

SNP and Co-operatives

by Gordon Wilson

The following article is just a brief resume of the more substantial and detailed policies of the Scottish National Party, but our attitude towards Co-operative enterprises as outlined below, is typical of our policies on all other sorts of Co-operatives. As a decentralist party we support local communities in all ways. Just as the SNP tries to preserve the identity and the economy of Scotland as a nation, so each community attempts to preserve its identity and economy. We believe that the opportunities for Co-operatives would be greater in an independent Scotland, with a sympathetic Scottish government but, until that day comes, we will continue to support local communities.

Legislation to Promote Co-operatives

The Scottish National Party is a firm supporter of Co-operative enterprises. Our current policy stems from a major document discussed at our Annual Conference in 1980. The SNP has a legislative programme to promote Co-operatives as a viable alternative to the more usual ways of organising the production of goods and services.

Current political debate focuses almost exclusively on the private versus the public sector and hardly any time and energy is spent on considering Co-operative enterprises. This is a great pity. There are many positive reasons for encouraging Co-operative enterprise, particularly in Scotland where so many of our indigenous industries and businesses are closing down, leaving us a nation with a branch economy.

Co-operative enterprises provide a real chance to encourage new, indigenous Scottish industries and to diversify the Scottish economy and strengthen it by expanding its base. Co-operatives also open up opportunities for utilising the talents of many people who are currently languishing on the dole.

Rural areas in Scotland face particular problems. As many rural services decline, all sense of community is lost as people move away and sell up to rich Southerners who are moving to Scotland in droves. Co-operative enterprises have a special role to play in these areas. Experience in rural Ireland and the Faroes, for example, prove that rural Co-operatives do have a genuine chance of success. Britain is becoming an increasingly centralised state, and rural areas suffer most from this trend.

Rôle of Area Development Offices

The Scottish National Party is committed to the provision of attractive and flexible incentives, including tax schemes, to encourage existing Scottish controlled enterprises to expand, and also to encourage new Scottish enterprises. Our industrial development policies call for the generous provision of grants and loans, and appropriate support through Area Development Offices. We envisage these Area Development Offices as having a crucial role to play in sponsoring new enterprises, where people have the talent but not the capital. We would hope to see many sponsored enterprises gradually transferred to the control of their employees. Area Development Offices would also provide specialist advice on financial, marketing and management matters.

The Scottish National Party is strongly in favour of the conversion of existing enterprises to Co-operatives, although we do recognise that there have been some problems where this has already happened. In cases where shares have been issued to employees by private owners for idealistic motives, and machinery has been set up to make Directors democratically accountable, success has usually followed. Where existing enterprises have been reluctantly forced to transfer to employee control by the threat of bankruptcy, however, there has been a less successful pattern. Therefore, the SNP proposes that the Area Development Offices should have the finance to provide loans to employees of viable concerns to enable them to acquire ownership of private enterprises for the purpose of conversion to self-management, but recognises that additional expenditure and managerial back-up may also be needed.

Model for Employee Co-operatives

The SNP's model for employee Co-operatives would include the following features:

- 1) Shares in the enterprise would be the collective property of the employees.
- 2) New employees may have to work for a specific period of time before acquiring membership of the Co-operative, or they may have to make a contribution to the employees' capital fund. This initial contribution would be returnable if the employee left the enterprise.
- 3) All members would have one vote each at elections of directors and at General Meetings.
- 4) The directors of the enterprise would include a number directly elected by the employees to represent their interests as employees, and a number acting as trustees of the employees' capital fund elected by a separate and distinct

system. This second group of directors would have responsibilities in law analogous to the directors appointed by shareholders in a limited liability, private enterprise company.

5) Employee-directors would have to be already in the employment of the Co-operative at the time of their election, but employee-trustees could either be employees or outside persons with appropriate professional experience.

6) Certain key decisions, such as changes to the capital structure, liquidation, etc. would require majority support of both groups of directors.

7) Employee Co-operatives which did not distribute profits would be free to repay loans, pay interest on borrowed capital, re-invest profits in the Co-operative, provide benefits for the local community or contribute finance to new Co-operatives.

Value of Community Co-operatives

The experience of both rural community Co-operatives, such as in the Irish Gaeltacht, and of urban community Co-operatives in areas of deprivation, shows clearly the importance of including an aspect of community development in Co-operatives, as the role of the community is a vital factor in determining the success or failure of a Co-operative. The Area Development Offices will be in a position to offer loans on more favourable terms to community Co-operatives.

Shares in the community based Co-operatives would be the collective property of the community and all permanent residents of the relevant community who are on the voters' roll would be entitled to one vote each in the election of Co-operative directors and at general meetings. The directors of the enterprise would include a number directly elected by the employees to represent their interests, as in our model for employee Co-operatives, but the rest would be elected by the community. The community-elected directors would have the same role as the employee-trustees of employee Co-operatives. Community Co-operatives which did not distribute profits directly to individual employees or members of the community would enjoy tax advantages and they would be free to use their non-distributed profits in exactly the same way as employee Co-operatives.

There would be no restriction on Co-operatives obtaining initial capital or finance from sources other than the Area Development Office.

And a Rôle for Trade Unions

One last, but very important point is the clear role we envisage for trade unions

in Co-operatives. Their role will be particularly important as small Co-operative grow and develop. The role for trade unions will be most marked in the representation of individual employees or groups of employees who are in conflict with decisions of the enterprise as a whole.

The Author

GORDON WILSON, who joined the SNP in 1963, is now its National Convenor and represented it as an M.P. from 1974 to 1987. Since leaving the House of Commons he has resumed his career as a solicitor and is in practice in Dundee.