. For example, those organisations involved in trade were more than likely to be in competition with conventional firms selling similar goods. Therefore, although in principle they worked to co-operative values and principles, when they dealt with the outside world it was the rules of the market that prevailed. This was a point that was not apparent to me at the beginning of the study, but was brought home forcefully during it. It is therefore not surprising that I saw such a variety of types of co-operation in action during the research. Also, this was my first complete realisation that co-operation at a human level, beyond values and principles, influenced the way organisations function. It is not possible to look at organisational co-operation without considering the human relationships that exist within it.

Related to this was the aspect of organisational culture that concerned Charles Handy (1993). The study clearly reflected his assertion that the ills of many organisations stem from an inappropriate organisational structure, with several organisations wishing to change their structure for a variety of reasons, or conversely, choosing to ignore the one they had and just 'doing' things, dealing with the consequences later. Some reference was made to the links between capitalist modes of production and co-operative ones in the first chapter, and after thinking some more about Handy's comments it was suddenly clear that the same culture of co-operative coping strategies exist in both the co-operative and the capitalist workplace, regardless of the structure of the organisations, and manifest in the human interaction which enables me to go home early this Friday if I cover for a colleague's early finish next Friday.

> 3. Co-operation has a negative side and ought not to be seen as an ideal or perfect alternative to competition or capitalism. This means that it is susceptible to conflict, in the same way as any capitalist relationship.

This point appears very naïve as I look back on it now. At the start of the study I was convinced that co-operation was such a thing and it is likely that this view was heavily influenced by my initially historical approach to the subject, particularly reading the co-operative histories. From a theoretical perspective it was Robert Axelrod's work on the prisoner's dilemma that finally made me realise that co-operation in many cases was a high quality 'second best', a mediated outcome. From this it was possible to think more carefully about the supposed benefits of competition. These benefits appear to accrue to the few, rather than the many, leading to imbalances and injustices in society. So,

although it may not be a perfect alternative, there is value in considering it as a viable one, on the basis of the greatest good to the greatest number of people.

The notion that co-operation and conflict are not mutually exclusive again reflects my own naivety at the start of this study. Still with my 'golden age' view I had not appreciated that conflict would be something that I would come face to face with during the empirical study, even though I had read about several instances of it in the literature review. The only consolation that I take from the work involved on the empirical study is that there is a great reluctance to acknowledge the existence of conflict in co-operative organisations. Looking back, had I taken more notice of the theories of conflict that I came across I might have made more of the subject in the interviews, but this could have been ultimately counter-productive. Discussions about personal difficulties emerged only gradually during the interviews, once the individuals had gained a measure of confidence in me and my motivation. Confronting them specifically with questions about painful incidents in their organisational past may have brought the interviews to a premature ending.

In many cases expediency was the driving force or motivating factor when an organisation was set up, more than anything else, certainly not an obvious ideology. Perhaps this was one of the reasons for the amount of conflict that I encountered within the organisations in the study. It was clear that, in the majority of cases, those people who had experienced conflict had not felt they were in a position to deal with it effectively. Dahrendorf, referred to in Chapter1, feels that the potential for conflict within any organisation should be

more widely acknowledged as it makes it easier to deal with. Certainly this approach might have helped some of the people I met. Dahrendorf also comments on motivation and the fact that some apparently 'free' bargains are in fact, coercive. This assumption was also borne out in the study, with several people feeling as though they had been trapped in a new business structure by making a decision when they were at a time of stress in their lives, usually because their previous job was threatened.

> **4. Co-operation is unlikely to be a vehicle for radical or fundamental social and political change. It has few explicit links to organisations that are bent on forcing change and, in some respects, could function to reinforce the status quo, rather than change it.**

The early chapters highlighted the fact that co-operation is unlikely to be a vehicle for radical or fundamental economic and social change. Early in the study I was certain that I would be engaging with people with strong political views about equity and democracy but this did not turn out to be the case in practice. There was a sense of wanting to 'be my own boss', and to get away from a hierarchical management structure, but this was not the same as being politically conscious and agitating for social change. There was however definitely a sense that, had I been doing the research twenty or thirty years ago, when threats to working patterns were a live issue, the results might have been different. Although I have not pursued this closely during the study, there is also a sense that the development or promotion of the social economy generally may be a calculated method through which a dominant governing structure can synthesis major changes in employment patterns into a revised experience of everyday life, without seriously altering the status quo of society,

or their place within it. There remain unanswered questions about the way in which communities are being encouraged to 'enterprise' themselves out of social and economic problems which were not of their creation.

Co-operative organisations appeared to create orthodox relationships, for example with staff members, rather than pursuing relationships that would lead to greater social change. There was a lack of links with labour politics and trade unions, structures that one would expect to be sympathetic to efforts to reorganise the worker's relationship with the means of production. In only a few cases during the study would it have been possible to have this discussion, in the majority of cases it would have been a discussion that had no relevance to the work people were involved with. Ironically, there was too much sense of struggle and pressure to allow people the luxury of reflecting on why they were doing whatever they were doing. The downside to this was the fact that there was a general sense that the work being done was undervalued, both in a promotional sense, but, more worryingly, in a financial sense. Many of the organisations were running on tight budgets in which payments to members were at the lower end of the pay scale and fringe benefits were minimal. From this perspective the organisations were a demonstration of poor working conditions, rather than a celebration of the power of workers over the means of production.

Another aspect of the evolutionary theories that I considered in Chapter 1 was the way in which some organisms find a niche in which their particular form can survive and prosper. This was played out in several respects during the

study, for example the wholefood stores, which appeared to have found a niche, only to have it taken away from them when wholefoods were popularised and became mainstream products. At the end of the study it seems more logical than before for co-operatives to investigate niche marketing, particularly as some small organisations can capitalise on personal relationships built up between the customer and provider. Some of the organisations in the study have been very strong in this respect.

Finishing Off

These four points were the main ones to be made following an analysis of theories and concepts in Chapter 1 but it is also possible to comment on one or two other issues that have emerged during the course of the study and the reflection that has gone on once it was finished.

Co-operation in relation to work and the workplace was a strong feature of Chapter 1 but it became an increasingly difficult concept to justify in the later stages of the study, when so many of the organisations didn't fit into the idea of workplaces that I had initially imagined. Yes, some people were in a work situation but there was much else going on besides, and there were many aspects of the theories of work that eventually had to be put to one side. For example, being involved in many of the organisations I encountered was not the only source of income for some people. I met those who had retired from other work, others were benefit dependent, others had a second salary at home which enabled them to make ends meet. Some people viewed their

current work as transient, they could be a self-employed hairdresser today but in a few months time might take a job in the new supermarket that was opening down the road.

Revisiting the earlier concepts enabled me to explore some of them a little further and find some new sources that clarified certain things that had emerged during the study. For examples, the Handy piece originally introduced the idea of cultures into the thesis, powerful ways of influencing behaviour. A new source, Michael Argyle (1991), seemed to follow this line of thought and then raise the notion of the co-operativeness of human nature, as demonstrated within the kinship grouping of the family, 'the clearest example of universal and innate aspects of human nature which are relevant to co-operation'. (Argyle 1991, p69)

Another example related to Axelrod's (1984) 'free rider' principle. In practice however, at an organisational level, it has not been possible clearly identify with it in relation to the study because organisations visited were so small. However, issues did emerge that appeared to be linked to a method of avoiding having to deal with the possibility of the free rider principle, although it was never articulated in a theoretical way. Examples of this include those small organisations that lost founder members and didn't replace them, becoming a tighter knit group that created barriers to new entrants, who may be perceived to be trying to muscle in after the founders had done all the hard work in setting the organisation up.

However, the Axelrod theories did lead into other things that had more relevance. It seemed that John Cartwright (2000) had built on his idea of co-operation as a fitness maximising strategy, posing the question 'is cultural biology writ large or something that humans have created in spite of biology?' He sees the big problem being to account for the origins of co-operative behaviour, given that, in the very first interaction, it would pay to act selfishly.

'If this is the case, we may be caring and morally sensitive creatures by virtue of our biology, but whereas the effects of this in terms of genetic evolution are minimal, in terms of cultural evolution the effects are massive. It is something passed down by social learning, custom and belief becoming mental constructs and everyday behaviour patterns, in which the experience of one generation is passed on to the next.' (Cartwright 2000, p228)

Undertaking this review at this point of the thesis, when a period of time has elapsed since the primary research was undertaken, brings home the fact that whereas I had been looking for co-operation in organisations and structures, it is, in fact, a human universal. It is within us and around us every day of our lives. One of the opening statements of the thesis was that co-operation is an unconscious norm in both working practice and everyday life, more likely to be invisible or unconscious, than formally expressed. The importance of this has been brought home now, during this final exercise of reflection. It also throws new light on an area of work that I never even considered during the early work on the study, but which must be considered before closing.

Conclusion to Chapter 5

Writing this closing chapter throws all the previous work into sharp relief. It has made me re-consider several of the assumptions that formed the original idea for the work. I had never intended to produce a study that moved from people's experience in the economic world to the increasingly social arena in which I found myself. Nor did I envisage entering the world of social and community regeneration, of which I had little experience.

In the early chapters it was relatively straightforward to produce a 'co-operatively' centred local history, influenced by the 19th century theorists. Even though there were only fragments of a picture of fringe activity it was possible to see a recognisable link to the larger world of formal co-operation. The difficulties began when I started to compare the contemporary local history of County Durham, which included the experience of both DCDA and the organisations it had supported, with the story I had created in Chapters 1 and 2.

It was then that I began to wonder what was emerging, and where it fitted into the larger story I was trying to tell. Chapter 4, the analysis of the information I had collected in relation to the co-operative principles, could have cleared up some of the confusion and uncertainty I was feeling but it did not. Instead it became clear that, in County Durham, those principles did not act as a rallying point for the majority of work being undertaken in the name of co-operation.

Moreover, policymakers and decision makers in the co-operative mainstream and fringe were aware of this and, at the same time as I was writing this thesis, were taking steps to reassert the co-operative advantage.

At first this was reassuring and I was confident that I could finish the thesis on a note of optimism, a potential 'happy ever after' story, with all the wonderful enthusiasm and achievement of the 19th century co-operators being reasserted in 21st century County Durham, through new structures and a reinvigorated will to work together to achieve change. My supervisor's only comment about this idea was to query the whimsicality of it. He then advised me to go back to basics and think again about the concepts that had been my starting point in Chapter 1. With a distinct lack of enthusiasm I went off to do this.

However, researching and writing Section 3 of this closing chapter has grounded the whole study in the life experience of the people of County Durham. It was partly this experience that I had been recording during all the interviews and which I had unsuccessfully been trying to fit into a mainstream co-operative understanding, or mould. Of course, it hadn't worked, and at first I concluded that it was because the organisations weren't 'proper' co-operatives. But that was always an uncomfortable conclusion, when I knew that within every group of people I had met there were wonderful examples of 'human to human' co-operation.

So, within the study there were a series of contradictions; in the mainstream

massive success and massive failure, in the fringe a loss of co-operative identity but a massive unconscious commitment to working together to make life better. Added to this, outside of both the fringe and the mainstream a strong suggestion that the same type of work was going on in lots of different place. I seemed to have two stories, rather than one, both leading me further away from my initial starting point.

Things at last became clearer when I began to write the concluding section of this chapter, based on my re-assessment of the major concepts in the light of my own, first hand experiences in County Durham. What could now be articulated was the idea of informal co-operation, a previously undeveloped concept in terms of this study, but one which immediately had a relevance to what I had seen first hand.

In early reading the idea of informal co-operation had emerged but at that time I hadn't understood its relevance to my thesis, which would be so clear-cut and based in a recognisable world of work. Coming back to this reading a few years later certainly created a different perspective and from there I was able to investigate the concept a little further, finding the Cornish study of East Cleveland and Pattison's Dawdon study particularly helpful. It at last seemed possible to make sense of all the information I had collected, and to conclude that my study had proved to me that co-operation is an inherent part of human existence. It doesn't need to be articulated, because it is one of the basic human functions.

The co-operative movement has built on that to great effect but it will never 'corner the market' for it in an exclusive way - co-operation still oils the wheels of a capitalist system, just as it did when the North East Business establishment worked together to discredit the activity of the Ouseburn workers. This is not to be disrespectful to the co-operative movement, because there will always be a need for the concept of co-operation to be formally celebrated and publicised. This is where its unique co-operative advantage lies, in being seen as something worth aspiring to and emulating, and there is an exciting acknowledgement of this today, which has not existed for a long time. However, the world in which the co-operative advantage must be articulated is a very different one to the one in which the Pioneers lived, with fewer certainties in relation to work opportunities and any new developments need to be understood and reflect this.

In County Durham the major causes of adversity have largely gone, although their effects remain. Life has still gone on, meals are still on the table, and the pub is still open. This is not to say that the quality of life is as it should be, but simply that life itself is still there, lived out through different mechanisms. The miners and their families have evolved from a once powerful labour aristocracy into grandparents looking after their grandchildren after school, while their children work shifts in local call centres, or travel every day to a white collar job in Newcastle.

Which leads, at the very end of all the work on this study, to a final thought; that, in fact, only half of the story about County Durham's co-operative

experience has been told? Instead of the thesis being a complete piece of work, all of the preceding chapters could only be an introduction to a whole new study. Exploring those informal links and coping strategies, fine tuned over sixty or seventy years, would provide another, and more informative reflection of the effects of co-operatives in County Durham.

In addition to all the work the fringe and the mainstream are committed to do to create a clear-cut identity for co-operation, perhaps some time should be spent learning from families and communities who have been practising it unconsciously and successfully for so many years. This is the story that may prove to be the direct link back to the early co-operators, the success story that hasn't been told, one of deep-seated co-operative unity in the face of adversity.

References

[1] Consett Co-operative Enterprises have gone through this situation and have managed to pass on the business to a new generation of workers, but there is insufficient information available to make any further comment on how it was done and what changes it made to the business.

[2] Speaking at NESEP launch event

[3] Social Enterprise Sunderland is a partner in this project which aims to promote the co-operative advantage in public service provision across UK, building on the success of co-operative leisure provision to translate similar ideas into other sectors, particularly care provision.

[4] See www.mondragon.mcc.es for more information

[5] See www.poptel.coop for more information

[6] See www.traidcraft.co.uk for more information

List of Organisations Supported by DCDA (2000)		
Name	**Location**	**Activity**
Alpha Communications Ltd	Durham	Graphic design, exhibitions, 3rd sector communications, web solutions
Consett Co-operative Enterprises Ltd	Consett	Manufacture of interior linings and roof racks for commercial vehicles
Oakleaf Furniture Ltd	Shotton Colliery	Manufacture and installation of kitchen, bathroom and bedroom units
Impress Printing Services Ltd	Chester le Street	Screen printers specialising in T-shirts and sportswear. Training of disabled people
Durham Quality Fashions Ltd	Langley Park	Manufacture of shirts, blouses etc
Durham Alliance for Community Care	Durham	Day care for elderly people
Newfields Childcare Ltd	Durham	Nursery for babies and toddlers
Endeavour Woodcrafts	Ferryhill	Design & manufacture of wooden toys and crafts
Vision Factory	Stanhope	Visual & Performing Arts
Gas Services Northern Ltd	Darlington	Service & repair of industrial, commercial & domestic gas appliances
Indulgence at Home Ltd	Durham	Beauty therapy
Jack Drum Arts	Barnard Castle	Community arts, theatre and creative consultancy
Argus Ecological Services	Crook	Ecological surveys and environmental assessments
Broadgate Farm	Durham	Provision of care for people with mental health problems
Community Training and Development	Trimdon Station	Provision of training suited to the needs of the local community
Derwentside Market Traders Co-operative	Consett	Operating Consett market
Growing Green	Darlington	Growers, wholesalers and retailers of organically grown vegetables
Land of Prince Bishops Smokery	West Rainton	Producers of smoked meats, fish and cheeses
Molly's Wholefood Store	Framwellgate Moor	Wholefood shop and café
North East Direct Access Ltd	Chester le Street	Provision of accommodation and services to young, single, homeless people
Northern Recording	Consett	Music tuition and recording studios
N.W. Durham Rural Community Care	Burnhope	Provision of care in the community for elderly mentally ill people
Planning & Design Co-operative	Stanley	Marketing co-operative for architects and associated professionals
St Augustine's Deanery Co-operative	Darlington	Creating and servicing co-operative community enterprises in Darlington
Shotton Community Garden Shop	Shotton Colliery	Garden supplies
The SKIP Club	Spennymoor	Childcare and playclub, after school and holidays
Teesdale Garden Crafts Ltd	Barnard Castle	Manufacture of wooden garden furniture
Trimdon Out of School Hours	Trimdon Colliery	Childcare and playclub, after school and holidays
Stepping Stones Nursery	Shotley Bridge	Daytime nursery provision for pre-school children
Wear & Tees Farmwatch Ltd	Barnard Castle	Local rural crime prevention
Sew by Design Ltd	Darlington	Makers of fabric bags and storage organisers

Theatre Cap-a-Pie	Lanchester	Theatre company
Derwentside Leisure Ltd	Consett	Manages leisure centres on behalf of local authority
Direct Care Co-operative Ltd	Darlington	Provision of home care in the community
Peterlee Credit Union	Peterlee	Credit Union
W Derwentside Community Credit Union	Consett	Credit Union
Teesdale Credit Union	Barnard Castle	Credit Union
Birtley & Ouston Credit Union	Birtley	Credit Union
Cockerton Churches Credit Union	Darlington	Credit Union
FEL Credit Union	Darlington	Credit Union
North Darlington Credit Union	Darlington	Credit Union
Durham Police Credit Union	Durham	Credit Union
St Mary's Credit Union	Newton Aycliffe	Credit Union
South Darlington Credit Union	Darlington	Credit Union
N'Land & Durham Machinery Ring	Consett	Pooling of agricultural labour and resources
Earthcare Nursery, formerly Borderlands	Bishop Auckland	Plant nursery providing occupational daycare
New Earth Co-operative	Durham	Worm farm and organic gardening
Spadework	Durham	Plant sales, gardening service and horticulture training
West Road Club	Stanley	Social club
Replay Computers	Waterhouses	Buying and selling computer games
Durham Counselling & Training Cons.	Durham	Personnel counselling for business
Ethical Investment Co-operative	Darlington	Ethically aware financial advice
Paradise Childcare Co-operative	Darlington	Playgroup, after school club
Skerne Park Community Enterprise Assoc.	Darlington	Community enterprise support
Fastrack Driver Training Ltd, c/o Durham CDA	Durham	Driving instructors
Shildon Community Press	Shildon	Community press and newspaper
Shildon Project for the Initiation of Community Enterprise	Shildon	Community enterprise
Call Centres Durham	Trimdon Station	Call Centre
Dene Valley Community Transport	Bishop Auckland	Community transport
Northern Dales Meat Initiative	Crook	Support for meat producers
Rural Training Consortium	Consett	Training
Grange Villa Community Enterprise	Grange Villa	Supporting community enterprise
The Grove Community (Co-op) Shop	Consett	Local shop
Growing Concerns	N/k	
Harehope Sustainable Carp	Frosterley	Organic fish farm
Reach-Out Care Co-operative	Darlington	Child support services
St Mary's Care Co-op	Wycliffe	Providing mental health care
Langley Park Community Transport	Langley Park	Community transport
East Derwentside Credit Union	Stanley	Credit Union

South Stanley Community Enterprise Association	Stanley	
S.N.U.G. Integration	Stanley	Theatre group
Garden Octopus	Nr Esh Winning	Training and work experience in gardening and other horticultural jobs
Belmont & Gilesgate Community Alliance	Belmont	CEA looking at the feasibility of developing a number of community projects in the Belmont and Gilesgate areas of Durham
Chester le Street Furniture and Fabric Recycling Co-op	Chester le Street	Furniture recycling
MESH	Seaham	Arts facility
Thornlaw North	N/k	
St Thomas Church Credit Union	Shildon	Credit Union
Consett South Community Enterprise Association	Consett	Supporting local enterprise
Chimps	Horden	Childcare
Roots Land Project	Newcastle upon Tyne	Sustainable land development
Solutions in Care	N/k	Residential care for young adults
Creche Pool	N/k	Childcare
CABLE (Cockerton & Branksome Living Enterprise)	Cockerton & Branksome	Community enterprise development
Cudhoe Credit Union	Dawdon	Credit Union
South Durham Credit Union	Shildon	Credit Union
Cestria Credit Union	Birtley	Credit Union
Blackhall Resource Centre Group	Blackhall Rocks	
Blackhall Market Garden/Craft Group	Blackhall Rocks	
Trimdon Village Nursery Group	Trimdon Village	Childcare
Easington SRI	Easington	
Positive Parenting (Easington Colliery)	Easington Colliery	Parenting training and childcare facilities
Dawdon Steering Group	Dawdon	
3Ps Pub	N/k	
Wingate Community Organic Garden Group	Wingate	Community garden
White Leas Farm	N/k	
Hill Rigg House	N/k	Enterprise Centre
Helmington Row Community House	N/k	
Firthmoor Community Group	Firthmoor	
Fishburn Youth Dance & Drama	Fishburn	
South Bishop Auckland Transport	Bishop Auckland	Community transport
Horden Hall Residents Association	Horden	
Easington Colliery Community Newspaper	Easington Colliery	
Durham Miners Museum	Durham	Promotion of the region's mining heritage
Energy Associates North	N/k	
Shotton Partnership 2000	Shotton Colliery	
HOW Support Services	Hutton Magna, Richmond	Vocational training in rural crafts and horticulture

Counden & Leelholme Skills Survey	Counden	
Hemp Products Retailing	N/k	Sale of hemp products
Community Allotment Holdings	N/k	
Easington District Credit Union	Easington	
Bearpark Artists Co-operative	Durham	Visual artists sharing studio space
Firthmoor Association for Community Enterprise	Firthmoor	
City of Durham & District Credit Union	Durham	Credit Union

Digest of Information Collected During Empirical Study

Background

The following table contains summaries of the information that was collected about the organisations on DCDA's database during the study (2000 – 2002). It comes from a variety of sources and includes organisations that were interviewed as well as those that were not. The information provides additional background to Chapter 3.

Name	Information Available as at End of 2002
Alpha Communications Ltd Company limited by guarantee. Set up 1987 Ongoing	No direct information available regarding set up but website information states the following: 'We earn an honest living using our creativity with words and images to help our clients communicate their messages as effectively as possible. We don't do it to make a lot of money. The company is set up as a co-operative. The distribution of any profit is controlled by law, and our articles of association contain a commitment to the local community and the environment'.(www.alpha-comm.co.uk)
Argus Ecological Services Company limited by guarantee. Set up 1991 Ongoing	This organisation came about when a group of people who had been at university together and shared the same ethical and political views decided to pool their skills in a co-operative way. Company limited by guarantee. Now has sufficient business to enable one member of work full time for Argus while others part time. In 2001 was able to take on an employee who will become a co-operative member after a probationary period. Out of six founder members, five remain, with different levels of involvement. For ethical reasons, to promote environmentally responsible management and to give people a say in how the organisation was run. Most people had an idea about the principles of co-operation.
Broadgate Farm Company limited by guarantee. Set up 1995 Ongoing	The current project co-ordinator is new in post and does not know fully the background to the setting up of this project. It provides occupational day care for people with mental health problems and is part of the group of organisations that were set up in conjunction with Durham Social Services. Continues to provide care for people with mental health problems. There have been changes within the co-operative membership and conflict between some members has had to be resolved recently. A project manager was employed in 200, with no co-operative background, and has become a co-operative member in 2002.
Call Centres Durham Company limited by guarantee. Set up 1999 Unknown	A community business coming about from work undertaken by a regeneration partnership, Trimdon 2000. The group received financial support from NatWest Group Trust, County Durham TEC and British Telecom which also seconded a manager to the project.

335

Chester le Street Furniture & Fabric Recycling Co-op Company limited by guarantee. Set up 2000 Ongoing	Not quite clear what was the driving force behind setting this one up but the scheme has been supported by Durham County Waste Fund and Chester le Street District Council.
Community Training & Development Unknown Unknown Dissolved 1999	No direct information about the driving force for setting up but the ongoing work of the Trimdon Regeneration Partnership led to the creation of this organisation. It aimed to provide training specifically tailored to the needs of the local community. The first course, sponsored by a local employer, was for fork-lift truck drivers.
Consett Co-operative Enterprises Ltd Industrial & Provident Society Set up 1981 Ongoing	Workers made redundant from the closure of Consett steelworks grouped together to contract to dismantle the steelworks.
Dene Valley Community Transport Company limited by guarantee. Set up 1999 Ongoing	The idea came from the floor of a public meeting when the partnership was set up. The existing public transport system was infrequent and expensive, leaving the villages cut off before 7am and after 6pm. Four local people agreed to take the idea forward, assisted by a DCDA development worker who attended the meeting. The transport service is becoming increasingly well used by community groups and there are thoughts about buying a second one in the future. Current priority is to build a garage for the existing bus and negotiations are taking linger than anticipated. The project co-ordinators post is currently funded on a part time basis and effort will be required to secure this post and possibly to add hours to it. A committee of 10 meet every two weeks to oversee the project. DCDA advised on the business structure during the set up process. The community had the idea and a few people to take it forward but was steered by DCDA in matters of business set up
Derwentside Leisure Ltd Industrial & Provident Society Set up 1999 Ongoing	The local authority was looking at ways of hiving off the leisure services, possibly through privatisation. The employees decided to explore other alternatives and eventually formed themselves into a trust, following the model of Greenwich Leisure. This organisation has continued to manage the leisure services in Derwentside once managed by Derwentside District Council. Services have been increased and facilities upgraded. It works within a strong co-operative ethics that has been challenging but rewarding for the workers. The challenges facing the organisation in the future relate to the need to keep services well used to generate sufficient income to maintain staff levels. Advised by DCDA to become a development trust as well as by solicitors and wit support from Derwentside District Council.

Derwentside Market Traders Co-operative	This organisation came about when the council, who ran the market at Consett, wanted to pull out. The stall holders felt that if the market passed into private hands the charges to rent a stall would become too high for them pay and the market would close. They grouped together to stop this happening and run the market themselves. Currently has 25 members (out of a possible maximum of 38), a slight reduction since the beginning. Once the future of the market was secured and co-operative began to operate, things settled down and ran very quietly. The co-operative is doing what it set out to do. There is some apathy in respect of basic administration and meetings, with low turnout for annual AGM and a small group carrying out routine tasks. Co-operative suited the way people were thinking; they were annoyed that they had little direct influence over the future and management of the market. Setting up a co-operative enabled them to concentrate control among themselves. Not many people knew about co-operatives but one trader had seen it in operation on another market and explained how it would work.
Industrial & Provident Society Set up 1993 Ongoing	
Direct Care Co-operative Ltd Company limited by guarantee. Set up 1998 Ongoing	This organisation came about following the liquidation of another co-operative providing the same service. The demand was there to keep another business going. There is a great demand for the home care service this business provides. The only barrier to growth is the availability of qualified staff. If they could take on more staff they would but it is not possible. There is no unemployment in Darlington, therefore staff are difficult to find. Also, the level of funding agreed with Darlington Social Services means wage levels are low, creating a vicious circle. Within the co-operative membership, the key to success has been the ability to get on well, sometimes in difficult circumstances, as the work can be stressful and intense. One of the original members has left and it is difficult to spend time with new staff members explaining co-operative principles.
Durham Alliance for Community Care Industrial & Provident Society Set up 1994 Ongoing	No one knew why the project was set up as an Industrial & Provident Society. The original people had moved on. Has secured its activities at three sites in County Durham and has close links with Durham Social Services. The day care service is well used. There are no plans for expansion. The Alliance has charitable status and run by an executive committee of volunteers.
Durham Quality Fashions Ltd Company limited by guarantee. Set up 1992 Ongoing	Workers made redundant from the closure of two clothing manufacturers identified a market opportunity and set up as a co-operative business.

337

Earthcare Nursery, formerly Borderlands Company limited by guarantee. Set up 1991 Closed 2001	To provide occupational daycare for those with learning disabilities and mental health problems. The development of Earthcare was part of Durham CDA's European Horizon project to develop a rural action learning centre.
Endeavour Woodcrafts Company limited by guarantee. Set up 1992 Ongoing	The project was already in existence providing occupational daycare for people with learning disabilities. The idea of providing 'real work' had been around for several years before the co-operative was set up. The idea came from a social services person who wanted to make a distinction between the type of paternalistic adult education experience and the reality of 'proper work'. Several types of work were tried or considered before the initial group debated what they wanted to do. Thus the idea for woodworking emerged. This process took about two years. Has continued to work within its co-operative ethics and expanded its business base. It also caters for a larger number of adults with learning disabilities than when it first started and some of these people have become full members of the co-operative. The co-op has become experienced in negotiating and managing the service level agreement with Durham Social Services.
Garden Octopus No information available but believed to be closed	A development of Broadgate Farm, which provides day care for people with mental health problems, to provide a gardening service for elderly and disabled people.
Gas Services Northern Ltd Private limited company Set up 1995 Ongoing	No information available directly from organisation. In March 1995 some British Gas engineers contacted DCDA for advice on employee ownership. They had heard that British Gas was planning to withdraw from servicing appliances for industrial and commercial customers. DCDA invited all British Gas industrial and commercial engineers in the Northern Region to a meeting where the option of employee ownership was explained. A core group of about 30 engineers who wished to pursue this option was formed. DCDA helped the engineers with business planning, advice on co-operative legal structures and in negotiations with British Gas, the national buyout team and senior trade union officials. There were two positive outcomes for the co-operative movement. Firstly, the new national company, Gas Force, would be owned by it employees. The buyout team incorporated several of DCDA's recommendations into the legal structure. Secondly, the engineers in the Northern Region, who wanted more local autonomy, set up their own co-operative, Gas Services Northern. (DCDA 7th Annual Report 1995, p6)

Growing Green Company limited by guarantee 1990	Two people, who did not previously know each other, both wanted to set up a sustainable horticulture project and both happened to contact DCDA at around the same time with a view to finding like-minded people. There was also a strong will to work in a co-operative framework and support the movement to replace capitalism with co-operation. The co-operative continues to function within a strong co-operative ethics and gains support from the local community. There have been many staff changes over the years and there are currently two co-operative members, as well as 75 associate members who support the project. Future issues facing the co-operative are the age and health of the two full members. Founders wanted to work in a co-operative framework and support the movement to replace capitalism with co-operations.
Harehope Sustainable Carp Company limited by guarantee. Set up 1999 Ongoing	Part of a bigger scheme to develop a disused limestone quarry to demonstrate a more sustainable way of living.
Impress Printing Services Ltd Industrial & Provident Society Set up not known Into receivership 2001	The first co-operative to be set up as a result of Durham CDA's work with groups with special needs.
Jack Drum Arts Not known Set up 1997 Ongoing	No direct information about the driving force for setting up as a co-operative is available. This group was set up in 1986 as a theatre group specialising in productions for small communities and rural venues. In 1997 they decided to convert the business into a workers' co-operative. Two artists were invited to join the company on an equal footing and the co-operative was formed.
Langley Park Community Transport Industrial & Provident Society Set up 1996 Ongoing	Set up as a friendly Society following local meetings to identify gaps in local services. This Company organisation has expanded its service since it opened and became a strong part of the local community. It now has a project co-ordinator and runs two buses. Drivers are volunteers and a management committee of nine oversees the project. It is not clear if any expansion of the service is planned. Set up as a friendly society on advice of Durham RCC. The best way for Transport Advisor access other sources of funding.

MESH Not known 1999 Not known	It is not known if this organisation has been set up yet but feasibility work was being carried out in 1999. It is not known what the driving force for setting up was. The proposition was to set up an arts facility in Seaham with music recording, rehearsal and training studio, facilities for photography and internet use and dance and drama studio space.
Molly's Wholefood Store Company limited by guarantee. Set up 1993 Closed 2002	The store came about from a group of like minded individuals who shared similar ideas on ethical trading, politics and extended democracy. The push to open the business was political and ethical. When Molly's began trading in the 1980s there were 4/5 similar co-ops in Durham City but all have now closed. The large network (political and social) that existing then has been lost. The business has continued but has suffered because of the large retailers have begun to stock organic and wholefoods, reducing Molly's customer base. There were eight founding members and three remained as at 2001. Founder members already committed to principles of Co-operation and naturally used these when it came to setting up a business. To secure autonomy within member hands.
Newfields Childcare Ltd Company limited by guarantee. Set up 1991 Ongoing	Newfields replaced an existing co-operative that was set up to provide childcare for students and lecturers at Durham University in university premises. The group needed to find new premises and couldn't so it closed. A few people continued with the idea and found new premises and opened a new childcare centre open to all in Durham City. Is a well established and well used childcare provider in Durham City, offering services to parents of babies and children up to five years of age. Its business activities have remained unchanged since it was set up. It had four directors originally and now two are active. There are between 10-12 staff members. There are no plans for expansion. Came out of an existing co-operative organisation and was the natural structure to replicate, everyone was used to it.
Northumberland & Durham Machinery Ring Industrial & Provident Society Set up 1998 Ongoing	Machinery rings are common in other countries and exist in other parts of UK. There is a national association of machinery rings. A ring is formed principally to maximise the effective use of agricultural machinery. The need for this type of co-operative was identified locally by farmers. This organisation has significantly expanded its services since it began operating in 1998. It has expanded its membership base to 260 and is now able to employ five members of staff to deal with the membership's requirements. The organisation is committed to co-operative working and members have a vote and are able to take a share of the profits after three years of membership. People involved had seen machinery rings in action run on a co-operative basis. Advised by DCDA to become a co-operative.
North East Direct Access Ltd Company limited by guarantee. Set up 1992 Ongoing	This organisation was involved in a general closure of direct access facilities by the Home Office in 1992. Staff were advised that the centre would close and they would be either re-deployed or made redundancy. The staff decided that they would not let this happen and campaigned to keep the centre open. Some of them put in redundancy payments to secure finance for the site, which they bought from the Home Office. The main driving force for fighting to keep the centre open was a wish to maintain a service for the vulnerable client group that they served. Continues to provide support to vulnerable adults and matches income with expenditure by careful management. It has been

	possible to upgrade the available facilities over a period of time by using Walter Segal self-build techniques to replace obsolete buildings. Five of the original members have retired and those left are beginning to consider their own future. Succession will be the issue they will have to grapple with over the next few years. To secure the future of the unit by making sure it was controlled by the people who worked there and knew the people who stayed there. Staff became united dealing with external issues that threatened the unit. People became familiar with principles of co-operation during the change over period - they fitted the way people were thinking.
Northern Dales Meat Initiative Company limited by guarantee. Set up 1999 Dissolved 1999	No direct information available regarding setting up. The organisation was set up to assist everyone involved with the primary production chain of red meat - from farmers to butchers - to secure their futures.
Northern Recording Company limited by guarantee. Set up 1988 Ongoing	The original voluntary group began in 1980 following the closure of Consett Steel Works. A group of unemployed people set up a music project based in Consett, raising money to build and run a rehearsal and recording studio. In 1988 members of the project formed Northern Recording Ltd to deliver the pilot phase of a project called Making Music Work, funded by Durham County Council and Department of Education & Science. Has a national reputation for quality and innovation in music education and has state of the art facilities for rehearsal and recording. It has maintained a focus on music related social or economic activity, particularly involving children and young people. It has chosen not to develop the commercial end of its activities in order to protect its core work with communities. Some founder members have moved on from the co-operative and have not been replaced. Came about from a voluntary group first that was used to discussing/debating how it should be run. When it came to setting up people didn't want to set up a management / employee structure and decided to become a co-operative. It formalised the way they had been working previously, rather than changed relationships.
Oakleaf Furniture Ltd Private limited company Set up 1987 Ongoing	No direct information available regarding set up but this organisation came about when an existing firm went into liquidation some of the workers decided to work together to maintain a similar business.

| Planning & Design Co-operative

Never registered as a company | This is a secondary co-operative set up to bring together different professional skills related to architecture, quantity surveying etc. It was to provide a more formal structure in which to network. The co-operative was never registered as a business and has never traded. Interest in setting it up evaporated. This business was planned to be a secondary co-op enabling architects and other building professionals to undertake co-ordinated marketing and promotional work and secure new work. The company was never registered and after about 18 months of planning the idea was never fully realised and interest melted away.

One founder member in particular committed to principles of co-operation and was able to convince others of potential benefits. |
|---|---|
| **Reach-Out Care Co-operative**

Company limited by guarantee.

Set up 1999

Ongoing | To provide care and support for children with special needs. |
| **Rural Training Consortium**

Not known

Not known

Dissolved 2001 | Individual agricultural training providers came together in a secondary co-operative so that instead of competing for business they co-operated with each other. One of the individuals was already involved in another co-operative and suggested talking to DCDA to progress the idea. |
| **S.N.U.G. Integration**

Privat limited company

Set up 1998

Not known | To provide occupational daycare for people with leaning difficulties and physical disabilities. |
| **Sew by Design Ltd**

Company limited by guarantee.

Set up 1997

Believed to be defunct | A co-operative for people with disabilities. It is an existing scheme that has taken three years to become registered as a co-operative. One of its objectives is to provide a safe and supportive working environment and training and work opportunities for people with disabilities or particular employment needs. During the three years the group changed its business idea, production methods, marketing strategy and name. |

Spadework	A project to train six people with disabilities in collective working, gardening and other land-based skills, leading to NVQ qualifications and a co-operative business providing gardening services.
Not known	
1997	
Now operates as part of East Durham & Hougall Community College, no longer independent	

Stepping Stones Nursery	The nursery was in existence for four years before it became a co-operative. It was run on hospital premises to provide childcare for hospital staff. In 1997 the hospital withdrew its funding and the nursery was threatened with closure. The staff decided not to let this happen and formed themselves into a co-operative. The nursery has continued to offer childcare and is well used and successful. It has continued to work within its co-operative ethics, replacing founder members as and when they left. The challenge facing the nursery is a search for new premises as the Health Trust is planning to demolish the building they currently use.
Company limited by guarantee.	
Set up 1997	
Ongoing	
	Advised by DCDA to become co-operative. Strong staff/parent group attracted to idea of greater autonomy as they had been told by hospital trust that nursery must close.

Teesdale Garden Crafts Ltd	This organisation had previously been run by the Social Services Department as a training project with funding from European Social Fund. When funding ended the organisation had two months to decide on its future. DCDA helped the group to become a co-operative business and negotiate a service level agreement with Social Services to provide day care for the four people working there. A business structure had to be agreed and implemented in a very short space of time to secure the future of the project.
Company limited by guarantee.	
Set up 1995	
Ongoing	

The Grove Community (Co-op) Shop	There is only one shop on the Grove Estate and local people wanted more choice and better prices. The resident's association promoted the need for the shop. Consett South Enterprise Centre provided support. The idea for the shop had some from local consultation in conjunction with the Resident's Association, beginning in 1998. Funding for shop premises was being sought and this was taking time. As at November 2001 the shop had not begun trading, although a company had been set up.
Company limited by guarantee.	
Set up 2000	
Not known	Advised by DCDA to become co-operative.

The SKIP Club	Began as a group of people who wanted to provide childcare, but not necessarily be running a business, more of a voluntary management group. Eventually it was left to the childcare staff to keep the provision going and DCDA assisted them to become a co-operative. The staff members felt that running a business was distracting them from providing the childcare. Continues to provide childcare but has moved premises and changed its management arrangements. It now operates from Spennymoor Youth and Community Centre, accountable to the management committee of this centre. The experience of founder members was that administering the business was detracting from the provision of childcare – their real interest was childcare, rather than running a business. The current arrangement with Spennymoor Youth and Community Centre enables the focus to remain on the children. Some founder members left when the new arrangement came into force. Advised by DCDA to become co-operative.
Theatre Cap-a-Pie Company limited by guarantee. Set up 1998 Ongoing	This is a theatre group for people with physical and learning disabilities that would have come about from the Social Services developments.
Thornlaw North No information available	It is not known if this organisation has been set up yet. It is not known what the driving force for setting up this initiative. DCDA worked with the residents of a council housing estate in Thornley which is part of a redevelopment plan. The residents wanted to collectively manage the properties. At the end of 1999 they were developing a tenant participation compact that could be used in other estates.
Vision Factory No information available Dissolved 1998	No direct information is available regarding set up but this is a community co-operative set up by artists and residents of Wear Valley with office and workspace in Stanope, open one day per week. Founding members have skills in photography, video, visual art, textile crafts, theatre, music, youth and community work. It took two years to develop the co-operative and had setbacks over premises and funding.
Wear & Tees Farmwatch Ltd Company limited by guarantee. Set up 1997 Ongoing	No direct information is available regarding set up but this is believed to be the first crime prevention co-operative registered in the UK. It began as a voluntary organisation and had attracted 574 members in the Weardale and Teesdale area before the decision was taken to register as a limited company. The need for a proper legal structure had been identified.
West Road Club No information available	No specific information from the club itself but financial problems and dwindling membership forced the closure of the Victory Club in Annfield Plain in 1999. Some of the members came to DCDA wanting to do something about this and as a result a new club was formed and opened a few months later.

White Leaf Farm No information available	No information about the driving force for setting up. A community partnership with the National Trust who owns the land (in Easington) where it is proposed to develop a community farm. Visits were made to other similar projects to generate ideas for the farm, which is a site of special scientific interest. Plans include organic growing rearing farm animals, fruit picking and training in rural crafts.
Wingate Community Organic Garden Group No information available	No information about the driving force for setting up. Project has come about from a group of local people hoping to lease a plot of land to create a community resource for social, educational and health purposes. (More information in Co-ops Contact Issue 9 June 2000).
3Ps Pub No information available	No information about the driving force for setting up. Project developed in partnership with the 3Ps (Pelton, Perkinsville and Pelton Lane Ends), a charity which provides recreational education and sporting opportunities for young people. The group is looking at the possibility of renovating the disused upstairs of a social club in Perkinsville and opening it as a non-alcoholic bar.
Organisations About Which Nothing is Known	Growing Concerns Solutions in Care Crèche Pool Helmington Row Community House Energy Associates North Hill Rigg House Thornlaw North Hemp Products Retailing Community Allotment Holdings
	None of the Credit Unions have been part of the Study

Interview Schedule: Co-operative Businesses

Opening

Explanation of why the interview is being carried out, also confidentially, use of the material etc.

Information about the Respondent Business

Name of respondent:

Position:

Name of Enterprise:

Address:

Date of Interview:

Time of Interview:

----

1.   BACKGROUND

1.1   What type of business are you involved with?

1.2   How long have you been trading?

1.3   What is the legal status of the business?

1.4   Do you have a membership within the business? If so, how does this work

1.5   Do members have democratic control over the business? If so, how does this work?

1.6   Do members contribute financially to the business? If so, in what way?

1.7   Do members receive any return on capital invested?

1.8　　What are the business's social goals?

1.9　　What links does the business have with the wider co-operative world?

1.10　　What links does the business have with the local community?

1.11　　Does the business promote education and training in co-operative matters?

2.0　　SETTING UP THE BUSINESS

The Initial Idea

2.1　　What circumstances led to the business being set up?

2.2　　Whose idea was it to set up as a business?

2.3　　How many people were involved initially?

Motivation

2.4　　What would you say motivated people to start the business?

(for example; an ambition to run a business)

2.5　　Were there any individuals who were particularly keen on starting the business?

Co-operation

2.6　　Why was it set up as a co-operative?

2.7   Did everyone involved know what a co-operative was?

Outside Help

2.8   Who else helped to develop the business idea into reality?

    (for example; Business Link, Bank/Building Society, CDA)

2.9   How helpful was this input?

Concluding Comments for this Section

2.10   Are there any comments you would like to make about this phase of your business?

3.0   CURRENT OPERATION

As a Co-operative

3.1   Has the business developed in the way envisaged at the beginning?

3.2   What has gone better than expected?

3.3   Are the original founders still involved?

As a Business

3.6   What has gone better than expected?

3.7   Has anything gone worse than expected?

3.8   What staffing changes have there been?

Concluding Comments for this Section

3.9   Are there any other comments you would like to make about this phase of your business?

4.0   THE FUTURE

4.1   What are your plans for the future?

4.2   Are there any specific issues around at the moment what would influence these plans?

Concluding Comments for this Section

4.3   Are there any other comments you would like to make about this phase of your business?

5.0   ABOUT BEING A 'CO-OPERATIVE' BUSINESS

5.1   Do you feel that the business has continued to operate in a co-operative way?

5.2   Have you found that trading as a co-operative has advantages?

5.3   Have you found that trading as a co-operative has disadvantages?

5.4   Do you emphasis your business's difference when trading?

Concluding Comments for this Section

5.5   Are there any comments you would like to make about this aspect of your business?

6.0 REVIEWING YOUR EXPERIENCE

6.1 If you had to start from scratch today, what would you do differently?

6.2 Would you still set up as a co-operative?

6.3 Who should do this work and why?

Closing:

Are there any other general comments you would like to make, looking back on the subjects we have talked about?

Would you be prepared to be involved in the study in future?

If yes, take name and contact details.

(Explain possibility of group discussions on a specific subject or providing more information to create a case study)

Interviewer's Checklist
Has the interview covered all of the following issues?

Issue	Yes	No	Comments
The reasons why the business was set up			
Individual involvement/motivation			
Why it was set up as a co-operative			
The development of the business over time			
Membership arrangements			
Democratic member control			
Autonomy and independence			
Education and training			
Co-operation with co-operatives			
Concern for Community			

Bibliography

Co-operative Society Jubilee Histories

Many of the opening quotations used in chapters and sections of the thesis have been taken from a set of local jubilee histories that were written during the 1920s, not all of them have an author attributed to them, or even a publication date so they are all listed here by the name of the society.

Annfield Plain Co-operative Society Ltd, .Forster, S., undated. *A Century of Co-operation 1870 – 1970.*

Bishop Auckland Industrial Co-operative Flour and Provision Society Ltd., *Jubilee History 1860-1910.*

Blaydon and District Industrial and Provident Society, 1958, *Jubilee History1858-1958.*

Chester le Street Co-operative Industrial Society Ltd Commemorative Booklet 1862-1987.

The Story of Fifty Years of Crook Co-operative Society.

Derwent Flour Mill Society, *Jubilee History 1872-1922*

Felling Industrial Society Ltd., *Jubilee History 1861-1911.*

A Short History of Leadgate Industrial & Provident Society Ltd, 1920 in *The Caxton Magazine*, reprinted July 1921 Industrial & Provident Society Ltd *1870-1920*, Pelaw on Tyne.

Pittington Amicable Industrial Society Ltd, 1924, *Jubilee History 1874-1924*,

Co-operation in West Stanley & District *1876–1926, Jubilee History*, CWS Pelaw on Tyne.

Windy Nook and District Industrial Co-operative Society, *1874-1924 Jubilee History.*

Main Bibliographic Listing

AIREY, A. and J., 1979. *The Bainbridges Of Newcastle, A Family History, 1679-1976,* Newcastle upon Tyne.

ALLEN, E. et al., 1957. Bridge to the Social Economy Project, 2000. A Report into *Social Enterprise Development and the Social Economy in Scotland.*

ALLEN, R. E. and SOBEL, E., *Co-operation in the North East of England 1900-1949*, North of England Open Air Museum.

AMIN, A., et al., 2002. *Placing the Social Economy*, Routledge, London.

ARGYLE, M., 1991. *Co-operation: the Basis of Sociability*, Routledge, London.

ARTHUR, C. J. *Marx's Capital, a student edition*, 1992, Lawrence & Wishart Ltd, London

ATTFIELD, J., 1981. *With Light and Knowledge; 100 Years of Education with the Royal Arsenal Co-operative Society*, RACS/Journeyman Press.

AUERBACH, P. and BLACKWELL, B., 1988. The Economics of Industrial Change, Oxford *Co-operative Industry.* Methuen, London.

AVES, E., 1907. *Co-operative Industry.* Methuen, London.

AXELROD, R., 1984. *The Evolution of Co-operation*, Basic Books, New York.

BAILEY, J. E., (ed.) 1988. *Yearbook of Co-operative Enterprise,* Plunkett Foundation for Co-operative Studies, Oxford.

BAILEY, J., 1955. *The British Co-operative Movement.*

BANDURA, A., 1977. *Social Learning Theory,* Englewood Cliffs, Prentice-Hall.

BARON, N., 1948. *The Co-operative Movement in Labour Britain.*

BAUMAN, Z., 2001. *The Individualised Society,* Polity Press, Cambridge.

BENN, T., 1976. The Industrial Context, in *The New Worker Co-operatives,* ed Ken Coates, The Institute for Workers Control, Spokesman Books.

BENN, T., 1980. *Arguments for Socialism,* ed Chris Mullin, Penguin, London.

BENNY, M., 1978. *Charity Main; A Coalfield Chronicle,* 2nd edition, E P Publishing Ltd.

BENNISON, B., 1985. *The Socio-Economic Factors Underlying the Emergence of Early 20th Century Co-operation.*

BEYNON H. and AUSTRIN T, 1994. Masters and Servants: Class and Patronage in the Making of a Labour Organisation, Rivers Oram Press, London.

BIRCHALL, J., 1988. *Building Communities the Co-op Way,* Routledge Kegan Paul, London.

BIRCHALL, J., 1994. *Co-op, the People's Business,* Manchester University Press, Manchester.

BIRCHALL, J., 1997. Co-operative Values and Principles, A Commentary, in *Journal of Co-operative Studies,* Vol 30 No 2 (No 90).

BLUM, F. H., 1968. *Work and Community,* Routledge and Kegan Paul.

BONIN, J. P., *1987. Economics of Co-operation and the Labour Managed Economy.*

BONNER, A., 1961. *British Co-operation, the History, Principles and Organisation of the British Co-operative Movement,* Co-operative Union Ltd, Manchester.

BONOMA, T. V., 1976. Conflict, Co-operation and Trust in Three Power Systems, in *Behavioural Science,* 21.

BRADLEY, K. and G. E. L. B., 1983. *A Co-operation and Work: the Mondragon Experience,* Heinemann.

BRITISH SOCIOLOGICAL ASSOCIATION, 2003. 'Statement of Ethical Practice', http://www.britsoc.org.uk/about/ethic.htm

BROWN, GORDON, *Industrial Democracy 1976: The State of Play,* IPA Study Paper 4.

BROWN, J., 1987. Fading Flavour of the Month, in *The New Co-operator,* No 3 (3) Autumn.

BROWN, R. K., (ed) 1997. *The Changing Shape of Work,* Macmillan, Basingstoke.

BROWNE, B. C., 1918. *Selected Papers on Social and Economic Questions,* Cambridge University Press.

BULMER, M. I. A., Policy, Society and Economy in County Durham 1918-1972'. in *Durham University Review,* 34, 3.

BURCHILL, J., 2002, *The Guardian,* May 11th.

BURKE, T, et al., 1991. *Competition in Theory & Practice,* (Croom Helm Ltd, Routledge, London.

BUTT, J. and CLARKE, I. F., (eds) 1973. The *Victorians and Social Protest.*

CALLCOTT, and CHALLINOR, (eds) 1983. *Working Class Politics in North East of England,* Newcastle Polytechnic Products Ltd.

CAMPBELL, J., et al, *Worker Owners: the Mondragon Achievement,* Anglo-German Foundation for the Study of Industrial Society.

CARR-SAUNDERS, et al., 1938. *Consumer Co-operation in Great Britain George Allen and Unwin Ltd,* London.

CARTRIGHT, J., 2000. *Evolution and Human Behaviour: Darwinian Perspectives on Human Nature,* MIT Press, Cambridge, Mass.

CHASE, M. and WHYMAN, M., 1991. *Heartbreak Hill: A Response to Unemployment in East Cleveland in the 1930s.* Cleveland County Council.

CITY OF NEWCASTLE MANAGEMENT SERVICES DEPT, 1977. *Industrial Democracy, Employee Participation and the Bullock Committee Report on Industrial Relations.*

CLEVELAND CO-OPERATIVE DEVELOPMENT AGENCY 1986/7. *Annual Report, Progress report on the Co-operative Movement in Cleveland.*

COATES, K., 1968. *Can the Workers Run Industry?* Sphere.

COATES, K., (ed) 1976. *The New Worker Co-operatives,* Spokesman Books for the Institute for Workers Control, Nottingham.

COLE, G. D. H., 1951. *The British Co-operative Movement in a Socialist Society.*

COLE, G. D. H., 1944. *A Century of Co-operation,* Co-operative Union, Manchester.

COLE, G. D. H., 1948. *A Short History of the British Working Class Movement 1789-1947,* George Allen and Unwin, London.

COLE, G. D. H., 1957. *A Case for Industrial Partnership,* London: Macmillan, New York St Martins Press.

COLLS, R. The Pitmen of the Northern Coalfield.

CONSETT CO-OPERATIVE ENTERPRISES, 1984. *It Can Be Done: A Story from Consett.*

CO-OPERATIVE DEVELOPMENT AGENCY, 1984. The New Co-operatives; a directory and resource guide.

CO-OP ADVISORY GROUP, 1984. *Marketing in Worker Co-ops in the UK.*

CO-OPERATIVE COMMISSION, 2001. *The Co-operative Advantage: Creating a Successful Family of Co-operative Businesses.*

CO-OPERATIVE COMMISSION, 2001. *Briefing,* Alan Donnelly.

CO-OPERATIVE DEVELOPMENT AGENCY, *Annual Reports and Accounts,* London: HMSO 1979-1982.

CO-OPERATIVE PARTY COMMISSION ON EMPLOYMENT, 1983. *The Co-operative Opportunity.*

CO-OPERATIVE PARTY NORTHERN REGION, 2000, *Annual Report*

CO-OPERATIVE GROUP, 1996-2002. *Annual Reports.*

CO-OPERATIVE GROUP, 2002. *Social Accountability Report.*

CO-OPERATIVE PARTY, 1974. *Industrial Democracy and Social Ownership.*

CO-OPERATIVE UNION, 1958. *Co-operative Independent Commission Report,* Co-operative Union Ltd, Manchester.

CO-OPERATIVE WHOLESALE SOCIETY. 1891. 'Opening of the Society's New Flour Mills at Dunston on Tyne', in *Local Tracts,* Newcastle upon Tyne Public Library.

CO-OPERATIVE WHOLESALE SOCIETY, 1935. *The Co-operative Wholesale Society, Yesterday and Today,* CWS Publicity Department.

CO-OPERATIVE WHOLESALE SOCIETY, 1936. *Northern England.*

CO-OPERATIVE WHOLESALE SOCIETY, 1929. *Co-operative Industry at Newcastle upon Tyne.*

CO-OPERATIVE WOMEN'S GUILD, *1983. Of Whole Heart Cometh Hope*: *Centenary Memories of the Co-operative Women's Guild.*

CO-OPERATIVES AND SOCIAL BUSINESSES FOCUS GROUP, 1999. *Report*

COPLAND, E., The Imperative and Necessity of Educating the Rank and File of the Co-op Movement, in *Local Tracts*, No 6, Newcastle upon Tyne Local Studies Library.

CORNFORTH, C., Patterns of Co-op Management: beyond the degeneration. thesis in *Economic and Industrial Democracy* No 16 (4).

CORNFORTH, C., 1982, The Garment Co-operative: An Experiment in Industrial Democracy and Business Creation, Co-operatives Research Unit, Open University, Milton Keynes

CORNFORTH, C., 1983, Some Factors Affecting the Success or Failure of Worker Co-ops, A Review of Empirical Research, in *Economic and Industrial Democracy*, 4.

CORNFORTH, C., et al 1988. *Developing Successful Worker Co-ops*, Sage, London.

CORNISH, S., 1982. The Structure of the Informal Economy in East Cleveland Mining Communities, in *The Question of Unemployment,* Workshop Proceedings of North East Local Studies Group, Issue No 2, Winter 1982/3.

COUNTY DURHAM ECONOMIC PARTNERSHIP, 2002. *County Durham Single Programme Action Plan 2003-2006.*

COUNTY DURHAM ECONOMIC PARTNERSHIP.2001. *County Durham Economic Strategy 2002-2007.*

COUNTY DURHAM, 1951. *County Development Plan.*

COUNTY DURHAM, 2003. *A Clearer Vision for the Future.*

COUSINS, J. M., et al., 1974. *'Aspects of Contradiction in Regional Policy:* the case of the North East of England', *in Regional Studies*, Vol 8.

CRESSEY, P., et al., 1985. *Just Managing: Authority and Democracy in Industry,* Open University Press.

CROUCH, C. and MARQUAND, D., 1993. *Ethics and Markets: Co-operation and Competition Within Capitalist Economies*, Blackwell, Oxford.

CURRAN, J. and BLACKBURN, R., c1994. *Small Firms and Local Economic Networks: the Death of the Local Economy?* London: Paul Chapman Publishing.

DAHRENDORF, R., 1959. Class & Class Conflict in Industrial Society.

DARVILL, P. A., 1995, *The Contribution of Co-operative Retail Societies to Welfare Within the Social Framework of the NE Coast Area,* 1954. MPhil University of Newcastle upon Tyne.

DARWIN, C., 1859. *The Origin of the Species,* Oxford Classics.

DAVIDMANN, M., 1981. *Social Responsibility, Profits and Social Accountability, Incidents, Disasters and Catastrophes, The World Wide Struggle for Social Accountability, Community Aims and Community Leadership.* Social Organisation Ltd.

DAVIS, P., 1997. *Management Development for Co-operatives'* – a review, in *Journal for Co-operative Studies*, Vol 29:3 (No 88).

DAWKINS, R., 1976. *The Selfish Gene, Oxford,* Oxford University Press.

DEFINITIONS OF DEVELOPMENT TRUSTS, www.dta.org.uk

DEPT OF TRADE AND INDUSTRY, 2002. *Social Enterprise: A Strategy for Success*, HMSO.

DERRICK, P., 1975. 'Worker Co-operatives and the National Enterprise Board', in *Co-operative Review*, Vol 49, No 4.

DEUTSCH, M., 1949. A Theory of Co-operation and Competition in *Human Relations 2.*

DEUTSCH, M., 1958. 'Trust and Suspicion', in *Journal of Conflict Resolution*, 2 (4).

DEUTSCH, M., 1993. *The Resolution of Conflict; Constructive and Destructive Processes.*

DEVELOPMENT TRUST ASSOCIATION, www.dta.org.uk

DIGBY, M., 1938. *Producers and Consumers: A Study in Co-operative Relations.*

DIGBY, M., 1947. *Co-operation; What it Means and How it Works*, Longmans, London.

DOBB, M., 1967. Studies in the Development of Capitalism, Routledge, London.

DURHAM UNIVERSITY JOURNAL, June 1973.

DURKHEIM, E., 1984. *A Division of Labour in Society*, translated by W D Halls, Basingstoke, Macmillan.

ECCLES, T., 1981. *Under New Management*, Pan, London.

ECONOMIST THE, 1968. *The North East – Ready to Go*: a survey by the Economist.

ELBERG, undated. *Conversations with Ralf Dahrendorf*, http://globetrotter.berkley.edu/Elberg/Darhendorf/dahrendorf2.html

ELKINS, T., 1970. *So They Brewed Their Own Beer: The History of Northern Clubs and Federation Brewery Ltd.* Newcastle upon Tyne, Northern Clubs Federation Brewery Ltd.

ELSTER J, (ed.) 1986, *Karl Marx : a reader.* Cambridge : Cambridge University Press

ELSTER, J., 1998, Solomonic Judgements: Studies in the Limitations of Rationality, Cambridge University Press.

ELSTER J., 1989. (a) Cement of Society, Cambridge University Press.

ELSTER J., 1989. (b), Nuts & Bolts, Cambridge University Press.

ELSTER, J., 1989. 'From Here to There; or, If Co-operative Ownership is So Desirable, Why Are There So Few Co-operatives?, in *Social Philosophy and Policy*, Vol 6, 2.

ELSTER, J. and MOENE, K. O., eds 1989. *Alternatives to Capitalism*, Cambridge: Cambridge University Press.

EVANS, A. and TOTTLE, K., 1973. 'The Challenge of Participation', in *Co-operative Review*, Vol 47, No 12 December.

EVENING CHRONICLE, 16 July 1983. *Pelaw Industrial Improvement Area.*

EVENING CHRONICLE, 16 January 1981. *Coke Stockpile Plan for Quarry Land at Pelaw.*

FEDERATION OF WORKER WRITERS AND COMMUNITY PUBLISHERS, Writing for a Change, 1994. *Celebrating Co-operative Values and Achievements*, Stoke on Trent.

FITOUSSI, J. P., The Possibility and Feasibility of a Third Way Between Capitalism and Socialism in A B Atkinson, ed *Alternatives to Capitalism* Macmillan Press Ltd, Basingstoke referring to Toynbee, A. J., 1947. *A Study of History*, New York, Oxford University Press.

FLANAGAN, J. A., 1920. *Wholesale Co-operation in Scotland 1868-1918.*

FLANDERS, et al., 1968. p18, *Experiment in Industrial Democracy*, Faber &

Faber Ltd, London.

GAMBETTA, D., (ed) 1988. *Trust: Making and Breaking Co-operative Relations*, Oxford: Basil Blackwell.

GATESHEAD POST, December 1983. *£1.5m Joy for Pelaw.*

GIDE, C., 1921. *Les Societes Cooperatives Deconsommation*, English edition Consumers' Co-operative Societies, T Fisher Unwin Ltd, London.

GILBERT N., (ed) 2003. Researching Social Life, 2nd ed, Sage Publications Ltd, London.

GLEN, F., 1975. The Social Psychology of Organisations, Methuen, London

GOVER, P. J. and MELLOR, M., 1996. A theoretical exploration of the social economy: a critical reflection, ICA International Co-operative Research Conference, Co-operative Innovation and Change, September Tartu, Estonia.

GREENING, E. O., 1923. *A Pioneering Co-Partnership: the History of the Leicester Co-op Boot and Shoe Co.*, Labour Co-partnership Association.

GURNEY, P., 1994. The Middle Class Embrace; Language, Representation and the Contest Over Co-operative Forms in Britain c. 1860-1914, in *Victorian Studies*, 37 (2) Winter.

GURNEY, P., 1996. *Co-operative Culture and the Politics of Consumption in England 1870-1930*, Manchester University Press.

HALL, F. and WATKINS, W. P., 1934. *Co-operation*, Co-operative Union, Manchester.

HANDY, C., 1993. *Understanding Organisations*, 4th ed., Penguin London.

HANNAH, J., 1989. *Worker Co-ops As A Response To Unemployment; The Impact On Participation*. Ph.D. Thesis, Newcastle Polytechnic.

HANSMAN, H., 1996. *The Ownership of Enterprise*, Harvard University Press.

HARGREAVES, I., et al., 2001, *Ownership Matters; New Mutual Business Models*, Mutuo, London.

HART, W., 1904, The Experience of Clousden Hill Commune, *in Miscellaneous Articles 1896-1961*, Newcastle City Libraries

HAYTON, K., 1995. Community Involvement in Economic Regeneration; Lessons from North East England, *Voluntas.*

HEADLEY, W., 1909. *Darwinism and Modern Socialism*, Methuen and Co., London.

HELM, F. C., 1968. *The Economics of Co-operative Enterprise*, University of London Press, London.

HINTON, J., 1983. Labour & Socialism: A History of the British Labour Movement 1867-1914, Wheatsheaf Books Ltd, Brighton.

HISTORY WORKSHOP TRUST, 1996. *Towards the Co-operative Commonwealth: 150 years of Co-operation*, Co-operative College, Loughborough.

HOLYOAKE, G. J., 1893. *The History of the Rochdale Pioneers.* Swan, Sonnenschei and Co., London.

HOPKINS, E., 1991. *The Rise and Decline of the English Working Classes 1918-1990*, George Weidenfeld and Nicholson, London.

HOPKINS, E., 1995. *Working Class Self Help in 19th Century England*, UCL Press Ltd, London.

HUDSON, R., 1989. *Wrecking a Region; State Policies, Party Politics and Regional Change in North East England*, Pion Ltd, London.

HUGMAN, J., 1994. *From Shopkeeper to Politician: The Formation of the Co-op Party in the North East.*

HUGHES, D., 2000. *A Journey to Remember,* County Durham Books, Durham.

ICOM North, 1981, *Co-operatives, Community and Local Economy,* ICOM North Day School Report.

ICOM North, 1984. *NE Co-ops Directory.*

JANSEN, S. and HELLMARK, A. B., undated. *Labour Owned Firms and* Worker *Co-operatives,* Gower, Aldershot.

JEFFRIS, K. and THOMAS, A., 1987. Measuring The Performance of Worker Co-operatives in *Critical Accounts,* eds. HOPPER T and COOPER, D., Macmillan, London.

JENKS, C., (ed) 1998. *Core Sociological Dichotomies,* Sage, London.

JONES, B., 1894. *Co-operative Production,* Clarendon Press, Oxford.

JONES, D. C., 1975. British Producer Co-ops and the View of the Webbs in Participation and the Ability to Survive in *Annals of Public and Co-operative Economy,* 46 (1).

JONES, D. C., 1976. 'British Producer Co-operatives' in Ken Coates, ed, *The New Worker Co-operatives,* Spokesman Books, Nottingham.

JONES, D. C., 1980. 'Producer Co-operatives in Industrialised Western Economies', in *British Journal of Industrial Relations* 18 2, July.

KENWORTHY, L., 1995. In Search of National Economic Success: Balancing Competition with Co-operation, Sage Publications Ltd., London.

KIRKUP, M., 1999. *Eyewitness – The Great Northern Coalfield,* TUPS Books, Newcastle upon Tyne.

KNIGHT, R., 1996. 'Supporting the Development of Successful Worker Co-operatives in the UK', in *European Business Review,* Vol 96, 6.

KNIGHT, R., 1997. Measuring the Success of Support Mechanisms for Worker Co-operatives, in *Local Economy,* Vol 12, No 1.

KNOX, F., 1957. *The Co-operative Movement and Monopoly in Britain.*

KREMER, M., 1997. *Why Are Worker Co-operatives So Rare?* National Bureau of Economic Research Working Paper 6118, Brigham Young University.

KUMAR, K., 1987. *Utopia and Anti-Utopia in Modern Times.* Oxford: Blackwell

LAMB, J., 1997. *The People's Store,* North East Co-operative, Gateshead.

LANCASTER, W. and MAGUIRE. (eds), 1996. *Towards the Co-operative Commonwealth.*

LAWSON, W. E., 1948, *A History of Clydebank Co-operative Society Ltd,* SCWS, Glasgow

LEONARD, J., 1965. *Co-partnership in Modern Co-operative Production,* Co-operative Productive Federation Ltd pamphlet.

LLEWELLYN, T. and McKIE, L., 1990. Third Sector Initiatives in Cleveland, in *Northern Economic Review,* No 19, Summer 1990.

LLEWELYN-DAVIES, M (ed), 1931. *Life As We Have Known It, by Co-operative Working Women.*

LOCAL GOVERNMENT ASSOCIATION, 1999. *Local Government Programme.*

LOEBL, H., 1988. Government Factories and the Origins of British Regional Policy 1934-48.

LYND, R. and H., 1929. Middletown: *A Study in American Culture.* Constable

MACPHERSON, I., 1994. Co-operative Identity in the 21st Century in *Review of International Co-operation,* Vol 87, No 3.

MANSELL, 1990. *Global Challenge and Local Response: The Initiatives for Economic Regeneration*, (Co-operation for development series).

MARSHALL, A., 1920. *Principles of Economics*, 8th Edition 1977 Macmillan, London.

MARX, K., 1848. *The Communist Manifesto*.

MARX K, 1963, *The Poverty of Philosophy /*. New York : International Publishers,

MARX, K., 1930. *Capital / tr.* from 4th German ed. by E. and C. Paul, London: Dent.

MARX, K., 1971. *Contribution to the Critique of Political Economy,* ed Maurice Dobb, London, Lawrence and Wishart.

MARX K and ENGELS F, *Correspondence,* 1846-1895. 1936.

MARX, K. and ENGELS, F., 1976, *The German Ideology,* 3rd ed, Progress Pub Moscow.

MAY, H. J., 1936. *The Place of Productive Societies in the Co-operative Movement,* Co-operative Productive Federation Ltd pamphlet.

MCCORD, N., 1980. *N E England: some points of regional interest, in Region and Industrialisation: Studies in the role of the region in the economic history of the past two centuries,* ed S Pollard, Gottingen, Vandenhoerk and Ruprecht.

MACPHERSON, I., 1961. *Co-operative Principles for the 21st Century,* .MEAD, M., (ed). *Co-operation and Competition Among Primitive Peoples,* Beacon Press, Boston.

MCNIVEN, C., 1978. '*Ashington: The Growth of a Company Mining Town 1850-1960,* North East Group for the Study of Labour History Bulletin No 12.

MEAD, M., (ed) 1961. *Co-operation and Competition Among Primitive Peoples,* Boston, Beacon Press.

MELLOR, M, et al., 1986. Worker Co-operatives; A Dream with Jagged Edges in *Local Economy* 1 (3).

MELLOR, M, et al., 1986. Who's in Control? Job creation Co-operatives in a Capitalist Economy in *Journal of Interdisciplinary Economics* (1)

MELLOR, M., 1980. *Motivation, Recruitment and Ideology:* A Case Study of the Co-operative Movement in North East England, Ph.D. Thesis, University of Newcastle upon Tyne.

MERCER T. W., 1930. *Sixty Years of Co-operative Printing;* A Diamond Jubilee Survey of the Co-operative Printing Society Ltd.

MILIBAND, R., 1989. Divided Societies, Oxford University Press, Oxford.

MILLS, J. and MITCHELL, A., 2002. *Catalyst.*

MOORE, R., 1974. *Pit-men, Preachers and Politics; the Effects of Methodism in a Durham Mining Community,* Cambridge University Press, London.

MURGATROYD. N., 1984. *The Third Sector Economy:* an appraisal of community businesses in the North East and their role in local economic regeneration, Newcastle CVS.

NASH, V., 1887. *The Relation of Co-operative to Competitive Training,* A Paper for consideration at Co-operative Congress

NATIONAL ASSOCIATION OF GENERAL PRACTICE CO-OPERATIVES, www.nagpc.org.uk

NATIONAL GUILD OF CO-OPERATORS, *Memories of Tyneside District 1926-1986,* Newcastle Upon Tyne Local Studies Library.

NETTLE, D and DUNBAR, R. J. M., Social Markers and The Evolution of
        Reciprocal Exchange in *Current Anthropology,* 1997, 38, 1, Feb.
NEW SECTOR ISSUE 41, July/August 2000 special supplement, p1.
NORTH EAST DEVELOPMENT CORPORATION, 1972. *The North in the
        Sixties.*
NORTH EAST SOCIAL ENTERPRISE PARTNERSHIP, *June 2003.* Stepping
        Up!, Bulletin of the North East Social Enterprise Partnership, No1.
NORTH EAST SOCIAL ENTERPRISE PARTNERSHIP, 2003. *Building a
        Vibrant Social Enterprise Sector: The North East Social Enterprise
        Regional Action Plan*
NORTH EAST SOCIAL ENTERPRISE PARTNERSHIP FORUM, 2000.
NORTH EAST CO-OPERATIVE SOCIETY, 1975. Outlook members Magazine
NORTH EAST CO-OPERATIVE SOCIETY, 1996-2002. Annual Reports.
NORTH EAST CO-OPERATIVE SOCIETY, 1979. *Co-op Membership Today
        and Tomorrow,* Programme and Brochures for Conference at
        Gilsland Spa.
NORTH EAST CO-OPERATIVE SOCIETY, *Co-op North Eastern, History of the
        Society from 1861.*
NORTH EAST CO-OPERATIVE SOCIETY, 1990. Company Profile: a Special
        Profile from *Contact Business Magazine.*
NORTH EAST CO-OPERATIVE SOCIETY, 1994. *North Eastern Co-op:* The
        North's Leading Retail Group, promotional material.
NORTH EAST EMPLOYMENT FORUM, 1999. *Co-operatives and Social
        Businesses,* Focus Group Report.
OAKESHOTT, R., 1978. *The Case for Workers' Co-ops*, Routledge and Kegan
        Paul, London.
OAKESHOTT, R., 2000. *Jobs and Fairness; the Logic and Experience of
        Employee Ownership*, Michael Russell, London.
OSTERGAARD, G. N., and HALSEY, A. H., 1965. Power in Co-operatives: A
        Study of the Internal Politics of British Retail Societies, Basil
        Blackwell, Oxford.
OWEN. R., 1821. Report to the County of Lanark. Glasgow: Wardlaw and
        Cunninghame.
OWEN, R., 1827. *A New View of Society,* and other writings. London, J M
        Dent; New York: E P Sutton.
OWEN, R., 1920. *The Life of Robert Owen,* with introduction by M Beer.
        London: G Bell.
OWEN, R., *New Lanark, His Critique of British Society,* David and Charles,
        Newton Abbott.
PARNELL, E., 1995. *Re-inventing the Co-operative*, Plunkett Foundation.
PATON, R., 1989. *Reluctant Entrepreneurs*, Open University Press, Milton
        Keynes.
PATTISON, G., 1999. *Restructuring Culture: Identification of Difference and the
        Regulation of Change in Ex-Mining Communities*, Athenaeum Press
        Ltd., Gateshead.
PEARCE, J., 1993. *At the Heart of the Community; Community Enterprise in a
        Changing World,* Calouste Gulbenkian Foundation, London.
PLUNKETT FOUNDATION., 1983. *Economic Theory of Co-op Enterprises.*
POISSON, E., 1925. *The Co-operative Republic,* T Fisher Unwin Ltd, London.
POLLARD, S., 1965. *The Co-operative at the Crossroads*, Fabian Society,

London.

POLLARD, S., 1967. Nineteenth Century Co-operation: From Community
Building to Shopkeeping in Briggs and Saville (eds) *Essays in Labour
History.*

POLICY, STATE & SOCIETY IN CO DURHAM 1918-1972', *Durham University
Journal,* Vol. LXV, No 3, June 1973.

NEW CO-OPERATOR, 2001.

NEW SECTOR, 2003.

NORTHERN REGION CDA, 1984. *Co-operatives and Local Economy,* Report.

NORTHERN REGION, 1978/9. CDA Annual Report.

NORTHERN TRADE UNION LABOUR LEFT, Regionalism or Socialism; Taking
Control of the North's Economy, Tyneside Free Press, 1985.

NORTHUMBERLAND COUNTY COUNCIL, 1992. *Supporting Co-operatives
and Community Businesses in Northumberland,* Longhirst.

OLIVER, N., 1986. *Commitment in Producer Co-operatives: A Perspective from
the Social Psychology of Organisations,* unpublished Ph. D Thesis,
Open University.

ONE NORTHEAST, 1999. *Unlocking Our* Potential: Regional Economic
Strategy for the North East.

ONE NORTHEAST, 2001. *Everybody's Business:* North East of England
Enterprise Strategy.

ONE NORTHEAST, October 2002. *Realising Our Potential:* Regional Economic
Strategy for the North East.

PEARCE, J., 1977. An Industrial Co-operative Experiment in York, Paper in
Community Studies, No 13.

PELLING, H., 1963. A History of British Trade Unionism, Penguin Books,
Harmondsworth.

PIMLOTT, B., 1985. Unemployment and The Unemployed in North-East
England, *Political Quarterly,* Vol. 56, No 4, Oct-Dec.

POTTER, B. [Webb] 1891 *The Cooperative Movement in Great Britain* London:
Swan Sonnenschein and Co.

PRIESTLEY, J. B., 1934. English Journey.

PRYCHITKO, D. L., (ed), 1996. *Producer Co-operatives and Labour-Managed
Systems,* (2 volumes).

RAMSAY, H. E., 1981. *Participation for Whom? A Critical Study of Worker
Participation in Theory and Practice,* unpublished Ph.D Thesis,
University of Durham.

REDFERN, P., 1938. *The New History of the CWS,* Dent, London.

REEVES, J., 1944. *A Century of Rochdale Co-operation, 1844-1944,* Lawrence
and Wishart, London.

REGIONAL COMPETITIVENESS PARTNERSHIP, 1999. *Competing in the 21st
Century; A Competitiveness Strategy for the North East.*

REGISTRAR OF FRIENDLY SOCIETIES, 1999. *Guide to Services.*

RICHARDSON, W., 1997. *The CWS in War and Peace 1938-1976.*

ROBERTSON, C., 1982. Pallion Enterprises Ltd in *Northern Economic Review,*
Winter No 5.

ROBINSON, F., 1999. 'Region and Community' in *New Economy,* Vol 6, 3

ROBINSON, F., 2002. 'The North East; a Journey Through Time', in *City,* Vol 6,
3

ROBINSON, F. and JACKSON, M., 2001. Depravation in the North East in

Northern Economic Review, Spring/Summer 2001, No.31

ROBINSON, F., et al., 1987. *Economic Development Policies: An Evaluative Study of the Newcastle Metropolitan Region.*

ROWNTREE, B. S., 1938. *The Human Factor in Business: Further Experiments in Industrial Democracy,* London; New York (etc), Longmans, Green and Co.

RUSSELL, B., 1932. Essay: Of Co-operation, Hearst newspapers column.

RUSSELL, B., 1949. Authority and the Individual, George Allen and Unwin, London.

SAWBRIDGE, D., et al., 1984. Industrial Relations in the North East of England, in *Employee Relations,* Vol 6 No 4.

SCARGILL, A. and KAHN, P., 1980. *'The Myth of Workers' Control',* Occasional papers in Industrial Relations, University of Leeds and University of Nottingham.

SEAR, L. and SOUTHERN, A., 1996. Community Enterprise in the North East: Support Needs and Geographies of Governments, 1996. Paper presented to the 19th ISBA National Conference, Birmingham.

SHAW, E., et al., 2002. *Unsung Entrepreneurs: Entrepreneurship for Social Gain,* University of Durham Business School.

SHIPLEY, B., 1982. *Worker Co-operatives; A Feasibility Study,* in Co-operative Development Study Report No 3, Faculty of Business and Management, Newcastle Polytechnic.

SILVERMAN, D., 2000. Doing Qualitative Research, a Practical Handbook, sage Publications Ltd, London

SLOWE, P., 1983/4. The Co-operative Enterprise Centre Pilot Project, in *Northern Economic Review,* Winter.

SMALLBONE, D., et al., 2002. *Researching Social Enterprise,* Final Report to the Small Business Service, Centre for Enterprise and Economic Development Research, Middlesex University.

SMELSER, N. J., 1962. *A Theory of Collective Behaviour,* Routledge Kegan Paul.

SMETHURST, J. B., undated. *A Bibliography of Co-operative Societies Histories,* Co-op Union, Manchester.

SMITH, K. M., 1994. *Ouseburn Engineworks Co Ltd., 1871-1875, The Life and Death of an Industrial Co-Partnership,* Thesis, University of Northumbria at Newcastle upon Tyne.

SOCIAL RESEARCH ASSOCIATION. 2003. Ethical Guidelines, http://www.the-sra.org.uk

SPAULL, H., 1965. *The Co-operative Movement in the World Today,* Barrie and Rockliffe, London.

SPERBER, D., 1996. *Explaining Culture: A Naturalistic Approach,* Cambridge, Mass; Oxford: Blackwell.

STERN, R. N. and HAMMER, T. H., 1978. 'Buying your Job; Factors Affecting the Success or Failure of Employee Acquisition Attempts', in *Human Relations,* 31, 12.

SUMA, 2003. www.suma.co.uk

SUPPORTERS DIRECT, www.supporters-direct.org

SWANSON, C., 1983. *Co-operating for Work; An Introduction to Partnerships and Co-operatives. The British Working Class Movement: An Outline Study-Guide.* 1949. London: Fabian Publications Ltd.

THE TIMES, 5 October 1850.

THOMAS, A., 1988. 'Measuring the Success of Worker Co-operatives and Co-operative Support Organisations, in *Local Economy*, 2.

THOMPSON, E. P., 1963. The Making of the English Working Class, Penguin Group, London.

THOMPSON, F. M. L., 1988. The Rise of Respectable Society, Fontana, London.

THOMPSON, H., 1976. *Durham Villages*, Robert Hale Ltd., London.

THOMPSON, 1994. *Weavers of Dreams.*

THORNLEY, J., 1981. *Workers Co-operatives; Jobs and Dreams*, Heinemann Educational Books, London.

TODD, N., 1978. Discussion Paper '*Should We Seek to Increase Membership & Share Capital,* given at 'Co-operative Membership – Today and Tomorrow. A conference on the future of co-operative membership, Gilsland Spa, November.

TODD, N., 1986. Roses *& Revolutionists: The Story of the Clousden Hill Free Communist and Co-operative Colony 1894-1902,* People's Publications, London.

TURNBULL, G., et al., 2002. *A Future for Co-operative and Social Enterprise Development in County Durham and Darlington,* a research report and feasibility study on behalf of the UKCC and the Co-operative Union, Economic Partnerships Ltd, Morpeth

TWIGG, H. J., 1934. The *Economic Advance of British Co-operation 1913-34,* Co-operative Union, Manchester.

TYNAN, E., 1980. (a) Unit 58 Print Services *Co-operative Research Unit Case Study No 3,* Open University, Milton Keynes.

TYNAN, E., 1980. (b) *Little Women, Co-operative Research Unit Case Study No 2,* Open University, Milton Keynes.

TYNAN, E., 1980. (c) Sunderlandia *Co-operative Research Unit Case Study No 1,* Open University, Milton Keynes.

TYNE AND WEAR R AND I UNIT, 1988, *Manufacturing in Tyne and Wear 1979-85:* an analysis of the Census of Production.

TYNE AND WEAR SOCIAL ENTERPRISE STUDY, Business Link Tyne and Wear, 2003

UKCC, 2001, 'Growing the Movement – whose job?, in *Network,* Issue 20

UNATTRIBUTED, Report on the Contribution of Co-ops to Regional Development, EP A3.

VANEK, J., (ed.) 1975. *Self-Management; Economic Liberation of Man,* Penguin.

WAJCMAN, J., 1983. *Women in Control: Dilemmas of a Workers Co-operative,* Open University Press, Milton Keynes.

WALLS, E., 1921. *Progressive Co-Partnership,* Nisbett & Co Ltd, London.

WARE, A., On the Scale and Scope and the History of the Non-Profit Sector in the UK, in *Voluntas,* Vol 7 No 1.

WATKINS, W. P., 1976. Workers' Participation in Co-operatives: The Assumption and Historical Background, in *Bulletin of the Society for Co-operative Studies,* Loughborough, N 26, February.

WATKINS, W. P., 1990. *Co-operative Principles Today and Tomorrow,* 2nd ed. Co-op Union, Manchester.

WEBB, B., 1930. *The Co-operative Movement in Great Britain,* Allen and

Unwin, London, 10th edition.

WEBB, C., 1907, *History of the Women's Co-operative Guild.*

WEBB, S. and B., 1914. Co-operative Production and Profit Sharing in: *New Statesman*, special supplement, February.

WEBBER, M., 1930. *The Protestant Ethnic and the Spirit of Capitalism.* London.

WELLS, H. G., 1932. *The Work, Wealth and Happiness of Mankind,* Heinemann.

WESTLUND, H. and WESTERDAHL, S., 1996, *Contribution of the Social Economy to Local Employment*, joint research report of Swedish Co-operative Institute and Swedish Institute for Social Economy.

WILKINSON, A., 1990. *Business Strategy and the Management of Labour in the Co-op Bank*, unpublished Ph.D Thesis, University of Durham.

WILLIAMS, M. and MAY, T., 1996. Introduction to the Philosophy of Social Research, UCL Press Ltd, London.

WILSON, J., 1973. *Introduction to Social Movements*, Basic Books.

WILSON, N. and COYNE, J., 1980. *Worker Co-operatives and the Promotion of Co-operative Development in Britain*, Discussion Papers in Industrial Economics, University of Nottingham.

WOMEN'S CO-OPERATIVE GUILD, 1896. *Special Inquiry into the Wages Paid to Women and Girls* by Local Co-operative Societies.

WOODFIELD, R., 1987. British Producer Co-operatives and the Views of the Webbs on Participation and Ability to Survive, in *Annals of Co-operative Economy*, 1975. No 47, Jan-March.

WOODFIELD, R., 'Co-operative Enterprise on Wearside', in *Northern Economic Review*, No 15, Summer 1987.

WOOLFE, L., 1918. *Co-operation and the Future of Industry*, Allen and Unwin, London.

WREN, C., 1987. *Closure Rates Among Assisted and Non-Assisted Establishments: The Case of the North East of England*, Discussion Paper 83, Centre for Urban and Regional Development Studies

WRIGHT, D. H., 1979. *Co-ops and Community: Theory and Practice of Producer Co-operation.*

YEO, S., 1988. *New Views of Co-operation*, Routledge, London.

YOUNG, M., 1983. *Revolution From Within; Co-operatives and Co-operation in British Industry.*