

**This letter is your personal invitation to be a part of, help shape and create an exciting new co-operative venture. I strongly believe this will be the structure to allow us to move forward into the new world out there waiting for us.**

**There are some big and important ideas within this, so to make sure we are all on the same page, there is some homework to be done before Thursday afternoon, when we will have a Zoom conference to lay out the main part of the plan, it is also outlined here, and I know it will generate questions, I ask you to please hear me out until we get to the Q+A.**

**Please visit, <http://dragons.cymru> and click the link to the blog. You will see the 3 proscribed videos there.**

- 1- Is an economic lecture about co-operatives, we need to deepen our understanding of co-ops to be able to have this conversation.**
- 2- Is a history of pandemics, which where we are today in a historic context, this has happened before and will again.**
- 3- Is about economic recovery, and places that in the context of climate change – we cant just reboot the very same economy that made us vulnerable to the virus and is driging climate change, that would be insane.**

*This is how we move forward, become stronger and build more resilience into our community, our world starts here, please bare with me and save any questions for the end. I will be taking questions on Friday by the way, there will on online presentation and zoom call on Thursday, followed by points of clarification. I will record this and play it again on Friday afternoon for anyone who missed it or wants to revise key points or just understand it better. Then we will do a Q+A and we will be ready for all of us take ownership of and flesh out this plan.*

We have had a few weeks for the enormity of this new situation to sink in and I think we are all now starting to fully realise that this represents a fundamental change. There will be no going back to how things were, but instead we must make a huge step forward to build a world that is much more resilient to viral contagion and while we are at it one that is climate and biology friendly also. Our politicians and leaders keep telling us to look to the science to understand what we can do to contain covid-19 whilst overlooking the fact that they have consistently overlooked the science on climate change for decades. In a big way our leadership has failed us they have not prepared for what they knew was coming. The 2016 report into the threat of a viral pandemic made is clear that we are heavily exposed the such a risk and in all probability the chance of a new powerful virus coming along is almost a certainty. What is true for the virus is true for climate change. The certainty is that we face a bumpy road ahead.

I studied sustainable development and graduated in 1984, (slightly ominous) in that degree what they basically taught me is that development is not sustainable. So for me that created quite a paradox, by participating in the economy as currently configured I would contributing to its and our eventual demise. Our growth led economic paradigm is based on accelerating extraction of finite resources to create goods and services that are instantly used up and thrown away, this system by definition will either have to evolve rapidly to a regenerative state or at some point the system itself will collapse. Our high velocity, interconnected globalised production system is vulnerable in many ways, in a just-in-time delivery, globalised production system everything has to be working smoothly for it to work and once it suffers a big failure, the log jam created up-stream of that will take forever to fix and will rapidly become unfixable even. This reality has hovered over me my whole adult life and like many people in Green sector I have been thinking about it a lot.

This is also what led me to permaculture, and I had to search the world to find it. A development model that puts nature first, begins with food security and understands soil is the most valuable asset of all as it provides nourishment for plants which are the only thing that can translate the energy of the sun into a stored form of energy that we in turn may use. Put in simple economic terms our only real income is sunlight, every other resource represents some form of ecological capital, which we have been consuming at an accelerating rate, liquidating nature and converting it into a deeply unsustainable revenue stream. Economics 101, if you confuse capital for income you will go bust and collapse. Selling off the family silver to survive is an ever-diminishing reality and that is what humans have been doing at an increasingly accelerating rate. When you look at things like this you realise the virus is not only inevitable, but it is attacking the very thing that is weakening every aspect of our planetary system, capitalism. Building the resilience we need to face the virus also includes building a regenerative economic model that gets us out the climate collapse, we need to look into our arsenal of possibilities and activate some new thinking right away.

As background information, we need common reference points to talk about these things fully, I have posted some videos on the Dragons website, on the blog page that I hope everyone can find time to watch sometime between now and Thursday. On Thursday I want to propose a zoom meeting where I will outline a proposal that I want to invite everyone to consider being part of. On Thursday I will outline the proposal and will allow points of clarification, but we will avoid questions until the Friday, when I will run the presentation again and everyone will get to ask questions.

So by end of Friday I hope everyone in our co-operative family to have a clear idea of what is going to happen next. I obviously don't have all the answers and have not had the opportunity to consult with everyone, so there are unknowns, but this is permaculture and in permaculture we start from the patterns and move to detail, so the detail will follow and will be shaped by you.

I hope people will see many new opportunities for themselves within this model.

The question we are considering in detail is, what might the economic recovery from this situation look like? Are there any models out there we can look to for inspiration or even to just copy and it turns out there are.

Lets talk about co-operatives for bit, because this is vital to our survival. On the Dragons blog I have posted a video by Prof Richard Wolfe, he is a Marxist economist and his insights are vital to us at this moment. The first co-op, or fully mutual company was created by a Welshman, Robert Owen, he came from Newtown but he did it Scotland. It was Owen's ideas that informed Marx so remember co-ops came before socialism and socialism is informed by co-operative ethics and principles, so going back to basics is a good starting point, hence the video.

A key difference is this; a co-op has no share holders and is run by its members, it can appoint a management team if it wants, but the members (workers) also have the ability to sack the management team if they aren't any good. As there are no shareholders to give profits to, co-ops can only reinvest any surplus back into their co-op or into starting up other co-ops with similar objectives.

In the for-profit world it is the other way around, surplus is handed out the owners who don't have the long-term commitment to the well-being of either the firm or the community in which is embedded, all they want is the profit and at a time of crisis they lay off the workforce to protect their profit. They are prepared to sacrifice the workers and communities that supported them if they can make more money by relocating somewhere else. Co-ops that sit within the heart of their own communities would never do this. Rapacious capitalist free market systems like USA are going

to tear themselves apart and will struggle to recover from the Covid-19 crisis because they are especially vulnerable to it. Bailout money is being used to protect shareholder value and the jobs and communities that created that value in the first place are being left to go to the wall. Instead of that bailout money should have been invested back into the communities and small businesses that we will need to drive the recovery and especially those businesses that can apply an understanding of the sustainability transition we now must make all in one huge step.

### **So, onto the master plan.**

Coops are guided by 7 principles and it is worth revising what these are and what they mean, this turns out to be crucial at this stage of things because we are going to be rebuilding from the bottom and these are our foundations. The 4<sup>th</sup> principle is that co-ops are autonomous and they are not allowed to give up their autonomy. It is worth bearing this in mind and you will see why I bring attention to this. 5<sup>th</sup> principle is that co-ops should invest in the education of their members, they need to understand what a co-op is how it works, and in our case because we also embrace permaculture, members need to be students of permaculture design too. This is one of the functions of Sector39, to train people in co-ops and permaculture. The other function of Sector39 while we are on this topic, is to be able to contain risk, this is essential in business but also the key thing Sector39 is engaged in taking risks. I am a risk taker and have created a vehicle to be able to do this. Every other venture I have involved in establishing, and there have been a lot of them have been embedded in the social economy and are none profit making, trusts, co-ops CIC's and the like but not Sector39, which is a company limited by shares and at this point in time I own all the shares, so you might ask why? That is because it is like research and development enterprise, having realised the only way to save the world is to become part of a new economic paradigm and come up with a better system, I then had to figure out how to achieve that, and more latterly I have had to learn how to contain risk, whilst allowing for innovation. Cwm Harry taught me how to do that, and it was under their guidance I legally registered S39 and became a proper enterprise and it is going to be a key facilitator of this way forward I am currently outlining for you.

As a note, I am also currently establishing the S39 academy, which will take the education function of S39 and put it into a not for profit format that also is insured against contagion should S39 ultimately take too big a risk and trip itself up and go bust, if that were to happen we just wrap it up S39 and start again as S40 or something, as a company it owns few real tangible assets but has lots of intellectual property which would not in any way be destroyed by a collapse, but ultimately will be transferred to the academy. So the model is pretty resilient and risk is contained, we can use it to take chances and create new opportunities for all of ourselves without being a threat to any other of our co-ops and enterprises.

In the early days setting up our first co-op, which was Chickenshack in 1994 we took massive risks, we had never done it before, we relocated to a new region where we didn't know anybody, or have any employment, we had no savings and I moved into a damp Welsh cottage with no heating having spent my only money buying my first ever computer. I lived on the dole and in poverty and worked full time on creating this new venture. You can't know the hopes and dreams, the sweat and toil that we poured into that to make it happen and then make it successful. It taught us a lot though and here we are down the road 25 years I have now had a hand in setting up numerous social ventures, most of which are based on the experience of the first co-op and what came subsequently.

Also Chickenshack came about because for 5 years we were members of a secondary co-op, Radical Routes which educated us about co-ops business and governance and ultimately financed the deposit for the house purchase. It would not and could not have happened without Radical Routes,

simple as that. It took 3 years to set up the ideas and structures to begin Chickenshack and other good few years to make it stable and functional. By contrast it took only 4 months to set up Dragons, with 100% borrowed money, not least because we have such an impressive track record and social network around us after all these years of co-operation and permaculture. Everyone of us here who are in some way stakeholders in Dragons and benefitting from this legacy in some way.

### **Creating our own cooperative universe**

The first ethic in permaculture is meet your own needs first, set limits to your consumption and reinvest the surplus back into the system. Cooperatives are also very interested in what they do with surplus as I have already explained so they have a lot in common.

I have also clarified that co-ops are autonomous and cannot give away their autonomy, I have also introduced the idea of what a secondary co-operative is and I want to expand on that next. There is zero risk in joining or being a member of a secondary co-op, as assets are held within individual member co-op and there is no risk of contagion, but I have for years been wondering how we strengthen our co-ops by linking them together but without exposing them to risk. I now realise the answer was under my nose all along, it is create a secondary co-op, like Radical Routes membership was and which allowed us to incubate and eventually launch our first co-op. The secondary co-op is simply comprised of its individual members, and the business of the secondary co-op is simply whatever its membership decides.

The function of the secondary co-op is to create a co-operative universe or ecosystem that the member co-ops sit within. We can share benefit, offer mutual support, training and importantly work together to create new enterprises that meet the wider needs of the ecosystem we are creating.

I hope I have bought you with me to this point, I know it is a bit complicated, but we are all involved in parts of this picture already, so I hope wider point is now emerging.

### **The plan is this**

It has taken me the last 2 weeks to figure this out, against a background of all sorts of uncertainties and unknowns, so it has been a bit tricky, so please bear with me and thank you for listening this far.

To create and populate our new co-operative universe we will need some investment and we must be prepared to innovate. This is how I can see it currently. We need to secure our livelihoods, create jobs and other opportunities for ourselves and make sure we don't lose any of the value and assets we have already built up over preceding years.

Sector39 as a paid up limited company with three years of accounts filed and a huge track record is very well placed to apply for a business development/ COVID-19 recovery grant, up to £50,000 although I am planning currently for £40k. It has to be via S39 as that is limited company and doesn't expose anyone others to business risk. Also we founded s39 at the end of 2015 with a £10,000 business development grant from Robert Owen Community bank. Now obviously I went to them as they understood the business I was trying to create, they sit within our ethics and are part of the same wider social economy ecosystem in which we are embedded. I took a huge risk with that money, I used to break into Africa where we have set up a training enterprise that sits within the biggest potential market for permaculture in the world, East Africa. I wasn't sure how it would work and what shape it would take, but we have really managed to achieve something there, with the rest I employed Jemma Dixon to sit and write funding bids with me to start of new complementary projects that would benefit Dragons and S39 and pay the rent. I had to endure pretty much a year

without income but in that year, we set the S39 academy in motion and then created the One School One Planet project, creating three jobs and a rental income for the co-op. The next steppingstone, 4 years later we have successfully delivered that project, created the book and the network, but also most importantly we have also paid off the initial start up loans, well nearly but effectively we have. S39 have also paid all the tax, accountant fees and the like to make sure we are a fully legitimate enterprise ready for the next phase. None of this has been easy but we have got this point and I think from this point onwards it could get really exciting!

Lets create some new co-ops that meet our own needs and will also help populate our new co-op universe.

Dragons shop for example, becomes Dragons retail worker co-op. The shop has so far existed under the radar, it is not constituted and does not declare any income, but maybe it is time to do that, lets register it as a proper enterprise. Yossi wants to join and is offering to act as a secretary to put together the basics of new co-op and the shape of it will be defined by its members. So the retail function may continue but in a way defined by those engage in retail, an autonomous democratic body that delivers that function. Furthermore, as it sits within this co-op universe it becomes a shop window on the whole world we are creating and can market all the produce generated by local resources, skills and value addition. Some of this can be extended to a stronger online presence, and our profile will be greatly raised by the development of this bold new secondary co-op.

Sector39. I realise ultimately needs to split in two at some point, it has two functions, one education and that will migrate to be under the banner of S39 academy as a not for profit, that risk taking innovation bit carries on as is. I have a suspicion that the Permaculture Africa thing is going to become enormous this will also create possibilities to market products generated from Academy member projects in East Africa. A big development for S39 also is that from June it will have a c-director in Gail MacAleese, who is funded for two years by her previous employer to work full time for us, so we are also ready to expand our ambitions.

CIC- land holding social enterprise. This is being created by Bridget and Will and they are staking their every penny pretty much into buying 40 acres of land that falls between their house and the village of Pen y garnedd, that is about 2 ½ miles as the crow flies. I want to the housing co-op where possible invest into that CIC and they could do this by creating new loanstock and then investing the loanstock into the CIC. Importantly that gives those investors the opportunity to withdraw the money by negotiation at a later date when the CIC is up and running and fully operational.

Horticulture worker co-op. We need to create jobs for ourselves and surrounding community and how better to do that than establish this business within the CIC. There is flatter land at the bottom close to the village, I don't know what permissions we would need but essentially the worker co-op would sublet a section of land from the CIC and set up stall there. There are lots of reasons why we want to start with that. It joins us together with the CIC in a really powerful way and it helps return a revenue stream back to the parent CIC which also will need. Of course we would not only be creating jobs, we would be contributing to local food security and energising local trade.

Darren ins the process of setting up a job to be at heart of the local whole economy and supply veg, so this links it all together beautifully.

Credit Union. This is another kind of co-operative, bank that is operated by the people who invest in it and borrow from it. A democratic bank. As members of Radical Routes we saw how it acted as a

building society for its members, but one that favoured co-operative businesses in the social economy. It make sense to me that one of functions of secondary is alsoe to host some kind of banking and investment function.

I gave you the example of Mondragon in the video. After the Franco regime ended and the country started to modernize and invest in itself the poor Basque country always found them selves at the back of the queue, to other more dynamic, central and well Spanish regions. The more autonomous, self-identifying region realised it was going to have to solve its own problems and create its own opportunities. In the process that process they have created Spain's 4<sup>th</sup> largest company I think and world biggest coop. This model really works. They have their own banks, their own university and are comprised of something like 1200 member coops, each one autonomous but existing in an interconnected co-op ecosystem. They have become international as well. These kinds of businesses have much in common because they embody common ethics and are stakeholder controlled and present the model for a post covid-19 economic paradigm. A model that prioritises meeting local needs, sympathetically to the community and reinvests in itself in the form of education, sustainable development and credit unions to facilitate that process.

In our model we can set it up around the key institutions that give it shape and work out how we want to invite other like-minded people to join in.

Lets be blunt and stating again that we are looking at his through a permaculture perspective lets evaluate where are we currently:

Our economy is collapsing, not least because the virus exposes all its weak points. As Holmgren has said the first phase after collapse is lifeboats. Save ourselves and those around us as the ship goes down. You then evaluate what you have and how the changed circumstances might work, do an audit, what do we have and what do we need? As the new reality presents itself, we can raft our boats together into clusters and start to building a more localised mutually beneficial community through permaculture. These zone 2 communities cluster together and start to meet their local needs from mainly local resources, prioritising those things which sustain us, like food and affordable housing.

In Zone 3 these clusters all develop a collective lobby to share Powys wide change in line with the new economic world we are trying to create, things like bigger scale, longer term investments like renewable infrastructure etc, the national government then is charged with the responsibility of overseeing the decommission of the oil and nuclear industries and those things that no longer serve purpose whist strategically investing into the transition to the regenerative economy, which will be led in many ways from the bottom up, nothing less than this will do and |I believe we can lead on this by creating a powerful example.

Steve