

## National Federation of Progressive Cooperators -161203 **John McDonnell: The Economics of Co-operation Now**

Where we are in Labour Party, is that we are building new structures around cooperation that we would like cooperators to feed into. We have a momentous opportunity, e.g. a recent meeting of a students group of Cambridge Labour Party was packed, then at Cambridge Trades Council, there was also a good discussion. People feel we are on a tipping point at the moment. At University, I was influenced by Kuhn's theory of scientific revolution - [https://en.wikipedia.org/wiki/Thomas\\_Kuhn](https://en.wikipedia.org/wiki/Thomas_Kuhn) - a theory would dominate, change the language, create a paradigm, and go almost unchallenged, this is the concept of cultural hegemony, which describes the natural world and also the political world, and there is considered to be no alternative - [https://en.wikipedia.org/wiki/Cultural\\_hegemony](https://en.wikipedia.org/wiki/Cultural_hegemony). Since Thatcher and Reagan, Neoliberalism has a dominated - which includes the idea of "trickle-down economics", i.e. the more richer they are at the top-end, the more wealth is available for others lower down. That theory continued, at least in part, under New Labour during the past 30 years.

Now, because of the patent failure of that theory, the paradigm is shifting rapidly, as a result of intellectual challenges, but also the real world. In last week's Autumn Statement, looking at the metrics they are failing, they are in a cul-de-sac, making the rich richer, cut taxes, turn a blind eye to tax evasion, don't worry about the debt, when the bubble bursts, austerity will pay for it. The Autumn Statement demonstrated that we have run to the end of its course on this, the country is currently running with 1.7 trillion of debt and 1.9 trillion of debt will be inherited by our children. On the question of whether a government can feed, house, and care for its citizens, this conservative government has failed.

The statistics are that 200,000 children will depend on a food handout this Christmas. e.g. in my West London multi-cultural community, there is high unemployment, 200 families are in B&B, there are rented beds in sheds, people are sleeping rough in canals and parks, they have reinvented the "back to back", with the front and back of houses rented separately, people are working all hours to keep a roof over their heads, and there is overcrowding on a scale not seen since the 2nd World War. And because of Austerity, 2 million people are not receiving care that they should. Elderly people are isolated, lonely, and turning up in hospital A&Es malnourished, then when the local Council's can't organise a care package, they become bed-blockers. Families are moving away because they can't afford housing. So it's becoming starkly obvious that the challenge is to the whole economic premise on which this government is basing its policies.

The issue we are dealing with is politically how to direct this. The demand for change has appeared within the Labour Party, but there is the danger of UKIP arising, because it's easier to blame a scapegoat than change the system. The battle, as Neoliberalism is going into crisis, is what alternative we can provide to move forward. This crisis challenges the whole basis on which our economic is established - which is the "law of the jungle" - competition. We want more democratic, radically fairer, more equal, environmentally sustainable society, with wealth shared by all, so in the Labour Party we are working through the policies, and looking at the detailed methods of how to achieve change.

Firstly, a fair Taxation system, tackling evasion and avoidance, and introducing fair taxes with redistribution of both income and wealth. PCS have done a major review of tax, looking at the legal basis on which taxes can be collected. In the new year, using the income tax system to distribute taxes more fairly at the top and the bottom. The big challenge is how to redistribute wealth, what are the mechanisms, tackling wealth at its source, in particular property ownership, bringing it forward in February, preparing just in case. The issue is how to use the wealth to invest in our economic, modernising it, infrastructure, broadband, need significantly improved education base, including higher education, research and development.

Angela Rayner MP will be our Nye Bevan, we want to introduce a national education service free from cradle to grave, ensuring kids have grants to stay on to do research, also life-long learning. If we can get the tax system right, and invest in our economy in the long term, we can grow the economy in the way we need, with fair distribution, and a real living wage. The ordinary "social democratic" model won't work, the issue is about ownership as well as redistribution of wealth. The question is how do we change the model of ownership in our society. We can focus on cooperatives, but we are so far behind the rest of Europe, we have to look at how to grow the cooperative economy. Alternative models of ownership are on the agenda now.

This is an invitation, a Shadow Economics sub-group has been set up, including Clive Lewis - one of the next generation of talented youngsters who have come forward due to resignations from the Shadow Cabinet, also Becky Long-Bailey, she took over the finance bill through to its first reading, was even applauded by conservatives, and Debbie Abrahams, Shadow Secretary of State for Work and Pensions. The sub-group has launched a number of projects, has already had input from a number of experts, and this is an invitation for people to submit their ideas under the auspices of the Shadow Cabinet Initiative Group - they want to get advisers involved. They are looking at the nature of cooperative development, the sectors involved, the mechanisms that will be needed, and the legislative changes required - we will

need to have them all drafted in advance so that no time will be wasted once Labour comes to power. Richard Barber at Leicester University, has developed proposals around digital democracy, crowd-sourcing the drafting of bills so they are ready for when we go in. The offer is to meet with them and go through ideas.

Secondly we trying to drill down into Local Communities, towards the end of January, we are regional economic conferences all around the country, wherever Jeremy Corbyn has spoken, we will be holding a regional economic convergence, we are doing all regions, dates will be published, there will be a rolling programme, the ideas is to look at economic backdrop, have economic advisers there, have invited CBI and a number of other organisations, will set the scene nationally, then look at the local regional economic plan, then we will need local assembles, but starting at the regional level, we will be setting up a structure of working groups, and there will be specific working groups around the development of coops and ownership. We are interested in practical projects, to look at what new initiatives can take place.

One of our ambitions is to lay the foundations of decarbonising our economics, we need to develop this in cooperative format, so it is not hived off into private-sector profiteering. This is an exciting development - youngsters are coming up with good ideas, Jon Trickett is in charge. However, Labour is behind in the opinion polls, 20 points behind in economic creditability, but results unpredictable, as the same happened in 1997 and then there was a landslide victory. The signs are that people want change, we just have to seize the opportunity. It's all generations that are seeing that this potential is there, old wise heads with ideas not able to implement, but younger generation also enthusiastic. We have to develop policies to hit the deck quickly. Last time we failed to get the narrative right. There was a gap after 2010 when the conservatives were able to run a narrative to convince people that failings in the economy were the fault of Labour. There s a disgruntlement out there're but they didn't know what would work, and our job now is to show them the way forward. David Cameron said we are in the together, but that wasn't true, best way is to move forward to work together and share the rewires The narrative of cooperation is the way forward to convince people - we need to find the right words.

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**John Courtneidge** - living in sheltered housing in Beckenham, and being decanted (evicted). Clement Attlee said the purpose of the Labour Party 1937 was the implementation of the cooperative commonwealth, does anyone have any idea how it got hijacked and turned into the welfare state? John McDonnell says discussing the narrative, the problem is we understand it but sounds like 1648. We need to review the history of cooperation, Eg there is a

revival of of Putney Debates. Next year is the anniversary of the Charter of the Forest, which was the first codification of the rights of people to the common land, based upon cooperation - this was the common people themselves asserting their authority for the common ownership of land. The modern equivalent of that is the cooperative movement, we extoll the virtues of the Attlee Govt but what we got was a statist government. The theory we had in the GLC was "in and against" the state, i.e. the state is a set of institutions but it is also a relationship, i.e. you get doled out the dole, you are not so much a contributor, but a supplicant, we should go into state institutions and transform the relationship. In the days of the GLC anyone could come in with their ideas - we empowered the people of London. Agreed that the development of the statist approach meant that other ideas got squeezed out. We must recognise that there is a role for the state, but other forms of delivery need to be brought to the fore. Modern ideas, e.g. Peter Marcuse and David Madden - have just published In Defence of Housing book, argues the "use" value of housing has been changed to "exchange" value, i.e. housing is a commodity to be bought and sold, without even being occupied, so we need to re-established the principles of "use" values, and common ownership may achieve that: <https://www.versobooks.com/books/2111-in-defense-of-housing>.

**Kate Tooley**, Co-vice-chair of London Cooperative Party, asks what is John's view of concept of basic state income - no strings attached. John replies that Guy Standing is our adviser (NB Guy Standing, a University of London professor, and founder of the Basic Income Earth Network, an NGO promoting basic income as a right - has been invited to attend the June 2016 Bilderberg Conference - see: <https://www.theguardian.com/books/2016/oct/26/the-corruption-of-capitalism-guy-standing-review-why-rentiers-thrive-and-work-does-not-pay>). People may think that basic income is unrealistic, but we have to recognise that we already have elements of i.e. child benefit, is now a fixed part of our system, which demonstrates that having a single form of income universal overcomes problems of means-tested benefit - the debate is how to build on child benefit, to incrementally develop it into a universal basic income. People are saying that we need UBI because in the fourth industrial revolution workers will be replaced, this time by non-routine workers, so that the workforce can be exploited, or will have to become very adaptable. Universal Basic Income is a generational debate that we have to have. Child Benefit only came about after a campaign of 10-14 years - see: [http://revenuebenefits.org.uk/child-benefit/policy/where\\_it\\_all\\_started/](http://revenuebenefits.org.uk/child-benefit/policy/where_it_all_started/).

**Paul Kimber:** Leader of Labour Group on Dorset CC, says we managed to get two motions through on cooperatives, in both the areas of work and housing, Tories actually vote for it, and asks if other regions finding the experience that the Tories are listening? John refers to the work of Matt Brown in Preston's Centre for Local Economic Strategies. He says that grant

cuts to Labour local authorities in comparison with Tory authorities have been appalling, and discriminatory. In Preston, they brought together key players, i.e. the Council, Police, NHS, and the University, and looked at how to develop procurement powers, to buy locally, source locally, maximising living standards, and are looking at the development of cooperatives, contributing back into the economy, Matt will talk to the Liverpool Conference about the model, with a view to to colonise it and sanitise it, so that it doesn't change.

**Clive Fraser:** Developing the Cooperative Economy asks whether work is being done with Cooperatives UK - work with cooperative party and housing coops - and asks how do we support them?. To develop cooperative ideas, and a social and political movement, how do we get the narrative going to beat that agenda. Rory McQueen set up a sub-group, its terms of reference have been established, and will start bringing people in, it's an open door. In terms of the mayoral issues, we are trying to bring them forward into a national mayoral forum, to find out what they need in their areas. We've not yet had much of a dialogue with Sadiq in London. In Liverpool we have Steve Rotherham, Andy Burnham is nominated for Manchester, same in the midlands with a new mayoral candidate, the ideas is to develop models from them that gain national support, and can provide a regional model.

**Southwest Coops man:** has worked with Credit Unions, on investment income, can we develop a cooperative tax haven to provide relief? We can deliver what's needed, we just need a state corrective stimulus. John replied that Johnny Reynolds is looking to ease the regulations to support coops. Also, to provide a financial stimulus, Labour is planning to set up a National Investment Bank, which will be regionalised - we have put forward a programme of investment. Its mandate will be to link with and support other financial organisations, including Credit Unions - in order to fight off usurious money-lenders.

**Media:** The challenge is how to communicate. The media has not been supportive, including the Guardian, which is even more insidious, that's a choice of the editor's making, its a disgrace, but that's the reality, that's what to expect. It may be because we are challenging them, we are doing a review of the ownership of the media. We need to get the narrative clear, more professional, with more live appearances - which they can't doctor, we are bringing youngsters forward who better trained. NB UKIP employed people doing troll sites. But we can also use social media, which is reinventing word of mouth as a form of communication, doing the rounds, but also it's an engagement process, that's why we meeting many different groups, getting into the real world, and getting feedback with people's ideas.

**Mary Fee: LETSlink UK:** asks whether the Labour Party sees a role for

community currencies - which are mutual credit systems - and is prepared to support them. John says he knows of LETS through Dave Williams, who had a scheme in his constituency, and was a good role model for it. He feels it needs investment. At regional conferences we need to throw ideas on the table, even if they can't financially support, they can help with better co-ordination.

**Schlacke:** going back to experience in Cambridge, advisable not to fall for neoliberal conceptualisation, we do not have a problem with narrative mouth to mouth more crucial, history of learning, people learn more because they speak better, you must never be worried about being disadvantaged because of the media - new forms of designs are emerging, beyond science.

**Jim Webb:** asks about communication, does this mean scrapping policy documents or adapting them, re Education, can we get rid of unelected companies which are controlling the schools, can we have simple messages and simple answers. John says we need to develop a whole range of narratives to create climate of opportunity to feed local structures. Looking at language: we need simple slogans, all about the future, need expressions, e.g. "care for the NHS because it cares for me. Need message discipline, and co-operative language. Need to give party members a clear few, nailed-down facts and figures, repeated ad nauseam, so we can cut through media dialogue. The good thing about Jeremy Corbyn's election is hope, which they never had before, and we are inspiration from the movement ourselves.

**Colin Bastin:** London Coop Party co-chair: after Jeremy's election he felt he had got his party back, He is also chair of Labour Acton for Peace, to persuade them to support peace initiatives. Firstly re research by Les Huckfield, PhD at Glasgow University - <http://www.huckfield.com> - it's all very well having cooperative Councils, but the initiatives that we can do to give cooperatives their procurement and the housing and other initiatives locally will only last three years, then in comes "capital" who undermine the cooperative's price and take over. We need help now. The third sector has been traduced into operating on a contract basis - you are bidding, you are re-shaping the project to fit the contract culture, especially in local government. If we can free them up and give them resources they don't have to go to the lowest bidder. We support direct labour, need to re-establish those principles. Secondly, we don't expect local councils to operate on illegal budgets, but we need them to campaign, we need a national campaign about what's happening in local government. There are good examples of creativity, we don't have to go to the contract route, we have examples of other models, e.g. Preston, Centre for Local Economic Strategies.

MF/mf - [mary@letslink.org](mailto:mary@letslink.org)