

Co-operative Development

What we need to do next

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Where we are now

- Largest consumer society in the world – but its in a crisis of debt and democracy
- Never had a true Co-operative Bank – UK banking law makes it nigh on impossible.
- Community Share issues are small fry still, although growing fast.
Co-op Group debt = £1.4 billion
Comshares 2014 = £34 million

Where we are now

- Agricultural Co-ops strengthening in Scotland, weakening in England, poor shape in Wales
- Co-op consortia (inc agricultural) = 89 in UK
- Very small UK worker co-op section.
 - In Spain 25% of all new jobs are in worker co-ops.
 - In France 10% of workforce are in co-ops
 - In Emilia Romagna - more than 8,000 co-operatives, an economy that is the 10th richest in Europe, the lowest unemployment rate in Italy and the highest GDP per capita. Just under half of the region's inhabitants are members of at least one co-operative.

Where we are now

- Credit Unions now 3% of UK population, but 65% of Eire population
- Building Societies were strong until 1979 when Banking regulations were amended to let Banks issue mortgages more easily
- Less Building Societies now – but bigger
- All Building Societies that de-mutualised in the 80s don't exist any more

Why?

- Not using our own funds?
 - Rochdale Pioneers contributed £1 10 each in today's money
 - Most societies still only ask for £1
 - If all 6 million Group members contributed £1 10 each, debt would be halved, and £100 million p.a. interest charge halved as well

Why?

- Salary rip-offs?
 - Euan Sutherland = 330:1
 - FTSE 100 average = 143:1 ♦
 - US Church Investors max = 75:1
 - Swiss Law (nearly in 2013!) = 12:1
 - Mondragon = 6:1
 - Suma Wholefoods = 1:1
- If they can't get by on £250,000 p.a. how can they run a decent business?

Why?

- Consumer Societies in UK have no worker buy-in
- Co-op Group funded by debt since the 1990's. Previously funded by member shares
- Concentration in UK on common ownership of capital – is this right for worker co-ops?
- Common or collective ownership only applies to capital. Revenue is only shared automatically in BenComs, and then usually to charities not other co-ops

Why?

- Employee Ownership model completely outstrips worker co-ops. John Lewis employs 90,000 alone
- Co-op business advice still thin on the ground
- Co-op business model not recognised by professions
- Co-ops still seen as cuddly and nice, but not the best option for new businesses

What we need to do

- Co-op Law needs updating – we've only had consolidation in 150 years
- Co-ops need option of an asset lock in order to take ownership of anything from the State
- Banking law needs to change. Mutuals are more stable than PLCs, but are unable to form a bank in UK. Worldwide experience shows this to be a mistake
- Worker Co-ops to have co-ownership of capital as the preferred option

What we need to do

- All co-ops need a duty to support co-op development
- Rebuild the co-op brand
- The right environment legally and in policy terms
- Joined up business support across UK
- Tax advantages over PLCs because co-ops are “non traded entities”; hence fundamentally stable and rooted in UK

What we need to do

- Influence Government – ironically most co-op law updating has come in private members bills, mostly by Conservative MPs
- Co-ops UK must lead on influencing Government. Huge changes have been made in Wales by spending a long time close to politicians and civil servants. Easier when you are geographically close.

How

- Joined up co-op business support - Development Co-operative Ltd formed this year by a consortium of small CDBs to deliver larger projects across UK – needs in-kind support and finance from the movement
- Powerful lobbying. We need to concentrate on getting government to give us what we need, but first we need to agree what that is
- Recapturing our own money – its mostly in the rest of the economy – we need a genuine co-op bank(s)

New Principles

- Rebuild the brand through 3 additional Principles
- We don't have to wait for the ICA. Mondragon has its own:-
 - Open Admission
 - Democratic Organization
 - Sovereignty of Labour
 - Instrumental and Subordinate Nature of Capital
 - Participatory Management
 - Wage Solidarity
 - INTERCO-OPERATION
 - Social Transformation
 - Universality
 - Education
- We need to start somewhere, why not here and now

New Principles

- **Principle 8 – Subsidiarity of Capital to Labour.** Co-operatives ensure that capital, including co-operative capital, is a tool used by workers, not a controlling force over them. To this end they will ensure that workers have an appropriate democratic membership stake in any co-operative that employs them.
- **Principle 9 – Fairness in Remuneration.** Co-operatives ensure that all staff are remunerated on a fair and balanced wage scale that is appropriate to the size and scope of the enterprise, but never exceeds 12:1 (Highest to Lowest)
- **Principle 10 – Commitment to Co-operative Development.** Co-operatives are committed to growing the co-operative form of business. At least 10% of every co-operative's annual profits are dedicated, in cash or in kind, to developing and financing the start-up and growth of other co-operatives

UK and Ireland

- Lastly, we mustn't leave our Irish colleagues outside. We share a language and an island
 - We can learn from each other
 - There is already a myriad of cross-border social, civil society, business and political links
 - We are an international movement
 - Plunkett have already started

Any Questions?

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