

Union-Coops:UK Manifesto

Co-operatives UK and Worker Co-op Council Response

6 July 2020

Co-operatives UK and its Worker Co-operative Council warmly welcome the launch of this new initiative.

General remarks

Co-operation among workers to further their collective interest takes two main historic and interwoven forms. Workers' unions seek to defend and improve workers' conditions through collective bargaining with employers. Worker co-operatives create and run enterprises under collective control, for worker-community benefit.

Experience in the UK,¹ and what we have seen to work elsewhere in the world,² tells us that unions can play an instrumental role in worker co-op formation and governance. Correspondingly, worker co-operators use the union mode of organising to extend solidarity to workers more widely, provide protections for individual workers, and in some types of co-ops help to modulate the employee-employer relationship within the co-operative itself.

In the UK, unions and co-ops are evolving their methods and models to be useful and relevant to today's workers, in the face of rapid changes in the general organisation of work, and to the composition of the working class itself. For instance, there is a generation of precarious young and migrant workers who may be culturally unfamiliar with, or even estranged from, the union and co-op traditions.

Unions bring workers together as a community of interest. This means they are very well-placed to help groups of workers explore their co-op options. Unions can also help connect these groups with bespoke support in the co-op sector. And they can help tailor co-op development services to meet the distinct needs of particular groups of workers.

It is clear, both from the examples in the Union Co-op UK manifesto and other research, that unions can be especially instrumental in supporting worker 'buyouts' and 'restarts'³ when livelihoods are threatened by business sale, closure or failure. This includes:

- Convening the workforce and helping them explore their worker co-op options (e.g. Buyout? Restart? Wholly new ventures?) alongside other more common options (retraining etc.)
- Bringing in specialised feasibility assessment, advice and facilitation for the workers

- Helping to negotiate with business owners, supply chain partners and financiers
- Helping to finance / raise finance for buyouts / restarts

As Co-operatives UK has [just set out](#), worker co-ops offer a great way to create decent new livelihoods and retain/rebuild livelihoods, in the coming economic crisis. We are talking to policymakers and are about to announce a major new development programme to deliver on this offer. We are therefore eager to work with unions and the union co-op team.

A union's role in a worker co-op

In the worker co-op world, we will always be asking and answering the question: why, in a business that is owned and controlled by its workers, would there be a need for an additional constituted body to represent them? There may be different reasons - to protect and advise individual members in conflict with the co-op; to provide material solidarity with workers more widely; to foster industrial and learning networks; or even to give worker owners a space to wear their 'employee' hat in collective negotiations over pay and conditions, as in the US 1 Worker 1 Vote model. While a detailed exploration of these modalities is outside the scope of our response, we make the following observations:

- Worker co-operatives in the UK already have diverse and varied relationships with individual unions, and vice versa. We go back a long way together. Worker co-ops and unions in the UK are diverse in their character, composition, cultures and purposes. For instance, co-ops range from collective-type organisations where workers have a high degree of direct control, not only over their pay and conditions, but also over strategic decision making and the management of the work process itself. At the other end, we have co-ops structured more vertically, with elected boards that appoint managers, who then direct workers - even where the workers' general meeting is formally the sovereign body.
- Similarly, unions range from general unions that intermediate employees and employers and provide services; to trade unions that organise across particular employment grades and specialisms; to industrial unions that organise vertically in industries, linking workers at different levels. Some unions are bureaucratic and top-down; others are based on autonomous workplace branches. Some are conservative, others radical. The variety of possible relationships between unions and worker-cops is therefore huge. The only question is: in this relationship, are the workers in control? Does the union co-op relationship enhance or limit the self-confidence, autonomy, self-reliance and collective control of worker-members?
- The character of the worker-union relationship in unionised worker co-ops and co-operative unions is moulded by regional, national and cultural context, as well as history. We do not all grow from the same soil. To fully explore the potential of models developed successfully in, for instance, the US, France or

the Basque country, we can't imagine that they are simply 'transplantable'. For instance: a maximum 12:1 pay ratio between highest and lowest paid employees in a worker co-operative may be considered radical or even worthy of being elevated to an organising principle in one place, but in the UK it might be regarded as retrogressive, since many of our leading co-ops have suppressed pay differentials to zero, or close to zero.

The Manifesto sets out exciting ideas, and challenges us to think about, for instance:

100% unionisation – How would this come about during the creation of the worker co-op? How would it be maintained afterwards? Would membership of the worker co-op only ever be open to those who join a particular union? What if a worker-member wished to leave a particular union, perhaps to join another? Is there room for multiple unions, or 'dual-carding', in a union co-op? What about non-member workers?

Union role in governance – What 'formal place' can a union have in a worker co-op's governance? Would this role be exercised primarily by an autonomous branch of union members within the co-op, or primarily by the union as an external corporate entity? Will worker co-op articles/rules give the union/union members distinct voting and representation rights? What happens if the majority of workers want to end the relationship with that union?

Autonomy and democratic control are fundamental features of all co-ops. This never precludes co-ops forming strong partnerships with outside institutions, such as unions. But this has to be done with care.

Comment on Union Co-op Principles

The focus on decent, empowering work, fair pay and solidarity between worker co-ops in the proposed extra union co-op principles is important. The addition of three new co-op principles to the ICA seven, as suggested in the Manifesto, is always going to provoke discussion. Of course, any co-operative or co-operative network is free to design and add its own high-level mission points. What do the three set out in the Manifesto offer that is new and useful for worker co-ops in the UK?

"Principle 8 - The subsidiarity of capital to labour is about ensuring the workers, not outside investors, have real control of their union co-op, and 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 by worker members to make sure they are in overall control."

While these arrangements are already a fundamental feature of any true worker co-op, and to some extent covered by the ICA Statement on Co-operative Identity, they are certainly articulated in CICOPA's [World Declaration on Worker Co-ops](#) and in the [UK Worker Co-op Code](#). However, the idea of 'capital subsidiary to labour' could be seen as an extension of the third co-op principle, which includes the provision that

return on capital is limited, and to mark the special character of worker co-operatives.

We have already remarked on the issue of fair remuneration and the maximum 12:1 pay ratio, which is the subject of the proposed Principle 9.

“Principle 10 - A commitment to developing other union co-ops. A levy of at least 10% of pre-tax profits, in cash or in kind, should be used to finance and develop other union co-ops.”

The evidence from countries such as France and Italy suggests that when worker co-ops use some surpluses to aid the development and proliferation of other worker co-ops, this helps a larger, more nurturing and self-supporting co-op ecosystem to grow. Providing workers with support to develop their co-op on the condition that they then ‘pay it forward’, could help that ecosystem grow bigger and faster. Such conditionality, in various forms, is part of the successful French and Italian ecosystems. However it is also associated with a special tax and regulatory framework for worker co-ops in those countries that does not exist in the UK.

Principle 10 also prompts questions about the contractual and institutional arrangements needed to make this work. How are these to be established? By whom? And under whose control will they operate? Crucially, we must avoid creating arrangements with democratic deficits, wherein workers are required to pay surpluses into institutions and processes over which they have too little control.

The suggestion that worker co-ops might pay it forward ‘in kind’, could help ensure a vital degree of agency and control remains with workers. A focus on facilitating effective peer championing, peer support and ‘barefoot co-op development’ could be as impactful as levying financial contributions. The former should not be the poor relation of the latter. Indeed we already have an example of how these aspects can be combined. The [Worker Coop Solidarity Fund](#) has generated £173,000 in five years to support the sector, with its work being managed directly by contributing members.

What next?

With a big spike in job losses and business failures expected in the latter part of 2020, we need to act now to:

1. increase awareness and understanding of worker co-ops in communities and among workers and businesses
2. develop an ecosystem that supports worker co-op development via start-up, buyout and restart

Co-operatives UK is advocating for specialised support for worker co-ops in policymakers’ COVID-19 recovery strategies.

We are also about to announce a major new worker co-op development programme. Our aspiration is that there will be at least 1 million people in the UK earning a living

through worker-owned and-controlled businesses by 2030. Success depends on strong collaborations between co-ops and others working for a more just and sustainable economy – and unions can be key allies in this effort.

Some established unions already provide information and support to their members, where they see the possibility for co-operative organising.⁴ Some of the smaller grass roots unions organise among precarious and atomised workers, often in workplaces and industries with a principally young, black and ethnic minority or migrant workforce. Here, there may already be potential for union-worker co-operative collaborations.

We are eager to strengthen and broaden these initiatives, and so keen to talk further with unions who may be new to the worker co-operative model, to worker co-op members exploring union membership, and of course to the union-coop:uk team.

Worker Co-op Council

www.uk.coop/about/about-co-operatives-uk/our-governance/strategic-members-groups/worker-co-op-council

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¹ For example partnership between Co-operatives UK and the Musicians' Union and based on our ongoing discussions with another union in the context of COVID-19 job losses

² We have been collating evidence of 'what works' to inform policymakers interested in supporting employee and worker ownership [see here](#)

³ 'Worker buyout' refers to the acquisition of a going concern. 'Worker restart' refers to a newco worker co-op acquiring productive assets from a closing / failing / insolvent business

⁴ For instance BECTU, the film industry union, with whom Co-operatives UK has collaborated in the past.