

Ways Forward 2 Co-operative Renewal, 16 May 2014, Manchester

Jo Bird's key note speech

I am one of seven members of Co-operative Business Consultants. We organised today's conference. The process has catapulted me into the media as one of the public faces of the co-operative movement.

I would like to talk about *why* co-operatives are important. And later I'll talk about ways forward.

Why do co-operatives matter?

Co-operatives are democratic businesses. The co-operative movement is essential to all progressive social movements – by which I mean global movements of *collective* action that aim to build a better world, *by and for the many*, not the few.



I'm talking about social movements for the rights of women and girls, trade union rights, civil rights, human rights.

Social movements for justice, peace, freedom and for the environment; and from diggers, chartism to modern

day democracy.

Co-operative come out of social movements. Co-operatives help to organise and sustain social movements and the people in them. Co-operatives find expression in, for example wholefood, housing, credit unions, fair trade, renewable energy. This is the wider co-operative movement. Fascist political parties ban co-ops – in the 1920s, Mauro Iengo's Legacoop was banned by Italian fascists.

When co-operatives do not reflect social movements, they become just like any other business. We co-operators have been betrayed by nepotism, corruption, top down centralism, as well as demutualisation from within. Our economy is weaker for lack of more co-operatives – because business ownership changes what a business does.

Co-ops and Social Movements

I am lucky because I have always lived in social movements. As a child, Birkenhead co-op hall provided the meeting room for our Woodcraft Folk group. A mini-bus co-op provided transport for our group, and for striking miners, in the 1980s. We



shopped at the co-op *because* it didn't sell products of apartheid. As a student, we were sick of being at the mercy of private landlords - so we set up a housing co-op, with peer support from Radical Routes. At the same time, Graham Melmoth and others were successfully fighting off hostile take over attempts, and senior managers who later went to prison.

Iain Macdonald [later Director General at the International Co-operative Alliance] appointed me to work for the Co-operative Group in the early naughties. As a result of the Co-operative Commission, I headed up Co-operative Action, which became the Co-operative Enterprise Hub.

As UNITE have reminded us, nothing focuses the mind more than one's livelihood being dependant on the survival of a co-operative business. I learned this lesson over many years, making the cash flow and budget balance as a worker-director of Olive Co-operative. Inspired by the International Solidarity Movement, we worked with Palestinian farmer co-ops to bring this Fair Trade organic olive oil to the UK market. Again, co-operatives are integral to collective struggles against oppression and occupation.

Just to complete the picture, for the last seven years, I have worked for Regional Co-operative Councils and the Co-operative Enterprise Hub. Experienced advisors, like CBC, helped new and existing co-ops of all varieties, until the Hub's abrupt suspension earlier this year, when the Group suspended its funding.

What are the Ways Forward?

I'm not going to propose new ways forward. We already have a route map out of the current situation – its called the seven co-operative principles. Co-operative businesses have unique strengths that capitalists would give their right arm for – not that they need to. Before our very eyes we see capitalists buying up co-operative businesses and shamelessly



continuing to trade under the Co-operative name – thereby undermining actual co-operatives.

There are two existing initiatives I want to endorse. The first is Myners Plus.

Myners Plus

Myners Plus was published by Co-operatives UK this week. The three authors refer to international case studies of large successful co-operative businesses. It proposes three changes to otherwise valuable recommendations from Lord Myners.

Myners Plus proposes that the Nomination Committee would swap to become a sub-committee of the National Membership Council, rather than being controlled by the Group Board. This is consistent with the co-operative model in Germany. Lord Myners yesterday laid bare his reasons why he believes the Board should be effectively self-appointing.

I quote Myners “The implication of this suggested amendment is simple and yet devastating... the remit of the Nominations Committee would be subject to alteration by the NMC as it saw fit. Changes in remit could, for example, include... a decision to introduce, as a regular, rather than an exceptional practice, contested elections for the Group Board.”

For all these reasons, I am now convinced that *Myners Plus* has it right.

[Myners Plus also proposes that the programme of work on 'social goals' should be overseen by the Group Board rather than the National Membership Council. I agree. I not interested in an unethical co-operative business, even if it makes lots of profit for social goals.]

Myners Plus is very sensible, resolves many legitimate concerns, and has the potential to unite the co-operative movement. It would make the Co-operative Group recognisable as a co-operative, based on *the* seven co-op principles.

Springboard

The second initiative, Springboard, leads a way forward towards other changes we would like to see. Springboard was carefully developed by a Group Area Committee and launched on-line at springboard.coop in February. Its seven propositions are still relevant, and many have been adopted by Myners. In particular, welcoming member capital.

The Group must pay down its debts to have more autonomy. Many members are willing and able to invest more than £1 for life in the Co-operative Group, or its specialist businesses. But the Group Board denies members this right. Directors seem misinformed about the nature of members capital, which is fundamentally different to loans. There is a substantial, untapped appetite for members to invest to “Save Our Co-op” – in the short term *and* over the long term.

We have many examples of this ‘crowd funding’, in the UK and international co-operative movement. Over 200 community share offers have been launched since 2009, raising £40 million and mobilising 40,000 people as members. If the Group had successfully applied models from Japanese consumer food co-ops and Calgary Co-op in Canada, it would have £4.2 billion or £3.6 billion of capital respectively – more than enough to recapitalise the

business *and* regenerate an engaged membership. As David Thompson explains in Co-op News [of 6 May] “the equity co-ops need is sitting in the pockets of the members”.

Even more of the Co-operative Group’s assets are up for disposal. We need to support new co-operatives and independent societies to develop bids to buy assets from the Group. In my opinion, the first credible co-op – or consortium of co-ops - that appeals for financial support from members, will be overwhelmed with pledges followed by investments. Which of the existing co-ops in the room here today, will be the first to fund a feasibility study or two to scope out these opportunities?



In conclusion

The Co-operative Group has lost more than half of its assets in the last couple of years. Equity is down from £5 billion in 2011 to £2 billion, as recently reported. Once the difficulties came to light, the co-operative movement has responded well. But the current battles for the survival of what remains of the Co-operative Group are not all won yet.

All our best business leaders and friends have shared experience and proposals. No single one of us has all the answers, not even Lord Myners. But all of us have some of the answer, and between us, all of us have all of the answer. We have the wisdom of crowds. We have work to do and conversations to have. We have co-ops to build and re-build. I have every confidence we can move forwards together, and that a renewed co-operative movement is possible.

Jo Bird 16 May 2014