

**More Than Just a Shop; the philosophy that inspired co-operative trading**  
by  
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**2001**

## **PREFACE**

*WORK on this brief look at the practical applications of the Co-operative Movement's social philosophy began before publication of the Co-operative Commission's report. It was given added impetus by the report's conclusions and by the comments of its chairman, John Monks, who maintained that:*

*"The Co-operative Movement is not just a business with a public relations social side and, indeed, it cannot be. It is about achieving a co-operative advantage based upon commercial success and social goals, which was the concept we were trying to develop during the report."*

*Close attention is paid these days, to the commercial performance of Co-operative societies measured against that of their competitors — rightly so since, without commercial viability, they would not exist. But this overlooks the fact that the Co-operative movement, since its inception, has also been in the business of social co-operation — on making society better for the mass of people. Commercial success was always a means to that end.*

*In the light of the Commission's report, now is a fitting moment to reflect on some of the social goals that have been achieved already and examine new ones that have presented themselves in recent years. What follows makes no claim to being a comprehensive report on what the Movement is doing; it surveys examples that seem to typify a diversity of approach and application shown by no other commercial interests in the UK.*

*There are, no doubt, many other exciting projects which the Movement has undertaken with its tradition of ethical trading. The examples outlined here merely demonstrate the boundless ingenuity behind the endeavour. Nor is there any reason to suppose that the ingenuity and enthusiasm will ever evaporate.*

## Chapter One

Beatrice Webb was of course, wrong in her assessment of Co-op leaders as “neither more nor less than simple tradesmen”.\*

*\*Beatrice Webb, “My Apprenticeship”, London, Longmans 1926 (Diary entry for 28th March 1889), as quoted by Stephen Yeo in “Who was J.T.W. Mitchell?”, CWS, 1995 and by Congress President Alfred Morris, 1995.*

Even at the outset it was obvious that their objectives were no more “simple” than those of the established shopkeepers of the time, those cunning traders whose commercial skills were so cleverly directed at duping their working class customers.

The “co-operative difference” which the Movement has been eager to reassert in recent times, lay in a resolve not to swindle shoppers but to make life better for them, initially through the supply of “the purest provisions procurable”. From that determination emerged an entire social philosophy which still impels – even though there have been periods when it was in danger of being lost.

The philosophy was epitomized impressively in 1970 in a piece of legislation which changed the lives of millions across the world.

The Author of the Chronically Sick and Disabled Persons Act, Labour/Co-op MP Alfred Morris (now Lord Morris of Manchester) left no doubts that the concept of the legislation, which resulted from his Private Members Bill, owed everything to the principles of the Co-operative Movement, to which he has given a lifetimes service. It was, he said, a “huge act of social co-operation”.

### **No doubts**

Today's co-op has no doubts about its direction – and to dispel any that might persist, the Co-operative Commission makes clear its view that the future lies in a “virtuous circle” of social goals, giving rise to competitive advantage, producing commercial

success. More commercial success means more ability to pursue the social goals.

The movements early leaders, as Stephen Yeo's book pointed out, worked more within a moral economy tending towards a social economy tradition. Lord Morris has said: "Those who, at Toad Lane, invented the wheel, as it were, first came together not only to provide themselves and their neighbours with cheaper food but also to combat the adulteration of food and other grossly unethical trading practices. For them, the 'Co-op difference' was not only about money but justice, ethical trading and social improvement. They met a basic need and achieved an impact out of all proportion to their expectations. This opened a gateway to many paths".

That giant of Co-op leaders in the movements expansive years, J. T. W. Mitchell of the C.W.S., maintained that co-operators should be "community builders" as well as shopkeepers.

The vision behind that observation shone through the great Co-operative debate of Mitchell's time and, to a large extent has shaped the philosophy of the movement ever since. At a time when C.W.S. was moving into manufacturing, a major argument occupying the movement was whether surpluses from Co-op factories should be distributed among employees of those enterprises or among the membership as a whole.

Mitchell and some other influential co-operators argued successfully that surpluses from Co-op production plants belonged, as "dividend", to consumer members, not to workers in the factories. The concept of consumer co-operation (as we now know it) was thereby enshrined in the movements philosophy. Had the result of that debate turned out the other way, the subsequent shape and concept of the UK Co-operative Movement could have been quite different. That all important philosophical underpinning ensured that altruism was maintained and with it the Co-op's responsibility to the wider community.

See note



## Upheaval

If that was one crucial, formative period for the Co-op's social conscience, another came more recently. In the 1970's and the 1980's when whirlwind changes in the retail trade brought unprecedented upheavals to the movement, there was a risk of the Co-op's sense of social purpose being suffocated in the rush for commercial success. The pursuit of profitability was essential to continued Co-op survival as retail competition intensified but the reality was that the movement was losing sight of what the surpluses were actually *for*.

Was it, sadly, a fact that the Co-op no longer had members, merely customers? And if that were the case (suggested the faint-hearted) why should it not behave in exactly the same way as its multiple competitors?

The folly of that argument has been starkly demonstrated. Without vision and philosophical purpose, the Co-op would, indeed, become another “simple tradesman”. The dangers to co-operative thinking were recognised at the (then) C.W.S., where chief executive Graham Melmoth led a resolute defence of co-operation against predators who would have bought out the Co-op, stripped its assets and left its remnants a limp reminder of failed idealism. The movement was forced to face up to the pivotal question posed by Melmoth: what was the point of the Co-op being a successful business unless it was successful as a co-operative first – and last? Melmoth also set himself the daunting task of revitalising the membership concept at C.W.S., difficult in itself within a federal co-operative that had, over a period of years, acquired individual members haphazardly, mainly through its 'rescue' of struggling societies. Equally important, he instigated an educative programme designed to put employees back in touch with co-operative values so that they, too, could better understand what the movement was aiming at.

Melmoth sought to steer the movement along the true co-operative path in other ways. As President of the International Co-operative

Alliance, he was able to oversee the important re-definition of modern co-operative “values and principles” which injected new life into flagging co-operative thinking – particularly its social philosophy – on an international scale.

Later, he played a key role in two vital developments. One was in bringing about the long hoped-for merger of C.W.S. and C.R.S., creating the Co-operative Group and halting the haemorrhaging of Co-op assets, which had become serious. Then he was a driving force behind the setting up of the Co-operative Commission which undertook the first serious assessment of the movement for 43 years.

The Commission had itself had no hesitation in deciding where the strengths of the Co-op lay.

## **Resources**

It's chairman, John Monks, wrote: “The ethical values of honesty, openness, social responsibility and caring for others can give an edge over businesses driven simply by the profit motive. That edge helps build commercial success and that, in turn, provides the resources to strengthen the ethical dimension”.

Whatever terms the movements founders would have used to express that sentiment, there is no doubt that, hard headed though they may have been when it came to running shops, the social goals and the philosophy behind Mitchell's “community building” took priority. They were confident that commercial success would follow in the wake of social responsibility and honesty (as indeed, it did).

It was the path to the growth of enormous retail power, enabling it to exert influence in all sorts of ways and on governments. Social improvements came thick and fast.

[Co-operative Commission 2001](#)

**“The challenge, for all in the Movement, is to define and to set social goals that are in line with modern society’s perceived and expressed needs.**

**“The further challenge is then to demonstrate that the Co-operative Movement can deliver meaningfully against these goals on a consistent basis, both to its customers and the community.”**

**— *Report of the Co-operative Commission, 2001***





J.T.W. Mitchell  
Chairman of the C.W.S.  
1874 – 1895

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### Notes

1. At the beginning of the 20<sup>th</sup> century the argument raged about where the distribution of surpluses from co-op factories should go; to the employees or to the consumer members in 'dividend'.

Now, in the 21<sup>st</sup> century, with only a fragment of the old Co-operative Movement left (The Co-operative Group and 14 other societies) the future Movement is largely Worker Co-ops. The trend has moved from consumer to worker.

2. When the retail co-operatives were in decline in the 1970's and 1980's the co-operative societies abolished dividend to members and introduced stamps (like Green Shield stamps) to customers in general. Some societies removed the word co-op from their branding. These measures were introduced even by the biggest society 'Co-operative Retail Services'. The motive was to disassociate the business from the perception of a 'second rate' customer offer, in other words, the Co-op. It was an admission of defeat for the Movement and ended badly. More and more assets were lost.

3. There was a revival after the Independent Co-operative Commission of 2001. The Co-operative Group was created and the Movement was gradually brought back on course. This all came to an end in 2013 when due to financial mismanagement the Co-operative Group lost most of its assets and effectively became a mainstream supermarket chain (with a funeral department).

3. The future of the co-operative Movement relies now on the Worker Co-ops and social, educational, campaigning, community co-ops, the Credit Unions and the Co-operative Support organisations. But how do they become a Movement? They have not got the infrastructure or driving purpose that the C.W.S. had, or the financial power of an international operation which controlled all aspects of produce, retail and finance – and provided a federation for the Movement.