

The Only Way is Rochdale

Speech by Meg Hillier MP

It's been a hammering year for the Co-operative movement.

This movement, which has survived Two World Wars, the Great Depression and Margaret Thatcher.

This movement which has made all of us feel proud in the past to be part of its success.

This movement which turned an ideal that speaks to the very best of humanity into a real presence in the lives of millions.

Today stands battered, diminished, struggling on life support.

Each new announcement of failure and scandal.

Each excoriating attack on the Board.

Each revelation of excessive bonuses or mismanagement, erodes by inches public confidence and support.

To see something you love so much in so much pain is heart-breaking for all of us.

And of course all around us and above us circle the vultures.

The City folk and Conservatives who want the Co-op to fail.

Not merely to strip the assets and line their pockets; but also to prove they were right all along – that competition beats co-operation.

So this morning, I want to talk about the principles of co-operation.

Not as a eulogy on a movement on its way to the morgue.

Nor as a historical lecture about Owenism, the Divvy and the Rochdale Pioneers.

No, I want to talk about the principles of co-operation for a simple reason: their application is the only way we are going to rise from the death-bed,

recover, revive, restore this movement to its rightful place in the nation's hearts and high streets.

We're not going to do it by throwing obscene amounts of our members' money at City whizzkids.

Nor by becoming a corporation like all the rest.

We are going to do it by being Co-operators not capitalists.

Business-like. But not like any other business.

Co-operatives across the globe, from America to Australia, from Canada to Kenya, hold the same core values and principles close their hearts.

They are anchored on the Rochdale principles from 1844.

They were last approved in 1995 at the International Co-operative Alliance.

They speak to all that's noble and decent.

They echo down the centuries.

In them, you can hear the voices of the men and women in Rochdale who conceived a better way of living in the cruel era of laissez-faire.

Let us test those principles against the recent performance of our modern Co-operative Group.

First: co-ops are voluntary organisations, open to all who accept the responsibilities of membership.

The Co-op Group is the largest membership mutual in the UK, with 7 million members, more than all the political parties put together.

Yet management is spending £1.5 million of the members' money on the Have Your Say Survey.

A survey which you don't have to be a member of the Co-op to complete.

People living abroad. Bored cabinet ministers. Our bitterest enemies.

All are welcome to fill in the survey. It's an unnecessary, expensive and undemocratic farce, and we should treat its findings with a large bucket of (co-operative-bought) salt.

The co-operative survey is not a survey of members of the co-operative. It fails the first of the co-operative principles.

The second principle is that co-operatives are democratic organisations controlled by their members. This is such a powerful idea – as valid in modern-day South America or Africa as it was in Victorian Lancashire. The idea that people should have the power to choose, to decide, to control. Women had the vote in the co-op 70 years before we had the vote in the country.

We're not anarchists. We understand the need for management boards, for leaders, for bosses. But we also know there must be direct accountability to members.

Lord Myners, a member of a body determined mostly by patronage and partly by primogeniture, seems to have lost sight of any democracy in his proposals for reform.

Yet without a democratic structure, we cease to be a co-operative. It's as simple and stark as that.

So what's the third principle of co-operation? Third, members contribute equally to, and can democratically control, the capital of the co-operative. And crucially, members share equally in the proceeds.

I'll come back to the degree to which members are sharing equally later on, but if you want to hold the image of the pigs at the end of Animal Farm in your minds, that'll give you a clue about what I want to say.

But what about the idea mooted in the Have Your Say survey to do away with the divvy?

The member dividend is an essential component of co-operation.

It isn't some version of a loyalty scheme or bonus points.

It's an expression that we all own it and share in it, in the good years and the bad.

Without it, we are just another supermarket.

Next, let me read out principle Number Four: co-operatives are autonomous, self-help organisations controlled by members. If the co-op enters into agreements with other organisations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the co-op's autonomy.

Does anyone seriously think or believe that is what has been happening? That the news this week about a further reduction in our stake in the Co-op Bank meets this principle?

The co-op has to exist in a sea of competitors; it cannot be isolated from the rest of the business world. But surely the actions of the Board have eroded its autonomy and promoted the interests of bankers over members?

Fifth, co-ops provide education and training for members, elected representatives, managers and employees.

This goes to the heart of governance reform. We must properly support and train our elected Co-op representatives. They are the owners, after all.

What you do not do is traduce their contribution in public, on the BBC, declare them unfit for their roles, decree the organisation is ungovernable, and demand their replacement by people with little or no co-operative experience.

As JS Mill wrote, we learn democracy by doing it. We will get the representatives we need, by training and support, by nurture and mentoring, by co-operation.

That requires time, patience and investment.

But it does not require foghorn diplomacy or chiselled insults on the Today Programme.

Six, co-operatives work together, through national, regional, local and international structures. It is obvious that we need to work together, across the whole movement. The management has strained and damaged relationships. We should also remind ourselves that the world is watching, and our friends across Asia, Africa and Europe are waiting to see how - if - we recover.

We all accepted budget cuts were necessary for survival – deep cuts to co-op organisations of up to a third. Co-ops UK, the Co-op College, and the Co-op Party have absorbed the cuts and curtailed their activities. The Enterprise Hub has been suspended altogether.

Yet whilst all of this vital work was being trimmed back, corporate spending by management was spiralling. It was like the final days of the Roman Empire: emperors enjoying splendour whilst the citizens starved, with the barbarians were at the gate.

A million-pound plush new London office next to the Stock Exchange.

Millions wasted on consultants and vanity projects.

The notorious doubling of pay for executives through a shocking bonus scheme

And saddest of all, a system of business expenses which allowed a bottle of wine for £320 to be bought at the gravest point of the Bank's troubles.

I mentioned Orwell's Animal Farm just now. You'll remember the final scene when the animals look through the farm house window and see the pigs standing with the humans, their one-time oppressors, and as they looked from pig to man and man to pig, it was already impossible to tell the difference.

At the very least, we should demand an apology, before we institute the democratic reforms which mean it can never, ever happen again.

The seventh and final co-operative principle is that co-ops work for the greater good of the community.

With all the scandals, with all the cuts, can we really say we're better than our competitors?

It's hard to admit that we've not practiced what we've preached.

That the values we taught the world to follow have been betrayed just a few miles from their place of birth.

Our reputation has never been lower. We have failed the community.

We should be judged by our deeds, and in recent months those deeds have diminished us in the eyes of decent people.

These, then, are the seven principles of co-operative.

The present-day Co-operative Group is failing on every single one of them.

We should all be ashamed of what we have done.

But we should do something else too: turn that sense of shame, anger and outrage into a practical plan of action.

So what must be done now?

I have been calling for three urgent actions to reset the co-operative compass:

One, the scrapping of the double pay retention bonuses for executives.

Two, the engagement of Sir Graham Melmoth to help steer the Board's governance reform agenda.

Three, the suspension of any action related to the controversial parts of the Have Your Say sham survey.

Today, I am calling for three more urgent actions:

One: a guarantee that no major governance reforms go ahead without proper engagement and consultation with our members. That goes to the heart of our co-operative principles.

Two: a re-confirmation to all seven co-op principles, and a plan to show how they'll be acted upon.

And three: a guarantee that the search for the next Chief Executive will be drawn from a short-list of excellent candidates with a knowledge of, and commitment to, the mutual business sector.

Finding the right leader is difficult, just ask Manchester United.

But in rough seas, you need a captain who knows the ship, knows the crew and knows the waters. We need to find our Ryan Giggs.

Time is short. We need bold steps. Now, more than ever, we need to remember the Co-operative Principles, forged 150 years ago, up the road from here, more relevant, more modern than ever.

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