

The Co-operative Wholesale Society (CWS)

Until the 21st century the Co-operative Movement was made up mainly of co-operative retail societies:

- In 1900 there were 1,400
- by 1950 there were 1,000
- by 1960 there were 875
- in 2019 there are 15

From the early days there had been an aspiration amongst co-operators to have a wholesale to serve the co-operative movement. This began to take form on the 12th August 1860 and eventually became known as the Co-operative Wholesale Society (CWS).

Lowbands Farm (a co-operative farm), Jumbo, Middleton where discussions began

- 12 August 1860 – social gathering, tea in the barn
- Discussion of need for a co-operative wholesale – and to change the law to make it work.
- Meet in Manchester, Middleton, Oldham & Rochdale
- 4 th November 1860 - first entry in the ‘Jumbo minute book’
- 25 th December 1860 - report to conference at ‘Temperance Hall’ in Hewitt Street, Manchester.

Six of the original Rochdale Pioneers played a part in the establishment of the CWS. Other founders came from Middleton, Oldham and Manchester Co-operatives. Founded as the North of England Co-operative Wholesale Society and registered on the 11 August 1863

- 1st official meeting; 10 October 1863
- 1st members’ meeting; 21 November 1863
- Commenced trading; 14 March 1864

Its purpose was to be the supplier to the retail societies and its membership consisted of the retail societies.

The CWS was collectively owned by the retail societies, it was a secondary co-operative. Until the middle of the 20th century it was an extremely successful business and served the co-operative movement very well. One of the strengths of this business model was ‘vertical integration’. This gave the co-operative movement complete ownership of the supply chain.

Vertical Integration

From the early days of the Co-operative movement, the CWS owned and controlled farms which produced food, the factories which processed and packaged the food and distribution to co-operative outlets. Likewise, they took control and ownership of the manufacture and production of everything saleable. Banking and insurance and other services were also under their control and ownership. They owned tea estates in Ceylon and India, and ships which transported it. And they had a presence in all the major capitals of the world.

They were not prepared to be dictated to by private profiteers (they produced a wireless called 'Defiant') in defiance of the private sector.

This meant that they could ensure that the working conditions and standards in their places of work were decent and in keeping with the standards of a co-operative. It meant that the quality of their products were under their control and supervision. They were in control of the terms of their business dealings and price. And all this in the service of their members, the owners of the co-operative.

The concept of vertical integration was abandoned in the 1960's - the CWS changed its function from production and selling to the co-operative societies to buying on their behalf. This fundamentally changed the way in which the movement operated and represented a loss of control over the supply chain. Until 2013 however, the CWS (Co-operative Group) retained ownership and control of co-operative farms. Increasingly in the 20th century, as private multiple retailers became more competitive, co-operative societies started to buy more produce from sources other than the CWS.

Co-operative societies

- Can buy from any source.
- Need to supply what members/customers want.
- Societies need to keep local suppliers on side.
- Will support CWS...if the price/quality are right.

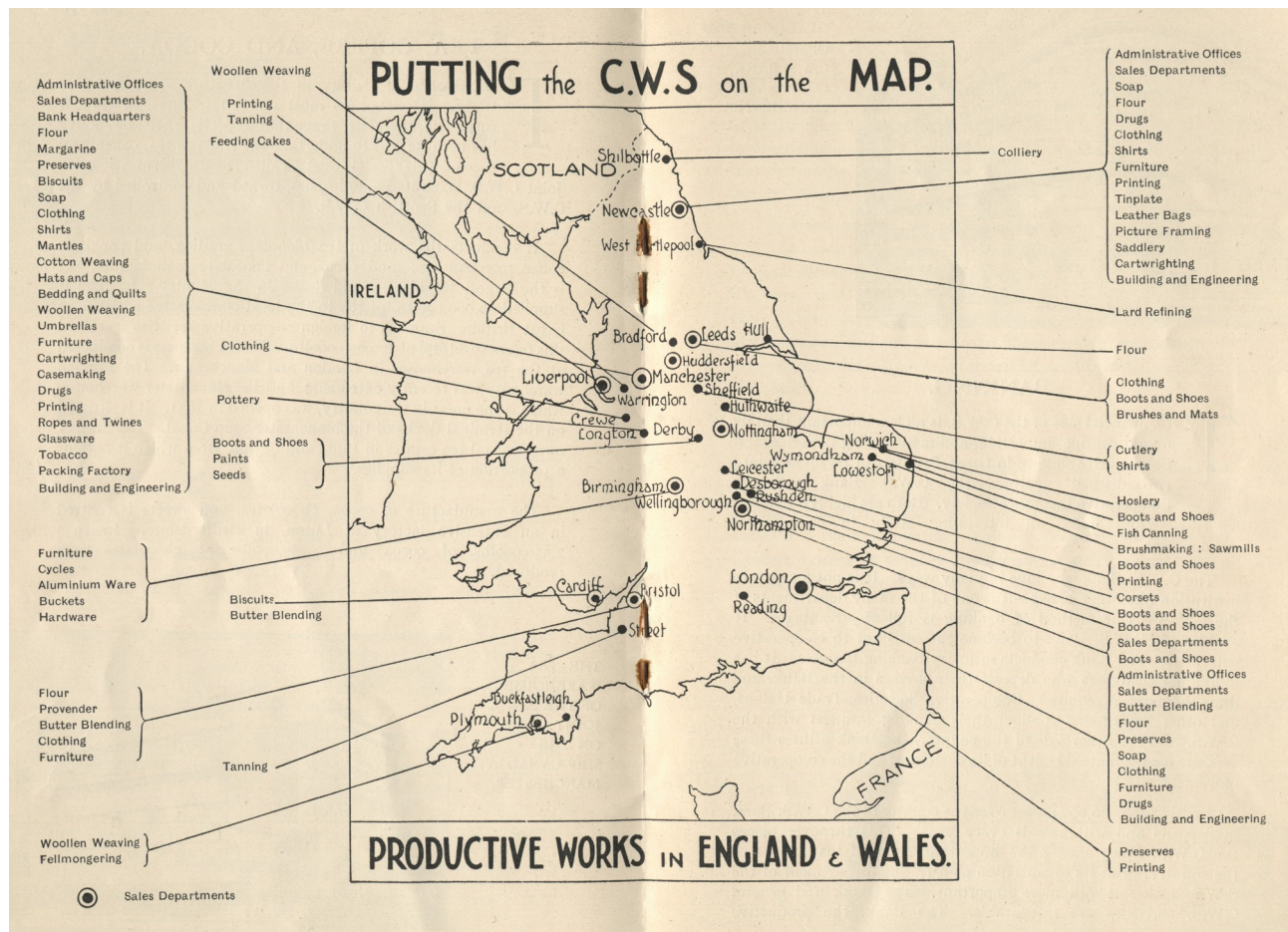
CWS

- Can't sell to private firms.
- Wants to be main, if not sole supplier to co-ops.
- Serves as a 'commercial hothouse' – have to have the best quality. at the best price to attract co-operatives.
- Control over supply chain – source of goods to delivery.

This became a big problem in the latter half of the 20th Century and the CWS business model began to fail. Its function changed from supplying to the Movement to buying for the Movement.

The findings of the Co-operative Commission of 1958 and other reviews pointed to the need to reduce the number of co-operative societies through mergers and for the

CWS to have greater control and leadership. This was strongly resisted by the co-operative societies which valued their independence and autonomy. As society changed with the loss of working class neighbourhoods when the manufacturing and mining industries closed down, and the private sector became dominant, co-operative societies found that they could no longer give a dividend to members. This further undermined member loyalty and any particular significance of the co-op.



CWS as wholesaler to the co-operative movement

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Co-operative Retail Services (CRS)

In 1900 there were 1,400 retail societies in membership, in 1950 there were 1,000, by 1960 there were 875. Today there are 15. This is due to societies merging and forming fewer but much larger societies. Much of this was facilitated by Co-operative Retail Services (CRS).

CRS was set up as the retailing wing of the CWS in 1934. Its purpose was to set up retail societies where there were none. Increasingly as time went on, it began to take over and rescue failing societies. This was possible because of the financial and organising strength of the CWS which the CRS could call upon. In due course many societies were absorbed into the CRS as they ran into difficulties and needed to be rescued. This put pressure upon the resources of the CWS. The CRS grew

enormously, gaining as well as the retailing businesses, the individual members from the societies which they took over. The CRS therefore differed from the CWS which only had corporate members. In theory the CWS controlled the CRS but the two organisations were becoming rivals creating a very non co-operative situation. By this time the CWS had also started to take over retail societies. The competition between the two led eventually to the separation of the two organisations.

It was not until the year 2000 that the two organisations merged together to create the Co-operative Group. The 'group' was the family of businesses i.e. food, pharmacy, funerals, farms, travel, financial services, department stores etc.

In 2007 several large societies merged with the Co-operative Group. As a result of all of this The Co-operative Group has 85% of the co-operative retail business in the UK.

For a well researched and written book about the history of the Co-operative Wholesale Society (Co-operative Group) I recommend;

Building Co-operation. Published by Oxford University Press 2013

John F. Wilson, Anthony Webster & Rachael Vorberg-Rugh

<https://www.principle5.coop/books/building-co-operation-a-business-history-of-the-co-operative-group-1863-2013>

Other useful books in the Principle 5 collection (in random order).

A Century Story of the Co-operative Union 1869 -1969. Published by the Co-operative Union. 1969

Desmond Flanagan

<https://www.principle5.coop/books/a-centenary-story-of-the-co-operative-union-1869-1969>

Industrial Co-operation. Published by the Co-operative Union 1910

Southern Co-operative Education Association. Edited by Catherine Webb

<https://www.principle5.coop/books/industrial-co-operation-the-story-of-a-peaceful-revolution>

British Co-operation. Published by the Co-operative Union 1961

Arnold Bonner

<https://www.principle5.coop/books/british-co-operation>

A Century of Co-operation. Published by the Co-operative Union 1944

G. D. H. Cole

<https://www.principle5.coop/books/a-century-of-co-operation>

Co-operative Education. Published by the Co-operative Union

Co-operative Union Education Department

<https://www.principle5.coop/books/co-operative-education>

**The British Co-operative Movement. Published by Hutchinson & Co. 1955
revised 1960**

Jack Bailey

<https://www.principle5.coop/books/the-british-co-operative-movement>

Co-op: the people's business. Published by Manchester University Press 1994

Johnston Birchall

<https://www.principle5.coop/books/co-op-the-peoples-business>

**New Views of Society, Robert Owen for the 21 st Century. Published Scottish
Left Review Press**

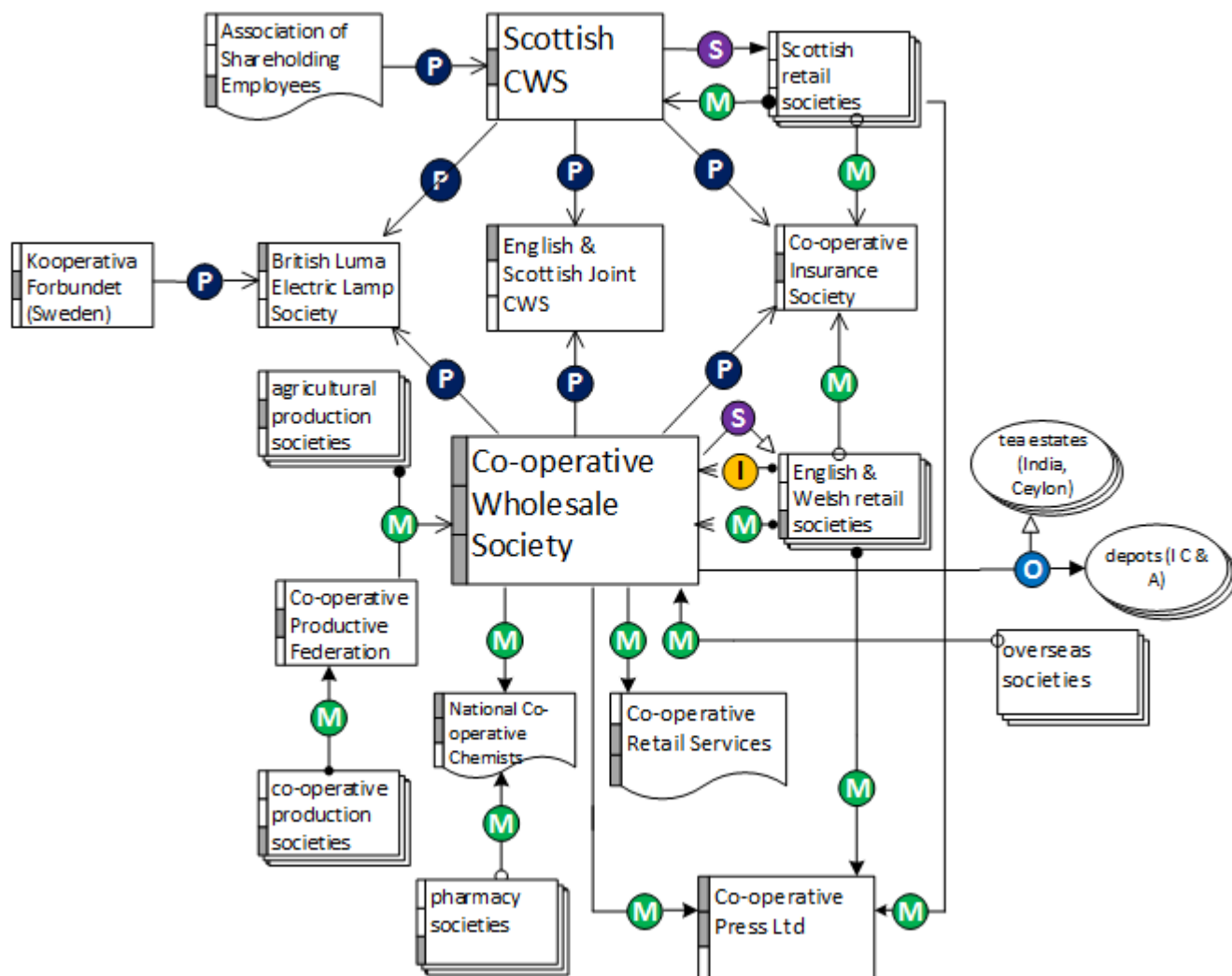
2008

Edited by Richard Bickle and Molly Scott Cato

<https://www.principle5.coop/books/new-views-of-society-robert-owen-for-the-21st-century>

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Co-opMaps were developed by Principle 5 member Steve Wagstaff. The diagram below gives an over view of the CWS in 1961. This diagram requires further verification for accuracy. At a glance, it is clear to see that the Co-operative Movement had by this time become very complex.



Key

M = member of

S = supplies

I = investor

O = owns

P = partner

The Co-operative Union (Co-operatives UK)

from A Century Story by Desmond Flanagan (Preface)

“The Co-operative Union ... has been and still is the keeper of the Movement's ideals and principles, the social educator, the technical advisor, the arbitrator, and the watchdog. It is the all embracing central organisation which knits together the whole Movement, provides the machinery for policy making, for negotiation on its members' behalf and for communication to and from the Movement.”

Until the 21st century the co-operative union membership had been made up mainly of co-operative retail societies. But as their number became smaller, there was an increase in productive, cultural and social co-operatives, owned by their workers rather than their customers.

The Co-operative Union began providing administration services for the **United Kingdom Co-operative Council (UKCC)** and the **Industrial Common Ownership Movement (ICOM)** in 2000. This ultimately led to the UKCC deciding to wind up and allow the union to take over its functions, and **ICOM** merging with the union to bring together the retail and worker co-operative sectors for the first time since they split in 1880.

The Co-operative Union changed its name to Co-operatives UK in 2002.

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The Co-operative Party

From the earliest days of the co-operative movement there was a consensus that co-operatives should be non party political. Indeed, political and religious neutrality were written into the principles. There was of course a practical reason for this. Co-operative members were affiliated to many different working class and socialist radical groupings. If the Movement was formally affiliated to any one of them it could cause unnecessary division amongst the members.

Circumstances by the time of the first world war necessitated a co-operative voice in Parliament when the Tories and Liberals were legislating against the interests of co-operatives in favour of private businesses.

The Co-operative Congress (the Co-operative Union assembly of of the Movement) of 1917 resolved to enter into party politics. This lead later in the year to an emergency conference which drafted a constitution and political programme for a Central Co-operative Representation Committee. In 1920 that committee adopted the name 'The Co-operative Party'.

The first Co-operative Member of Parliament was A.E. Waterson who was elected as MP for Kettering in 1918.

From 1919 the CWS began making an annual contribution to the Party of £1,000.

At the Co-operative Congress of 1927 in Cheltenham a formal alliance between the Co-operative and Labour Parties was agreed. From then onwards Co-op Party candidates standing for election to Parliament or local authorities stood on a joint Labour/Co-operative ticket. The two parties remained independent of each other having their own policies and structures, but had a harmonious relationship with each other.

The purpose of the Co-operative Party then and now is to give political representation and support to the Co-operative Movement.

One of the most well known Co-operative MPs was A. V. Alexander, MP for Sheffield Hillsborough who served in the Labour governments of Ramsay MacDonald and Clement Attlee.

Steve Thompson
18th September 2019



Holyoake House

In 1906 the co-operative activist George Jacob Holyoake died and the Co-operative Movement decided to commemorate him by building a permanent headquarters for the Co-operative Union. It was erected in 1911 on Hanover Street and named Holyoake House. A plaque was erected outside the building dedicating the building to Holyoake's memory.

Holyoake House is home to Co-operatives UK, The Co-operative College, The National Co-operative Archive, The Association of British Credit Unions (ABCUL), Co-operative Press (publishers of Co-operative News) and the Manchester office of The Phone Co-op.

ERECTED 1911

THE CO-OPERATIVE UNION LIMITED

THE CO-OPERATIVE UNION IS A
FEDERATION OF CO-OPERATIVE
SOCIETIES IN THE UNITED KINGDOM
FOR THE PURPOSE OF PROPAGANDIST
AND DEFENSIVE ACTION.

ITS OBJECTS ARE

1. TO ESTABLISH & ORGANIZE
CO-OPERATIVE SOCIETIES.
2. TO DIFFUSE A KNOWLEDGE
OF THE PRINCIPLES OF CO-
OPERATION BY ADVICE AND
INSTRUCTION. - LITERARY.
LEGAL AND COMMERCIAL.

THIS BUILDING WAS ERECTED BY THE
VOLUNTARY CONTRIBUTIONS OF 794
CO-OPERATIVE SOCIETIES MEMBERS
OF THE UNION, TO PERPETUATE
THE MEMORY OF THE LATE
GEORGE JACOB HOLYOAKE
ONE OF THE PIONEERS OF CO-
OPERATION, WHO FOR NEARLY 70
YEARS WAS A STRENUOUS WORKER
FOR LIBERTY AND REFORM.

BORN 1817,

DIED 1906.