Corporate Social Responsibility in Your Own Backyard

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Introduction

Proponents of Corporate Social Responsibility as a means of improving the behaviour of the corporate sector often assume that the corporations will improve their behaviour because of the damage to their brand image of actions considered reprehensible by the majority of consumers (the example of Shell in Nigeria and during the crisis over Brent Spar is often cited as an example). However, in the late phase of capitalism consolidation and frequent changes in the ownership of brands means that consumers can really have little idea about the nature of the company that manufactured any particular good they purchase. Consumers have also grown cynical after years of 'greenwash' and phoney claims to social values from corporations.

We would argue that two factors that have a genuine impact on the standards of behaviour of corporations are scale and distance. The greater the distance between producers and consumers the lower the level of commitment to social responsibility. This distance could be geographical, as in the example of the environmental catastrophe at Bhopal, or cultural, as in the Nike's Indonesian sweatshops and the race to the bottom in terms of labour standards. The scale of vertically and horizontally diversified corporations today means that there is little knowledge in one part of the business about what other parts of it are doing, and this makes any genuine responsibility more difficult to achieve. Globalisation and consolidation are continually increases these problems of distance and scale while corporations pay lip-service to CSR.

We appear to have generated a dichotomy between economic efficiency and social capital. CSR has been a superficial response at the level of public relations. A real solution would require reinternalising the externalities of the globalised capitalist marketplace. Our experience of working with the cooperative sector in Wales suggests that this is much more likely to be achieved within an economy based on locally owned and administered business. Put simply, people are less likely to pollute their own backyards and exploit themselves and their neighbours. The genuine social responsibility of Tower Colliery's sponsorship of the Mountain Ash Rugby Team makes apparent the phoniness of the Tesco schools-for-computers campaign.

Globalisation and the Social and Environmental Performance of Corporations

The history of globalisation, the state of continual change that typifies the late form of capitalism, has been traced back to the post-war settlement:

The origins of globalisation in the twenty-first century lies in the institutional arrangement of Bretton Woods, set up in 1944, as a means of managing the post WW2 international political economy of the developed countries. In essence, the *arrangements were an attempt to impose a reciprocal conditioning between an industrial free-market systems and a nation state system. . . This resulted in nation states' domestic economies becoming increasingly subordinated to the needs of a globalising world economic system.* (Arthur, *et al.*, 2004).

Other commentators have identified the central feature of globalisation as a change in the balance of power between increasing internationalised firms and national governments:

[Globalisation's] common feature is to convert the state into an agency for adjusting national economic practices and policies to the perceived exigencies of the global economy. The state becomes a transmission belt from the global to the national economy, where heretofore it had acted as the bulwark defending domestic welfare from external disturbances. (Cox, 1994: 49).

The Ford Foundation summarised the major problems posed by the processes of globalisation:

1. Increasing polarisation and concentration of wealth;
2. Technology allowing fewer workers to produce larger quantities of goods;
3. Competitive advantage results in the exploitation of lower social, labour and environmental standards in other countries: the 'race to the bottom';
4. Rising tide of productivity does not 'lift all ships' when low-paid workers cannot afford to purchase the ever-increasing quantity of goods they produce;
5. Corporations are no longer anchored in the countries that can control rules about their relations with social needs;
6. The global market system removes the connection, previously provided by national governments, between democracy and capitalism.

(Ford Foundation, 1999; as summarised in Arthur, *et al.*, 2004).

This paper will deal mainly with points 3, 5 and 6. In addition we would like to draw attention to two additional problems that result from globalisation:

7. A massive increase in trade-related pollution, especially CO2 pollution (Simms *et al.*, 2000).
8. A cultural expansion resulting in an increase in the number of societies that individuals can compare themselves with, and causing increasing dissatisfaction and pressure for further consumption, e.g. the collapse of communism because of the perceived higher standards of living in the West, contemporary disgruntlement in Islamic societies.

The Ford Foundation discussion paper lists six consequences of globalisation for political economy, the last of which is most relevant to the concerns of this paper:

Global market competition requires that all the competitors move production continuously to seek the lowest costs in order to survive. This causes a race to the bottom social wage, even if the savings in costs to business wreak tremendous long-term social and cultural costs on the environment, society, justice and *democracy* (Arthur *et al.*, 2004).

It is in the context of this understanding that it is of the essence of the globalising process to cause these problems that we question the relevance of a discussion of Corporate Social Responsibility (CSR) in terms of a competitive global marketplace. When the very system requires competition to achieve the poorest social and environmental standards, how can a system of best practice at best, or a marketing gimmick at worst, hope to counteract this?

A Sceptical Account of CSR

The academic discussion of CSR can be simplified as a discussion between those who view firms within a capitalist economy as having a singular duty to shareholders to maximise profits, and those who insist on a wider social contract between firms and citizens, or at least stakeholders, however they may be defined in the case of any particular industry.[1] Friedman (1970), the most extreme proponent of the first view, goes so far as to argue that the diversion of profits towards social ends is an 'illegal tax' on the organisation. Donaldson (1983) argues, rather, that firms have a duty towards the society that has permitted them to operate, and to translate resources into saleable goods. The stakeholder model, as developed by Freeman (1984), extends the responsibility of firms to include a wider range of individuals than owners of stock, but does not extend this group beyond those directly involved in the firm as consumers, employees, or creditors. The explanation for the need for a wider interpretation of the responsibility of firms arises from developments within capitalism, as listed by Frederick *et al.* (1992): the rise of oligopolies the separation of ownership and management; government involvement in the economy; and corporate involvement in government through lobbying. We will return to some of these concerns directly in later sections.

The literature has focused largely on theoretical definitions of the responsibility of firms, although there has been some empirical investigation, mainly in the USA. One such study (Vyarkarnam, 1992) listed the following five concerns that are included under the broad umbrella of CSR:

- environmental protection
- philanthropy
- involvement in social causes
- urban investment
- concern for employment standards.

An empirical exploration of CSR performance amongst top UK companies (Balabanis *et al.*, 1998) used principal components analysis to identify a cluster of four variables (environmental action, women's position, ethnic minorities' position and philanthropy), which together created a measure of CSR that

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[1] The need to address other issues in more detail in this paper necessitates a limited account of the literature on CSR. For a more detailed review readers are recommended to read Balabanis *et al.*, 1998, on which this review in part relies.

explained 42.3 per cent of the variance in their sample. They take this to be the central useful measure of CSR and we use it to guide our discussion in the rest of this paper.

Taking Friedman's view of profit maximisation as the central function of the capitalist firm, we may question what incentive there is for firms to involve themselves in any of these 'good works' initiatives, especially if, as is likely, they will reduce efficiency and increase costs. The response is that a firm that is perceived to be acting responsibly will face less labour unrest and will gain kudos in the eyes of its potential customers, increasing its sales base (McGuire *et al.*, 1988). However, 'empirical research into the effects of corporate responsibility has produced mixed results'. There is no consistent evidence indicating that CSR directly improves firms' profitability. Since the alternative to CSR is some form of state regulation, one might suggest that there are indirect benefits, and that CSR has provided the opportunity for firms to behaviour in an uncontrolled fashion, and that in the short term this has garnered them higher returns.

The Department for Trade and Industry has supported CSR as an alternative to regulation, proposing the 'business case' for CSR as a strategic role of business. CSR allows governments to have their cake and eat it, avoiding confronting the power of corporations, while having something to offer voters who live with the sometimes negative consequences of that power. It is unsurprising, therefore, that in an era of government ceding of responsibility in the face of corporate power, one of the attributes of globalisation identified by the Ford Foundation, CSR is popular in political circles.

The environmental movement has paid particular attention to CSR, seeing in it an opportunity to effect improvements in the environmental records of corporations without the need to exercise direct political power. According to Forum for the Future, a environmentally focused pressure group which aims to 'green business', 'the key was to look at CSR as an investment in a strategic asset or distinctive capability, rather than an expense'. Sustainability 'makes a positive contribution to business success'. The DTI has supported this view, concluding that CSR makes 'a positive contribution to business success'. This is justified largely on the basis of 'key internal and external relationships' which are 'widely accepted as a source of competitive advantage' and that 'strategic assets' such as consumer confidence 'are an obvious source of competitive advantage as their owner has an important but very scarce resource' (DTI, 2003).

Critics of corporate behaviour take a more sceptical view of CSR. The UK's leading new economy think-tank the New Economics Foundation appointed a Corporate Accountability officer, who initially took a positive attitude towards the idea of 'greening business'. By 2002, however, she was challenging the usefulness of voluntary codes in the face of the reality that, of the FTSE 350, only 35 had produced any sort of social report and of the FTSE 100 only 16 used any quantitative performance data to back up their policy assertions (Doane, 2002). She also dismissed the 'myth of the business case':

The business case for continued voluntarism in reporting (and indeed the broader CSR agenda) arises from the premise that by managing and being transparent about social and environmental impacts, a company will better manage risk and ultimately perform better financially than those who fail to report. It is assumed that the market will bring enough pressure to bear by rewarding the good guys and punishing the others. Aside from the evidence that voluntarism has failed to deliver *the goods, there are two core problems with this assumption (Doane, 2002: 1).*

These problems are identified as the reliance on the informed and ethical consumer, who does not exist in reality; and the inadequacy of incentives for businesses to act ethically. NEF has now set up a Transforming Markets programme on the basis of its conclusion that 'While mandatory guidelines are needed to widen the uptake of basic CSR practices, it has become increasingly apparent that truly sustainable business models cannot be achieved without addressing the basic incentives and limitations ingrained within the market system.'[2] They also form part of CORE— along with Traidcraft, Friends of the Earth, Christian Aid, Amnesty—the corporate responsibility coalition, which is supporting a parliamentary bill to force larger companies to be open about their social, environmental and economic impact on the communities around them

Critics of CSR, NEF among them, have viewed it as an example of 'corporate spin'. Beder (1997) takes a highly critical view, dismissing attempts to imply environmental concern as part of a 'corporate assault on environmentalism' that includes a divide-and-rule strategy for environmental critics with different levels of intransigence, of which the stakeholder dialogue is one strategy (Lesly, 1992). This view was confirmed by an anonymous ex-BP consultant (quoted in Doane, 2002) who admitted that 'stakeholder dialogue is a very subtle and intelligent management technique to evade criticism'. It also receives indirect support from the marketing industry, which has subtly transformed CSR into CRM (cause-related marketing), which is a marketing strategy designed to link a brand name or service with a particular good cause or charitable organization to the advantage of the company controlling that brand (Endacott, 2004). Even broadly supportive accounts admit that, without independent auditing, there is nothing to prevent exaggerated claims being made in CSR reports (Idowu and Towler, 2004).

The cynical view of CSR has been supported by the behaviour of one of the leading corporate exponents of CSR: Shell.

Shell is one of the largest global corporations, a key player in the global oil industry and its third largest company behind Exxon-Mobil and BP. In 2001 its revenues were almost US$135bn. and it had 90,000 employees in 140 countries. Shell (Frynas, 2003) was one of the first corporations to take up the idea of CSR enthusiastically. This was seen by many as a response to two negative publicity events in the mid-1990s: its disastrous battle with Greenpeace over the disposal of the Brent Spar rig and the even more sinister events in Nigeria, where Ken Saro-Wiwa and other leaders of the indigeous Ogoni people were executed for activity opposing Shell's oil drilling (Frynas, 2003). Shell gives about £200,000 to environmental organizations every year (Jenkins, 1990) and the Shell Foundation distributes £7.5m to development projects around the world. However, Shell has had a far from comfortable relationship with some of the most prominent environmental lobbying groups:

In May 1996 Shell International Petroleum successfully complained about a joint advertisement by the Body Shop, Friends of the Earth and Greenpeace which

[2] 'From CSR to Market Transformation', NEF website: http://www.neweconomics.org/gen/transform_csr%20.aspx

criticized Shell's activities in Ogoniland, Nigeria. The advertisement was ruled to be misleading as it implied that Shell was currently operating in Ogoniland. A later complaint (July 1996) by Friends of the Earth about a Shell International advertisement, which also referred to Shell's activities in Ogoniland, was partially successful. The ASA agreed that Shell's claims that sixty per cent of oil spills were caused by sabotage could not be adequately supported. (Beder, 1997: 178).

Shell was a founding member of the Global Climate Coalition, which has opposed the scientific findings of the Intergovernmental Panel on Climate Change and been blamed for slowing policy progress on climate change (Rowell, 1996:86), although it left the organization in 1997. It has also received criticism from Christian Aid who challenged the development projects Shell supports in the Niger Delta which have all 'failed or remain unfinished' (Christian Aid, 2004).

In January 2004 Shell was forced to admit it had over-estimated its reserves by 3.9bn. barrels, 20 per cent of the total. Worse, this was not the result of errors but failings on the part of Shell's senior executives to revise the reserves figures as they found they were inaccurate. The company's chief executive Sir Philip Watts was, in essence, guilty of misrepresenting the size of the company's reserves, which led to an artificially high stock-market valuation. Nothing could be further from the ideal of CSR than deceiving not only stakeholders, but shareholders themselves.

Stock-Market Pressure and the Loss of Regional Economies

Following the lead of some of the foremost critics of globalisation (Harvey, Massey) we would seek to introduce some consideration of economic geography into the discussion. Others have argued that the essence of the globalised economy is its lack of attachment to place (O'Brien, 1991). We would argue that two factors that have a genuine impact on the standards of behaviour of corporations are scale and distance. The greater the distance between producers and consumers the lower the level of commitment to social responsibility. This distance could be geographical, as in the example of the environmental catastrophe at Bhopal, or cultural, as in the Nike's Indonesian sweatshops and the race to the bottom in terms of labour standards. The scale of vertically and horizontally diversified corporations today means that there is little knowledge in one part of the business about what other parts of it are doing, and this makes any genuine responsibility more difficult to achieve. [anybody got any useful refs. Here?]

Findings from a study of CSR in UK firms confirms the relationship between firm size and environmental impact (Balabanis *et al.*, 1998). The researchers were surprised to find no correlation between environmental impact and environmental action, despite their expectation that 'firms in industries with higher levels of environmental damage would be more oriented towards activities designed to alleviate this'. To us this appears a naïve assumption; there is no logical connection in the profit-driven world of the corporation between causing damage and attempting to rectify that damage, particular if the environmental action required is costly.

If CSR can be read as a response to the ethical challenges of transational corporations we would like to pose a question: what, if anything, guaranteed more ethical behaviour before the advent of globalisation? We would suggest that then, as now, those who controlled capital displayed more or less concern for the well-being of their employees and the environment, the difference was the visibility of the behaviour. The exploitative mill-owner portrayed in Victorian novels by Gaskell and Dickens was an obvious local target, quite distinct from the CEO of the corporation that owns today's workplaces.

It may be possible to trace this movement from embedded, patrician capitalism to footloose global capitalism in the narrative of the closure of the Vaux Brewery on Teeside reported by Andy Pike (2004). The Brewery, founded in 1837, was an important provider of employment in a depressed local economy, but it was also a symbol of pride in the area and gave workers and community members alike a sense of identity. The Brewery's owners were not philanthropists, but they demonstrated a commitment to the local economy that would have been impossible for a TNC:

By the late 1990s, Vaux had been managed for three generations by members of the Nicholson family. Their particular style of paternal, regionally rooted capitalism was underpinned by a patrician and high Tory political culture. Such dynastic family management is embedded within the North East's historic class structures with the landed aristocracy, industrial pioneers and national state functionaries often paternalistic in their outlook and management style (Pike, 2004: 12).

The Nicholsons struggled to maintain control of the Brewery, but this became impossible in the face of 'Brewing's increasing capital and scale intensity [which] generated strong investment capital demand that could not be met by retained earnings or North East regional investors' (ibid.). In his memoirs Nicholson identifies the culture clash between traditional and globalising capitalists. He comments that 'The post-"Big Bang" political economy and culture of spectulative short-termism, fee-seeking and deal-making by "plain spivs" (Nicholson, 2003: 154) was increasingly at odds with the Chairman's "gentlemanly capitalism"' (Pike, 2004: 19).

His comments suggest that, while profit-seeking remained the key objective of the company, there was a commitment to some basic ethical standard and to employees in the local economy. The need for increased levels of capital investment led to a loss of control over the company (now a diversified hotel and entertainment group called Swallow) from the Nicholson family to institutional investors. The patrician owners tried to rally a defence campaign, appealing to regional identity across the boundaries of ownership and control, but the campaign failed and the brewery was closed in 1999. The pressure from the stock-maker for 'shareholder value' overcame the commitment to the local economy, with its associated ethical stance:

Closure uprooted Vaux's longheld traditions and culture as an 'ethical company' that would normally 'seek solutions which while preserving shareholder value, avoid factory closures where the business can be sold instead' (Pike, 2004: 20).

In spite of suggestions by its proponents, supported by government, that CSR is a business benefit, this is not reflected by shareholder activity, which is indifferent to ethical standards and only values the bottom line. Research into the CSR behaviour of 56 UK firms (Blabanis *et al.*, 1998: 43) based on the ratings of corporate social responsibility produced by the New Consumer Group in the USA (Adams *et al.*, 1991) confirmed the hostility of the stock-market to CSR:

The hypothesis of the 'ethical investor' (that capital markets tend to reward socially responsible firms) is not necessarily empirically supported by this research. Quite the opposite, findings suggested that the capital market seems to be rather indifferent to firms that undertake some CSR activities. Even more surprisingly the degree to which a firm discloses CSR information had a negative effect on capital-market participants.

Contrary to the suggestion that CSR may create a positive image for a corporation and thus encourage further investment, it seems more likely from this result that the City views firms with high levels of CSR performance with suspicion. In the competitive environment of the contemporary stock-market, where CSR can only have costs and offers not immediate profitable advantage, this result is unsurprising. This interpretation was supported by another finding, that 'the impact of CSR activities with a significant cost element [in] particular environment care related activities . . . were found to be negatively related to subsequent financial performance (ROCE [Return On Capital Employed]) Balabanis *et al.*, 1998: 42). This contrasts strongly with the example of Vaux, whose owners showed genuine commitment to their local economy, and attempted to use local community support to oppose the buyout and closure.

Achieving Genuine Social Responsibility through Changing Ownership

Thus far we have adopted a sceptical stance with regard to CSR. CSR has been judged as a superficial response at the level of public relations to concerns about the deleterious consequences of global-marketplace activity, particular the failure of commitment to employees and the environment. We have suggested that this problem is a particular consequence of globalisation, which has increased the distance between those who make policies and those who suffer from them. In this section we suggest a practical response to this loss of accountability and responsibility via a change in ownership pattern. We use a case-study of Tower Colliery as an example of a socially responsible firm.

[the social economy] is becoming seen as a holistic solution for social exclusion in a number of ways. First, by encouraging collective self-help, confidence and capacity building, and nurturing the collective values of the economy via socially useful production. Second, by humanising the economy via an emphasis upon autonomy, associational values, and organising the economy at a 'human' scale. Third, by enhancing democracy and participation via a decentralisation of policy to local communities and place. Fourth, by bringing about a greater degree of systemic coherence to the local economy via the local production and consumption of goods and services (a fortiori if this is linked to the creation of a local currency). Fifth, by acknowledging the relationships between economy, environment, politics and society. (Amin, Cameron and Hudson, 2002: 19-20)

The measure of CSR used by Balabanis *et al.* including four variables—

environmental action, women's position, ethnic minorities' position and philanthropy. In the context of the mining industry of the Valleys only the first and fourth of these are relevant, and we will focus our discussion of the community responsibility of Tower Colliery on these two variables.

In a sense it is artificial to discuss Tower's attitude to philanthropy, since the existence of the company is itself the result of a commitment to maintain employment in a depressed local economy for the sake of the community. The miners whose accounts are reported in Cato, 2004, shared a commitment to creating secure, well-paid jobs not only for themselves but also for the community as a whole, as described by one member of the management board:

First and foremost I can honestly say that as a Tebo Team member my first priority was getting my own job back. I believe that it's every individual's right, man or woman's right, to put their family first and to help their children out. That was my first concern. My second concern was, because my valley was decimated by the closure of the coal industry over the last 30 years: high unemployment, crime, drugs, you name it. The valley was becoming like a city area, and my own village. [Keith Morris, manager and member of TEBO team]

I drew attention to the way Keith used the phrase 'my Valley', a formulation used by many of the miners. He said proudly 'Its not my valley . . . but I own a part of it!'

The sense of ownership could not be more explicit. The desire of companies to prove their commitment to their local community through sponsorship can often seem artificial, but at Tower it seems more genuine. To maintain the link between the colliery and the local community the colliery established a Visitor Centre at the plant, which tells the story of mining in the Valleys, the Miners' Strike, and specifically that of the buyout. According to the Tower website (www.tower-colliery.co.uk) at the opening of the Centre:

Tower Chairman Tyrone O' Sullivan said that during the period the workforce were fighting to purchase the pit, the community of Cynon Valley 'fought alongside us'. 'In recognition of that, we decided that any sponsorship we embarked on would be directed into the community to assist various sporting organisations and clubs at grass-roots level'.

Rather than philanthropy, the attitude should rather be described as commitment to community, growing out of the 'camaraderie' that develops natural during mining work. A surface worker at Tower, asked why people like working as miners, explained: 'Well I should think it's because we're all working together here; we're all as one; we're all looking after each other. That's how it should be anyway'. This ideal of support extends beyond the workplace into the wider community, to such an extent that another miner, questioned about the policy of investing public money to create jobs, thought the interviewer was suggesting that Tower should invest its profits to create jobs for others and said that they were doing what they could to invest in the local community (Cato, 2004).

Tower Colliery has its own programmes that might be more conventionally described as philanthropy. It has sponsored a range of sporting and charitable activities including Mountain Ash Girls Football Club, Aberdare Valleys Athletics Club, Mountain Ash Rugby Club, Cynon Valley Schools Football, Aberdare Park National Road Races, Cwmaman Silver Band, Aberdare Carnival, the Ty Hafan children's hospice, and many others. The Colliery is now signed up to the government's Sportsmatch initiative. This sponsorship is described as 'safeguarding the good will of the community in appreciation of the support Tower has recieved during the troubled times of 1994'. It is clearly also a marketing strategy, but in the context of deep identification with mining in the area and the support for Tower as a local success, the community orientation of the colliery rings true.

As far as environmental action is concerned, Tower has demonstrated a generally strong commitment to environmental standards which has been recognized by government. Dust and noise nuisance are kept to a minimum and water discharges are carefully monitored. Tip is treated with organic material to ensure the success of later revegetation. Tower Colliery is also developing expertise in the field of energy efficiency in its Energy Services Division. Advice on best practice is offered free to customers to enable them to gain maximum efficiency from their coal with the minimum environmental impact. Tower managers are well aware of the threat posed to their industry by the Kyoto carbon dioxide targets and are keeping abreast of developments in CO_2 capture technology. They are fortunate in terms of the coal industry in that the particular form of anthracite mined in South Wales has low sulphur and low ash content and is therefore relatively non-polluting. The methane plant is also environmentally beneficial since methane is one of the gases that contributes to the greenhouse effect.

Tower Colliery has been innovative in developing one of its waste products into a usable source of energy, in a process which has been recognized in an industry Best Practice Brochure by the DTI (DTI, 2000). During the process of coalification significant quantities of methane are produced. This is generally a hazard in mining—the infamous 'firedamp' that caused so many of the worst mining disasters and that always requires constant vigilance in a colliery. However, this gas also has commercial potential, since it is indistinguishable in quality from conventional natural gas. In 1998 Tower began a project to extract methane from the mine workings and use it for the generation of on-site electricity supplies. Tower now produces $6.5MW_e$ of electricity with a generating efficiency of 95 per cent. In order to be used on site this has to be transformed to the usable voltage of 11,000V to match the infrastructure of the plant. This generation allows Tower to be self-sufficient in electricity. The DTI considers this project to demonstrate best practice because:

Operating mines to best practice guidelines for CBM [coalbed methane] ensures maximising the safety of miners working at the coal face, minimising influence on the surrounding environment, reducing pollution costs and enabling self-sufficiency in terms of energy requirements (DTI, 2000: n.p.).

Put simply, our thesis is that people are less likely to pollute their own backyards and exploit themselves and their neighbours. The genuine social responsibility of Tower Colliery's sponsorship of the Mountain Ash Rugby Team makes apparent the phoniness of the Tesco schools-for-computers campaign.

Conclusion

We have offered a sceptical view of the effectiveness of CSR in a context of the globalised, corporate-dominated economy. Corporations are able to exploit market imperfections to gain supernormal profits and they are beyond the reach of nation-states. This was made clear by the fact that Shell's unethical business practices were exposed by pressure groups (Greenpeace in the case of Brent Spar; and Ogoni mass protests in Nigeria) but effectively condoned by the governments of countries around the North Sea and the Nigerian government. Sethi (2003) argues that for this reason corporations should be made to be accountable for a more equitable distribution of these profits to customers and employees. While intellectuall appealing, such a solution seems impracticable and is, anyway, unnecessary since the cooperative ownership structure automatically creates a fair distribution of surplus.

In addition, cooperatives are locally based and hence more likely to be both accountable and responsive to local communities. We give the example of Tower Colliery, whose raison d'etre is the maintenance of good-quality, high-paid jobs in a depressed local economy, and which has demonstrated genuine commitment to community enhancement.

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