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In the co-operative movement the right and responsibility of workers to participate in the administration of the enterprise which employs them may vary in degree from totality in the ideal workers' productive or labour contracting society down to zero in other types of co-operative formed to promote different interests from those of wage- or salary-earners in a given trade or profession.

In the former the workers are partners, that is, the members who compose the society. In the latter the membership may be consumers seeking to spend their income to the best advantage, tenants seeking better and cheaper housing, or agriculturalists or artisans combining to run a factory for some productive process formerly carried on at home or on the farm. In these co-operative enterprises the personnel employed is normally engaged on terms and under conditions which, if somewhat more humane, are essentially the same as the wage-system and centralised, authoritative management generally prevailing in the external business world.

The members and leaders of such societies may or may not recognise workers' participation as a right based on co-operative principles, even if they may concede that it has advantages in promoting harmonious industrial relations. If the trade unions press for participation or it becomes the fashion among employers to encourage it, these co-operators may go along with it for competitive reasons or from a vague feeling that co-operative enterprises should be more benevolent employers than the typical capitalist entrepreneur. The present essay is written on the assumptions: first that workers' participation is grounded in co-operative principle and, second, that contemporary trends towards increasingly effective participation are no passing fashion but rather tendencies, always latent in modern society, becoming visible and active, not for the first time, in an economic crisis.

The Assumptions and their Bases

Without attempting to produce all the evidence, something may briefly be said about the bases of these assumptions. Beginning with the second, associations of workers for self-employment date back to the early stages of the Industrial Revolution. They arose as an instinctive reaction to the advance of the factory system which compelled the weaver and other master craftsmen to give up their own workshops for wage employment in a workplace, using machines and implements on materials all of which belonged, not to them but to their employers. Self-employment, destroyed for the individual by the Industrial Revolution under capitalist leadership, might, it was hoped, still be enjoyed collectively. Ben Jones, compiling his book on *Co-operative Production*, proved that the very first co-operative movement in Great Britain included workers' as well as consumers' associations. There is a continuous historical chain running from these through the Working Men's Associations of the Christian Socialists and the co-partnership societies of the footwear, clothing, printing and metal workers of the Midlands down to the workers' co-operative productive societies, not merely existing, but coming into existence today. There has been an identical strand in the co-operative history of nearly all European countries. If in some "mixed" economies this is now hardly traceable, in several socialist economies it has been accepted and woven into the fabric of their centrally-planned systems. Moreover, there is a parallel strand, stretching, notably in France and England over a century, formed by the conversion of private enterprises into industrial communities and partnerships with the workers, not a few with features closely resembling the co-operative model.

As to the first assumption, if co-operative principles may be defined as the fundamental concepts which co-operators should strive to realise in their mutual relations and all the activities of their societies, then autocratic management and the wage-system are inconsistent with every one of these principles. Capitalistic economic organisation is socially divisive, inevitably creating unrest, escalating into open conflict.

The underlying concept of co-operation being solidarity, however, its tendency, when it is true to itself, is towards the resolution of conflict through the reconciliation of interests and social integration. Every genuine co-operative is a community organising some part of its members' economic life. Those who run its enterprises are not autocrats; they derive their authority from it and answer to it for the due performance of their functions. Those who work for it are morally, if not legally, members of the community, entitled to be treated as such because their work is indispensable to the attainment of its aims, and from this point of view the whole body of employees forms a smaller community operating within the larger one of the Society.

There are thus two lines of development with two corresponding series of problems according to the aim in view. The one aim is to organise workers aspiring to co-operative self-employment in viable and successful societies. The other is to work out methods of integrating the workforce of other types of co-operative with the rest of their membership through a suitable articulation of their rights and responsibilities.

Co-operative Self-Employment: The Phases

In its century and a half of history the idea of co-operative self-employment has passed through several phases of realisation. Its first manifestation took the form of attempts to maintain the traditional independence of the skilled craftsman and was almost entirely backward-looking. In its second phase, however, the aim shifted somewhat to the achievement of workers' control of industries not yet conquered by the machine, in order to enable them to exploit the revolution when it came. Philippe Buchez, a French follower of Saint-Simon, was the first theorist of co-operative production, as Dr William King was for consumers' co-operation. These two had a key idea in common — the use of co-operative enterprise, in the one case production, in the other distribution, for building up collectively-owned capital with which the workers could acquire control over economic development. Buchez argued that if the skilled manual workers organised for themselves a common workshop and capitalised the profit, they could accumulate funds to purchase machinery when it came to be invented and so run their own industry on modern lines. He expressly denied that the workers' productive society was a recipe for social control of industries which had already passed under capitalist control through the factory system.

Nevertheless, workers' co-operative production, state-promoted and financially supported, was characteristic of the third phase, dating from the revolutionary year of 1848. This idea, the theme of an article, re-published as a pamphlet, by Louis Blanc, found European resonance and succeeded the self-supporting community as the socialist ideal. The working-classes, after seizing power, should create a new system in which industries could be carried on by great co-operative federations using capital and credit provided by the state. This model inspired many industrial workers in Western and central Europe for over a generation. In Britain the idea of co-operative production was taken up by J. M. Ludlow and his fellow Christian Socialists, who promoted working men's associations with financial help organised from private sources by a voluntary society, not by government. Subsequently, after the Christian Socialists had secured the enactment of a suitable legal status for co-operatives, more ambitious projects were launched with trade union sponsorship and finance but with no enduring success. However, the movement did not die out, but entered a fourth phase about 1880 with the formation in England and France of federations of workers' productive societies which had learnt the lessons of previous failures and were prepared to apply them for the benefit of newly-projected associations such as those in the English Midlands reacting against the factory system in the clothing, footwear and other industries. The fourth phase was also characterised in France and Italy by a cautiously benevolent attitude on the part of governments of a liberal cast of thought

and by first initiatives in assisting workers' co-operatives with legal facilities and financial support. In this favourable climate considerable numbers of workers' productive co-operatives took firm root and flourished.

The fourth phase ended with the outbreak of war in 1914 and the fifth began amid post-war economic dislocation, price inflation and exchange fluctuations, with which not a few workers' co-operatives were ill equipped to cope. Progress was slow, especially in countries subject to the fascist blight, throughout the inter-war years, to say nothing of the effects of the world-wide depression and the long-drawn out recovery. There were exceptions, however, in Slavonic countries which had the chance to re-make their economies after the collapse of the central European empires and the national new governments were disposed to encourage self-help amongst the workers. The situation in the sixth phase which followed the second World War was not dissimilar, certain exceptions apart. The impulse given to workers' co-operatives in the economic planning of the new or revived republics under communist leadership has already been mentioned.

Another notable exception was the release of energy which followed the end of military occupation in France and the rejuvenation of the workers' co-operative productive movement, evidenced in widespread formation of new societies and rapid expansion of the older and well established. A novel feature was the adoption of the co-operative productive society as a convenient form for members of the liberal professions who saw the advantage of working in teams or groups and even the combination of professionals with skilled manual workers in such enterprises as co-operative daily newspapers. It was in this sixth period also that it came to be recognised that workers' co-operative productive societies had a role to play in the transition from ancient subsistence to modern market economies in the newly-developing countries of which Israel, India and Mexico give examples. Technical assistance for their promotion has recently become one of the responsibilities of the United Nations Industrial Development Organisation.

Problems: Psychological

During the foregoing century and a half of development, a considerable store of experience has been gathered concerning right and wrong ways of forming and managing workers' productive co-operatives and welding them into cohesive co-operative movements. The areas in which problems arise for solution are well and truly charted. The great leader of the co-operative movement among the German artisans of the mid-19th century, Hermann Schulze-Delitzsch, taught that the productive society was the most difficult of co-operative forms and was only to be approached after successful experience in organising co-operative purchasing, marketing, savings and credit. That was perhaps a counsel of perfection, but it was also a warning against underestimating the difficulties in the way of establishing strong and lasting co-operative productive societies and movements. The difficulties are both material and psychological. The former, being measurable, are the easier to identify and, given adequate financial resources, to surmount. The latter are in part imponderable and the social sciences have not yet discovered more than a few pieces of the equipment required to deal with them. It is still true, as Dr Charles Fay wrote in the early years of this century, that the workers' productives cannot display such massive economic developments as the agricultural and consumers' co-operatives, but only "the gallant attempts of working men to achieve higher things" and to find "an alternative to their position as ordinary employees". The great difficulty sterns, of course, from the fact that in the democratic constitution of the workers' societies the full weight of their complex of technical, commercial, financial, constitutional and policy problems comes inescapably to rest in the end upon the whole body of their membership. The rank and file worker, no matter how skilful with his hands, must share in what Fay called "the brain work of management and responsibility".

In judging the success or failure of a co-operative productive society, therefore, a twofold standard has to be applied, as those French societies which submit annually to their members a "co-operative", as well as financial, balance sheet effectively recognise. Moreover, the members

of the productive society are involved with their society every working day of their lives, not occasionally or casually as in some other co-operative forms. There is no more exacting type of co-operative in the demands it makes upon its members, and if they cannot meet them, it may fail in a co-operative sense, although it may fulfil all its financial obligations and close its accounts with a surplus. No other co-operative type depends so much on the quality of its membership and leadership. To define its educational problems and apply the right solutions are therefore vital necessities, as indispensable for its internal discipline as for its external policy.

A second area, closely related to the foregoing in which right solutions are vital for workers' co-operative societies, is management. The legalistic formulae of the rule book safeguard the rights of members and the authority of their elected representatives, but do not of themselves create the democratic climate essential to efficient and happy working relations, if management is conceived as planning, direction and control from the top downwards, with simple obedience at all 'lower' levels in the organisation. Fortunately, contemporary revolutionary changes in management concepts promise to bring to an end the antithesis often assumed to exist between efficient management, even so-called "scientific" management, and democracy. Traditional management concepts and practices are giving way before the accumulating weight of evidence of superior results obtained by systems of management, described as "participative", which are based on communication, consultation, and motivation. In other words, modern management is becoming more and more "co-operative" in the looser sense of the term. It consists in involving all concerned, irrespective of grade, in a particular process or project from the very beginning, by informing them of what is contemplated, keeping them informed at every successive stage of planning and execution, heeding their reactions, encouraging and considering their suggestions. Co-operative planning of this type makes possible a better system of control — through the comparison of actual with planned results, rather than the minute supervision of individual workers.

Problems: Material and Technical

The material difficulties of workers' co-operative production centre upon finance, but in different degrees according to their nature and objects. A society of unskilled workers earning their living by collective labour under contract, such as drained fenland and built railways in Italy, can start with next to no capital. In mechanised industry, however, the need of workers' co-operatives for external financial assistance has always been acknowledged from Louis Blanc's time onwards and it is probably the chief reason why Buchez limited his plan to industries not yet revolutionised by the machine. The large amounts of money required by manufacturing enterprises to acquire premises and plant, and to finance purchases of material and work in progress, besides leaving a liquid surplus to meet urgent calls or seize unexpected opportunities, makes it unlikely that sufficient can be raised from private or commercial sources. To depend on members' savings or capital ploughed back means retarded and stunted growth. Hope of building up a movement capable of playing an influential role in the economy must rest upon the willingness of government to make available adequate sums of public money.

Examples of such governmental aid, dating back to the last quarter of the 19th century, are described in another article in this *Bulletin*. Such governmental help does not obviate but rather reinforces the need for a workers' productive movement to establish as early as possible its own bank or to make arrangements with a regional. or national co-operative banking network in order to ensure the economical and convenient management of its monetary affairs.

A fourth problem area comprises technical and organisational difficulties. Today most countries have legal enactments recognising the juristic personality of workers' co-operatives, but they may require amendments from time to time to satisfy development needs. The best, even the only, procedure is to establish a central body on a federal basis for the exchange of information and ideas, assistance to young societies, negotiation with government and representation of the movement as a whole in other external relations. It can also serve as a channel through which the movement's active spirits can exert influence and give leadership on questions of policy.

Once again — this does not obviate the need for a department of government to keep a friendly eye on co-operative development, advising the movement on the one hand and government on the other, provided that the right personnel are chosen to man it. To find such personnel in Great Britain at the present times especially difficult. Persons with the requisite depth of special knowledge and experience are rare. The productive societies have been declining in numbers throughout this century and their Federation's resources in personnel and money diminishing in consequence. The Co-operative Union, nominally an all-inclusive body, could not but be fully occupied in recent years with the movement's overwhelmingly largest branch, the consumers' societies, and the complex of problems involved in the structural reforms imposed by new competitive conditions. The movement is thus badly qualified to give fully competent help to bodies of workers, inexperienced and uninstructed in Co-operation, demanding the conversion into co-operatives of the enterprises employing them in order to save their jobs and livelihoods. These demands spring from a true instinct, but all the experience reviewed in the present essay seems to show that instant co-operative conversion is no answer to the imminent threat of unemployment. Not that the conversion is difficult, but to ensure that the converted enterprise will withstand external competition and internal stresses and flourish needs the confidence and patience that spring from knowledge and long practice.

Dangers to Face

Perfect fidelity to ideals and principles is not to be expected of workers' productive societies, any more than any other human institution, but it is vital to distinguish between weaknesses and lapses which are venial and those which are potentially or actually mortal. For example, co-operatives may be obliged occasionally to engage small numbers of "auxiliary" workers now and again on ordinary wage conditions for short periods and do so without risk, but those which employ the same workers for long or indefinite periods without their becoming full members violate the principles of democracy and equity and may end as essentially capitalistic enterprises. There are other temptations, one of the most powerful and deadly of which is to sacrifice the future to the present by neglecting adequate depreciation of fixed assets and other methods of capital growth, in order to keep up expected shares of profit additional to wages. Another is to cling complacently to methods which once brought success after they have ceased to be effective and to shirk the constant revision and reorganisation which changes in the external economic world make necessary. And without exhausting the list, we may add the failure to maintain amongst the membership the militant spirit which probably animated most co-operatives to a high degree when they were formed, and which alone can enable them to retain their dynamism. Workers' co-operatives will find this task easier if they keep in contact with the other co-operative movements in their national co-operative sector as well as their own equivalents in other countries through the appropriate committee of the International Co-operative Alliance. There is no future for workers' co-operatives which become exclusive and parochial, with a vision both inward- and backward-looking. They will never achieve even relative success in solving the problem of stirring and leading the inert mass which declines to share responsibility and prefers to "take the cash in hand and waive the rest".

The Contemporary Importance

Leaving to others the discussion of the evolution of labour relations and policy within the consumers' co-operative movement, the writer would nevertheless emphasize that this movement is one of the most favourable and important fields in which contemporary methods of participative management should be systematically tested and applied. The reasons for this are based on the urgency of the movement's present need of maximum efficiency at all levels through the combination of the economic advantages of workers' and consumers' co operation. The demands of co-operative employees for greater participation in management, based on the increased importance of the contributions made by their pension funds to the financing of their societies is not relevant to this argument. What is a relevant and essential consideration

is the movement's macro-economic task of building up and progressively reinforcing the superiority of Co-operation to private and capitalistic competition (or combination) as a system of supplying society's wants. In contradistinction to the programme of the Rochdale Pioneers, the movement has grown and progressed, not by the multiplication and collaboration of self-supporting communities in which every member would be both worker and consumer, but segmentally, through the evolution of different co-operative forms representing separate economic interests in more or less isolation. In the circumstances of today none of these segmental organisations can hope to stand, still less make rapid enough progress, alone. Inter-co-operative relations are both logically inevitable and in practice mutually advantageous. The integration of the whole co-operative sector in each national economy is just as necessary as the accelerated extension of co-operation amongst co-operatives across national frontiers which the International Co-operative Alliance is now engaged in studying. One of the keys to the solution of the problems of integration is the re-statement in contemporary terms of the rights and responsibilities of workers in co-operative industry to the enterprises in which they serve.

The Author

William Pascoe Watkins died in 1995 at the age of 101 after a lifetime in the co-operative movement. In memory of his life, Mary Treacy[1] traces his co-operative roots, his time with the ICA (director from 1951 to 1963), and his role in supporting the rebuilding of the German co-operative movement after the second world war. He was the author of *Co-operative Principles: today & tomorrow*, reprinted by Holyoake Books in 1990 and described as a "major contribution to the philosophy of co-operation" and a "penetrating and provocative study". He was a President of the Society for Co-operative Studies and Director of the International Co-operative Alliance.

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Note

1 Treacy, Mary (1995) *In Memoriam: William Pascoe Watkins 5 December 1893 — 2 January, 1995*. Available online at http://www.uwcc.wisc.edu/icic/orgs/ica/pubs/review/vol-88/memoriam.html