

Life after Covid-19 – Bristol University Press

Chapter on Union Co-ops

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Introduction

As the UK adjusts to life during Covid-19, one of the unexpected features is that it has created a better appreciation for workers in low skilled, poorly paid and precarious work. For example, the BBC Panorama programme 'Lockdown UK' referred to hospital cleaners and supermarket workers as 'minimum wage heroes'¹ and food delivery drivers were added to the government's list of key workers. Yet as Jason Moyer-Lee of the Independent Workers' Union of Great Britain points out, although these workers are doing essential jobs, they have the least rights and little or no job security (Kale, 2020).

The world of work has already been changing over the last decade, with a rise of in-work poverty, low paid work and insecurity, caused by low-paid self-employment, temporary work and zero-hour contracts (TUC, 2016). Covid-19 has accelerated the move to online work, created new kinds of precarity and increasing the risks for workers who are already engaged in low paid jobs related to digital platforms (Mexi, 2020).

So apart from a better public appreciation for workers who do low paid, stigmatised or dirty work, what have we learned from Covid-19? That decent work is a right for everyone (Smith, 2014), but that lockdown has made the possibility of finding and keeping decent work harder, especially those working in the gig economy or in low paid, low skilled work.

These are issues that trade unions can and should address, but they are facing a number of serious and existential challenges that frustrate their efforts. These include: recruitment and retention of members; a decline in activism; ageing membership; and diminishing union density, bargaining power and representation. Plus, many unions have been pursuing a member servicing approach at the expense of more traditional organising tactics.

In this chapter, we reimagine decent work for life after lockdown by reimagining industrial democracy. We do this by proposing a 'union co-op' model² of work. This is a fully unionised, worker co-operative, owned and controlled by those who own and work in it. Worker's control, democracy and equality are built into the model which offers a solution to inequality and injustice both in and outside the workplace. The upheaval to life during Covid-19 provides the rationale for the model. In what follows, we outline the principles and benefits for adopting a union co-op approach. We conclude by arguing that life after Covid-19 offers an opportunity to recognise the value of decent work for all workers by embedding democracy and fairness in the workplace and fighting in-work poverty through union co-ops.

The union co-op model

The International Labour Organisation's Recommendation 193 (Smith, 2014) states that decent work is a right for everyone and that co-operatives, working with trade unions, are one of the best ways to

¹ <https://www.bbc.co.uk/news/av/uk-52111389/coronavirus-minimum-wage-heroes>

² The ideas in this chapter are based on *union-coops:uk - A Manifesto for Decent Work* by the authors, a report to be launched on 2 July 2020.

achieve it. Co-operatives and trades unions have a shared history dating back to the 19th century and their collective efforts to respond to pressing social needs. The union co-op model draws on that shared history. It does so by offering a vision for democratically organised workplaces, using a model that counters mainstream economic narratives.

What is a union co-op?

A union co-op is a worker co-operative, a co-op which is controlled by its workforce (although it may have others in membership, as long as they are in a minority). It has both a formal place in its governance for a trade union to represent the members as workers and a separate place where the worker members manage the business they own. The idea of the union co-op has emerged from studying the formal collaborations in different countries between trade unions and the co-operative movement, some of which we outline in the next section. The principles for the union co-op include the seven principles adopted by the International Co-operative Alliance³, as well as three additional principles which are focused on protecting worker's rights, creating decent work and paying a fair wage.

The ten core union co-op principles are: (1) voluntary and open membership; (2) democratic member control; (3) member economic participation; (4) autonomy and independence; (5) education, training and information; (6) co-operation among co-operatives; (7) concern for community; (8) subsidiarity of capital to labour; (9) solidarity and fairness in remuneration; and (10) commitment to union co-op development.

The first four principles enshrine the ideals of equality, fairness, democratic control and autonomy in the union co-op. Membership is open to anyone who is willing to become a member and the co-operative is democratically controlled by those members. Key to this democratic control is the principle of '*one member, one vote*', meaning that power is not concentrated among the wealthiest or largest shareholders, but is distributed equally among members. Members collectively own the co-operative's capital and determine how surpluses can be reallocated. For example, members can choose whether to grow the co-operative, return the surplus to members, set some aside as reserves or support other community activities.

Principles 5 - 7 move beyond the individual union co-op to outline how they should interact positively with the local community and other co-ops. Giving information to members and the wider public is crucial to educate people about the benefits of co-ops and how to make them work to everyone's mutual benefit. Similarly, principle 6 emphasizes the value of co-operation over competition and acts as an important corrective to the Darwinian narrative that organisations need to be ruthless, competitive and aggressive in order to thrive. Principle 7, concern for community, highlights the need to develop sustainable business practices and to consider community in broad terms.

Principles 8, 9 and 10 have been developed from the ideas of the Mondragon worker co-operatives in Spain and are a vital addition to the International Co-operative Alliance's principles because they enshrine workers' rights and fair pay into the governance of the union co-op⁴. The subsidiarity of capital to labour (Principle 8) is about ensuring that the workers, rather than external investors, have real control of their union co-op. It fosters workplace democracy by specifying that all decisions are made at the lowest practical level in the organisation. Capital should be a tool which workers use to develop their co-op, not a means to control them. Thus at least 51% of voting shares should be held

³ <https://www.ica.coop/en/cooperatives/cooperative-identity>

⁴ <http://www.alex-bird.com/why-we-need-to-update-the-co-operative-principles/>

by worker members, to make sure they are in overall control. Fairness in remuneration (Principle 9) addresses wage inequality to ensure that all staff in the union co-op are paid using a fair and balanced wage scale. It embeds decent pay for decent work. The top pay should reflect the size and scope of the union co-op but should never exceed a ratio of 12:1 of the lowest paid worker. Finally, Principle 10 is a commitment to developing other union co-ops by putting a levy of at least 10% of pre-tax profits, in cash or in kind, which should be used to finance and develop other union co-ops.

We suggest that these 10 core principles form a set of strictly bounded ethical principles by which each union co-op is run. However, while they guide the shaping of each union co-op, they also allow flexibility for each individual union co-op to adapt and respond to local contexts. The union co-op model is not a *'one size fits all'* model: it is flexible and can adapt to local needs and requirements.

How do you set up a union co-op?

There are 6 different ways to set up a union co-op.

Option 1: Convert an existing company into a union co-op

The existing company might already be unionised, but possibly not have 100% union membership. It could be employee-owned, a small or medium business (SME) or a family firm. It could even be a PLC. By converting into a union co-op, it will become 100% unionised and owned and controlled by its workers. There are some barriers to doing this in the UK at present as the law is unfavourable to worker co-op buy-outs. Currently the tax regime makes it most advantageous for the current owner to sell to a Trust based worker or management buy-out rather than a worker co-op.

Option 2: Rescue a failing company

In this case the company is already struggling financially, often as a result of a takeover by a multinational, venture capitalists, or simply that following a generational ownership change it has lost its way. Occasionally the rescue can be the result of industrial struggle, such as a factory occupation. Here, prudence and good business advice is essential, to ensure that the company is saveable, before starting a rescue mission which often involves the workforce risking its redundancy money and/or borrowing heavily.

Option 3: Convert an existing co-op into a union co-op

The majority of UK co-operatives are consumer-owned rather than worker-owned, probably due to the success of the Rochdale Pioneers. Many of these co-operatives are not unionised so converting a consumer co-op into a union co-op needs radical change. The governance would have to be changed to become multi-stakeholder, with ownership being shared between the consumers and workers, and with workers having at least 51% of the voting shares, and the workforce becoming 100% unionised. There are however, a growing number of multi-stakeholder and worker co-ops in the UK, and they can be transformed into union co-ops with only some small changes to their governance, and the unionisation of the workforce.

Option 4: Converting a social enterprise or charity into a union co-op

Charities and social enterprises already have social value as a core belief, and many try to reflect this in their employment practices, although very tight contract pricing, mostly from austerity affected local government, make this difficult. The transformation from a charity to a multi-stakeholder co-op needs to involve staff, service users and their families, and with the full co-operation and support of their union representatives.

Option 5: Create a brand-new worker co-op that is fully unionised

In this option, a start-up route, the new organisation would have decided to be a fully unionised, worker co-op from the beginning. Governance models for this are available off the shelf, but of course all the start-up needs of any other type of business are still there. Finance has to be raised, and a business plan drawn up, but the combination of co-operative business support agencies and the market knowledge of the trade union movement make this possible.

Option 6: Creating a union co-op for the self-employed

The self-employed are an increasing part of the precariat, those workers without any security and often on zero hours contracts. A small number of co-ops have been formed to provide them with shared workspace and/or back office admin services. UK examples include IndyCube⁵ and IPSE⁶, the IT Co-op⁷ and Webarchitects⁸, but few of these, except IndyCube, have any trade union involvement. However, the most successful back office co-op for the self-employed is SMart in Belgium, who are currently working to integrate trade unions into their organisation. However, some really good UK examples of union-co-ops for the self-employed have been with us for many years, such as Taxi Co-ops and Actors and Musicians Co-ops (see below).

Examples of successful union co-ops

There are already examples of successful union and co-op collaborations in the US, Europe and in the UK. The examples here are not exhaustive, but provide some insight into the wide range of areas where the union co-op model could be used.

Governance: The United Steelworkers (USW), the largest trade union in North America, has developed a union co-op model as a response to trade union decline, and to counter the effects of neoliberal practices such as offshoring and wage suppression. The core governance model promotes fully integrated workplace ownership and trade union representation allowing the benefits of trade union services and worker ownership to be delivered simultaneously. Their economic development network (1worker1vote.org) operates in 10 cities across the US.

Services to the self-employed: In Belgium, SMart (Société Mutuelle d'Artistes), was formed in 1998 to enable artists, technicians and intermittent workers to face the administrative complexity of the arts sector. Since then it has grown to over 80,000 members across 8 countries, and it provides shared and individual workspace, back office services to its members, as well as its key function; to provide employed status rights to the self-employed. Similarly, in the UK, the Musicians' Union has helped its members to set up music teacher co-operatives, whereby the co-operative provides a range of 'paid for' services to its teacher-members who are all self-employed.

Rescuing a failing company: Since 2010 some 150 firms across Europe have been taken over by their workers to stop closure or a relocation of jobs. In France, when Unilever announced the closure of Fralib, a long-established local firm that produced Thé Elephant tea, all 182 workers, supported by their CGT and CFE-CGC unions, occupied the factory. The recovery fight lasted almost four years with production continuing and campaigning to win over support. Legal action against Unilever was

⁵ <https://www.indycube.community>

⁶ <https://www.ipse.co.uk>

⁷ <http://www.it-cooperative.com>

⁸ <https://www.webarchitects.coop>

unable to stop the formal closure of Fralib in September 2012. A group of 76 workers developed a Social Plan for a worker co-op, including a switch to production of natural and organic teas using mainly regional products. Despite a court order, in March 2013 Unilever stopped the payment of wages. In May 2014 Unilever agreed to a legal settlement to hand over the plant, but not the Thé Elephant brand. They agreed to sell the machines (valued at €7million) to the workforce for €1 and to pay total financial compensation of €20million. This enabled the worker co-op, ScopTI, to be launched and for production to be restarted under the new brand, 1336, called after the number of days they struggled to save Fralib.

Workplace democracy: Suma is a common ownership worker co-operative in West Yorkshire. Set up in 1977 to supply wholefoods shops with a broad range of organic, Fair Trade and its own range of products, it has an annual turnover of £50 million and a work force of 250 that includes 180 worker members and 70 other employees on contracts of 18 months or more. Suma is collectively owned, and all workers are on the same, equal pay rate. The Bakers, Food and Allied Workers Union on site since the 1980s and 75% of the workforce are union members. Base pay for Suma workers and employees is £15 an hour, which is twice the industry rate in Yorkshire. In the last 10 years, when wages have stagnated, Suma has maintained annual pay increases of 5%.

A more recent union co-op is the Drive Taxi Co-op in Cardiff, which was suggested by the local professional drivers branch of the GMB. As a response to the drivers' continued frustration about the way the local taxi circuit operators exploited them, the GMB got in contact with the Wales Co-operative Centre, City Cabs (the taxi co-op in Edinburgh running since 1925) and Eastleigh Co-operative Taxis in Southampton. Following their advice and guidance, eight drivers established Drive Taxi Co-op in December 2018. It has grown steadily and now has fifteen drivers on the circuit.

What have we learned from Covid-19?

There are grounds for both optimism and pessimism when thinking about what we have learned from Covid-19. On the plus side, there has been a greater public appreciation for workers in health and social care. Migrant care workers, who were demonised in the Brexit debates and who may not have met the UK Government Home Office minimum salary threshold for visas, were given public recognition. Other low paid workers such as delivery drivers, experienced a new found meaning in their jobs as the government redefined them as essential workers rather than just part of the self-employed precariat. More widely, many of those who are working from home are experiencing the benefits of not commuting, having time to cook and see their families.

Yet for all these positive lessons, there is a very real danger that Covid-19 will be another example of the shock doctrine (Klein, 2007) used to promote more deregulation, marketisation and further erosion of workers rights and pay. Perhaps the public appreciation for health and social care workers was simply self-interested? How soon will it take for the rancour and right-wing extremism of Brexit to re-emerge after lockdown? How many businesses will fail? How many furloughed workers will lose their jobs? Will the country experience mass unemployment? Will the 'new normal' actually be a place where decent work is a distant memory and workers consider themselves lucky to have any income at all? Will government rescue funding be funnelled into large corporations and banks, with social enterprises, small business, the arts and community groups side-lined?

If we have learned anything from Covid-19 is that we need hope and a positive way forward. We do not have to return to business as usual. We do not have to accept mass unemployment, low pay and reduced workers' rights as an inevitable consequence of the pandemic. We do not have to accept

reduced public services, weakening of civil society, loss of the arts and Darwinian narratives promoting the 'survival of the fittest. We have an opportunity to reimagine what decent work might look like. We have the opportunity to reimagine the future by bringing democracy into the workplace, combining the democratic traditions of trade unions and co-ops to create union co-ops where workers can take pride in their work, have control over their working lives and get paid a decent wage. Post Covid-19 need not become a race to the bottom. It can be an opportunity to find a solution to inequality and injustice both in and outside the workplace through the establishment of union co-ops.

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