

The Black Cat Handbook

V4.2



A Modern Guide to Anarcho-Syndicalism

by Craig Adams

For my sons – both of them.

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1 Introduction & Forewords

“There is one common struggle against those who have appropriated the earth, the money, and the machines.” – Voltairine de Cleyre

The world doesn't need to be the way it is. We don't need to live under the threat of a nuclear war launched by narcissists. We needn't permit a so-called 'elite class' to hoard most of the world's riches, while millions of innocent people are starving to death. The planet most assuredly does not need to be strip mined to the point of ecological collapse. Despite what most people think, we actually possess ample power to change all that. The odds are overwhelmingly stacked in our favour, something that certainly isn't lost on those presently in positions of authority, whom we outnumber by around 99:1. The problem isn't with overthrowing the existing socioeconomic order, but rather ensuring that we don't inadvertently end up with nothing more than a feeble reboot... or worse.

The trick is to gradually and systematically reengineer society from the bottom up, something those at or near the bottom can proceed to do without any assistance from those in power. This manual describes how to transition from a vertically structured society that favours the sociopathic and narcissistic, to a horizontal society that favours everyone equally, simply by reorganising our workplaces... so let's get started!

1.1 Forewords

This handbook is targeted at a diverse range of people. The following subsections aim to address each of these individually.

1.1.1 To the Nascent Cooperative

The processes outlined within might seem a little complex to start with, but will become indispensable as the workforce expands. This manual also serves as a quick and effective means of integrating new members. Should you hit a bump in the road, then the answer probably lies somewhere within these pages. Good Luck!

1.1.2 To the Probationer

As the probationary member of a cooperative, you're probably wondering what's in store for you, what's expected from you, and how this whole shebang functions. This handbook will provide detailed answers to all of those questions, but full comprehension can only be gleaned from first hand experience, and it's likely to be several months before everything to sinks in. The absence of bosses can be disconcerting at first, but after a few weeks you'll begin to feel liberated, and it only gets better from thereon in.

1.1.3 To the Legacy Employee

What form would your ideal workplace assume? Would you like:

- to exercise complete autonomy in your work?
- freedom to seek guidance rather than be dominated by management?
- a meaningful and equitable say in how the workplace functions?
- to participate in all the important decisions that affect you including:
 - your designated duties;
 - your level of responsibility;
 - the hours that you work;
 - your shift pattern;
 - how much you are paid;
 - your terms & conditions;
 - whom you work alongside?
- to provide input into financial decisions that may affect the business?
- the ability to initiate disciplinary action where required?
- scope to fairly resolve any disciplinary action raised against you?
- a fair share in any rewards?

If your employer has requested that you to read this handbook, then that's precisely what they have in store for you. This is not just another bullshit accreditation. Neither (thankfully) is it a matter of eliminating the entire management structure, and opening everything up for discussion in a sequence of endless and tortuous meetings. Instead, a successful outcome involves realising your full potential in order that you can best contribute to a cohesive organisation of equals, one where the whole is greater than the sum of all participants. The methodology for accomplishing this was first set out over 100 years ago, and was battle tested at various junctures throughout the

20th century, yet is considered too dangerous an idea to form part of the school curriculum. Every aspect of this philosophy is likely to be entirely new to you, so it's necessary to approach the process with a completely open mind.

This manual describes what's required from you, and how the resulting organisation will look and function. Your (hopefully soon to be erstwhile) employer is attempting something very radical. They are aiming to irrevocably relinquish their exclusive and absolute control over the business, and to elevate everyone to ownership level. The desired outcome is what's termed "**equality of power**". This extends far beyond anything most unions would ever think to demand, but cannot be imposed against your will. In order for this plan to succeed, you'll need to unreservedly engage with the ensuing process. This will be a steep, and oft times daunting learning curve. What's about to unfold may challenge your entire perception of what work is, and hopefully even change your conception of how society should function. Until now you've doubtless been conditioned to **work for** an employer. It's time to ditch that nonsense, and for people to begin working **together**.

1.1.4 To the Manager

As someone in a position of trust and responsibility, you're likely earning a higher wage and working extra hours. While the income is nice, there are doubtless times when you wonder whether it's really worth the extra grief? Are you fed up of nannying other people? Do anxieties relating to work permeate much of your leisure time? Do you feel that you're missing out on seeing your kids grow up? Have you taken on personal debt to the extent that you're now dependent on this job to keep your head above water? Do you honestly feel that your career represents good use of your limited time here on earth?

If your employer has requested that you read this manual, then they are proposing to solve those problems, but will need your full cooperation to accomplish this. Work shall retain its potential to be both rewarding and fulfilling, but will also become less than all consuming. The proposed changes do not constitute a loss of seniority, but rather a dramatic elevation in status.

1.1.5 To the Business Owner

Being the boss has significant advantages. But it also involves dealing with

the ‘two-legged problem’. If the employees sufficiently invested to assume a degree of commitment on par with your own then the business could undoubtedly be far more efficient. Imagine if the entire workforce shared your sense of ownership, not only would you gain a substantial commercial advantage, but the operation would become near effortless for everyone involved. Waste, grief, and apathy could all be eliminated at a single stroke.

Is your business making you wealthy? Is it even putting food on the table? If not then why even bother? Perhaps you feel a sense of responsibility to the workforce? Perhaps you just can’t stand the thought of starting over? Perhaps you simply love and believe in what you do? Most likely it’s a combination of all those things. The information presented here describes a methodology with the potential to turn a failing business into an unbeatable one. It’s extremely challenging to implement, and you’ll need to garner the unreserved support of most of those involved in order to succeed. People cannot be forced to comply with any of this. The process will take around 12 months to conclude, and will necessitate being patient with the workforce, and striving to bring people onside one at a time. Endeavour to lead by example and gradually everything will gel. Take lots of deep breaths ☺

Please also be aware that this process has significant risk attached to it, and there’s a very real possibility of outright and expensive failure. You have been warned!

That upside though...

1.1.6 Forewarning to the Capitalist Class

Fuck you. We’re coming for it. All of it.

1.2 General Overview

As indicated by its title, this handbook outlines a methodology for implementing a worker’s collective, but also touches upon how such cooperatives can syndicate into a network with the potential to outcompete capitalist enterprise, creating a new more egalitarian social order within the shell of the old. The subject matter can also serve as a guide for any regular

hierarchal private companies seeking to convert to a non-hierarchal cooperative structure, and provides a degree of rationale for doing so. The contents are grouped as follows:

- PART I** BACKGROUND
- PART II** FUNDAMENTALS
- PART III** WORKPLACE DEMOCRACY
- PART IV** POWER
- PART V** SYNDICATION
- PART VI** APPENDICES

PART I imparts background context, in terms of the market, competition, efficiency, and the pivotal role of conscientiousness. This serves to critique capitalism and outline the various challenges that any post-capitalist venture will encounter. The intention being to drive home precisely what is required of a cooperative member, and why any of this actually matters. It then proceeds to outline anarcho-syndicalism, identifying routes to the inception of a suitable commercial entity, and dealing with various impediments that must be negotiated, before finally describing the capability that a cooperative should anticipate developing in order to succeed.

PART II covers the fundamentals of modern anarcho-syndicalism. Introducing mutual aid, the voluntary sector, social enterprise, cooperatives, and egalitarianism. It describes how to incorporate any legacy employees, and provides tips on recruitment. This is followed by a detailed explanation of horizontal governance, before wrapping up with the importance of solidarity.

PART III describes how workplace democracy is implemented. This highlights the need for a defined mission, and looks at the consensus process in detail. Also covered are confidence motions, the creation of precedent, and the relevance of heeding tradition.

PART IV discusses the flow of power, from the basics of membership through to finance, and ultimately to the operational mechanics of autonomy, rational authority, and engagement, before closing out with custodial power.

PART V sets out a strategy for workers cooperatives to bring usher in a post-capitalist society.

PART VI provides various sample governance documents.

The wording of this manual has been kept as concise as possible, mainly so that it's easier to digest, but also in an effort to remain unambiguous and thereby limit scope for misinterpretation. External links to Wikipedia and various other sources have been supplied, so that anyone requiring a deeper explanation of a particular concept can click through to that information.

Much of the contents herein have been derived from my own hard fought experience over the course of past 25 years. These principles encompass a subversive political praxis, full comprehension of which can only be gleaned from participating in its implementation. Just to be clear: anarcho-syndicalism is not in any way comparable to an industrial accreditation, whereby some dogsbody can be tasked to tick a few boxes in order to feign compliance, prior to hanging a plaque on the boardroom wall. Neither does this afford a method of merely reducing organisational hierarchy. Starting with a vertical structure then removing layers of management will not result in a fit for purpose form of horizontal association; the intended outcome necessitates nothing less than a total restructuring, in combination with the adoption of an altogether more radical set of working practices. Critics may deem The Black Cat Handbook to be overly prescriptive, arguing that the practices outlined herein are restrictive, and thereby serve to limit democratic participation... however the primary objective of anarchism has always been to preserve order (and even an element of governance), in the absence of any structural authority, thereby eliminating scope for chaos. Anything less leaves the door ajar to tyranny.

On learning of this project, friends often refer to it as “an interesting social experiment”, although “proof of concept” would arguably be a more apt description, but in reality this is neither; it's just another shot fired in the class struggle that has spanned the past 250 years and counting.

In solidarity!

Craig Adams
Aberdeen, January 2018

For those subversive pioneers who succeed in implementing their own cooperatives, please feel free to make use of the graphic on the front page of this handbook, in order to identify your workplace as a modern anarcho-syndicalist social enterprise.

PART I - BACKGROUND

2 Capitalism

“For the machine, because of the way it is built, can work only in a given direction, no matter who pulls its levers.” – Rudolf Rocker

Capitalism is an economic system, which developed from feudalism (by way of mercantilism) in the aftermath of the French revolution. The aristocracy needed to change things up, lest they suffer a similar fate to their French counterparts and be dragged off to the guillotine.

Under the feudal system, wealth was extracted by way of a single charge known as tax, which was paid to the lord of the land (this being the origin of the term “landlord”). The big innovation of capitalism was to separate this ‘tax’ into four revenue streams destined for employer, landlord, bank, and state. Capitalism may have dispensed with metaphysical notions of aristocratic bloodlines ostensibly in favour of a meritocracy, but nevertheless it remains entirely dependent on the enclosure of natural resources to coerce and exploit labour.

The concept of the state was originally enacted as a means of spreading the cost of defending private land ownership across the entire populace, rendering absentee landlordism a less costly proposition for the landed gentry, whilst leaving them free to profit from rent. Democracy was reluctantly rolled out over the course of the following century, alongside various public services, with universal suffrage finally arriving partially to counteract social pressures stemming from the Russian revolution. Post WWII, and in response to the growing threat of communist insurrection, came the provision of a social safety net. The state can thus claim to be servicing the needs of the whole of society in one capacity or another, thereby affording the most cost effective means of militating against social unrest.

In summary, a capitalist class has been substituted in place of the aristocracy (along with some limited scope for class mobility), with tax being restricted to covering the cost of the system, while wealth is extracted variously in the form of profit, rent, and interest on debt. This perfectly illustrates capitalism’s underlying mechanism for socializing the costs, whilst privatizing any profits.

<https://en.wikipedia.org/wiki/Capitalism>
<http://www.investopedia.com/terms/c/capitalism.asp>

2.1 Private Property

“Private property” differs from personal property, in that it references the ownership of land, natural resources, and the facilities and equipment needed to extract, refine, and process those into marketable consumer goods, plus any related services. Capitalism is intellectually dishonest in that it blurs the distinction between a person’s belongings and various resources the capitalist controls, which are used to generate a profit. This is somewhat ironic given the separate distinction capitalist economists elect to make between capital goods (stuff necessary for production), and regular consumer items. Capitalists insist that possession of a toothbrush is no different to owning an oilfield, whilst cheerfully asserting that heavy plant is an altogether different class of economic good to that very same toothbrush.

Capitalists have a penchant for prefixing terms with the word "private", for example "private individual". One could surely be forgiven for asking how a "private individual" differs from any other sort of individual? The answer (seldom admitted) is that a "private individual" is someone who possesses capital: the means to produce stuff for profit. Similarly, the capitalist would like us to believe that there is absolutely nothing sinister about inserting the word “private” in between the words "my" and "property" - that it's somehow both essential and redundant at the same time. This quirk boils down to mixing the common/social context of the words “private”, “property”, and “ownership” with their legal/economic definitions, resulting in terms that express dual meaning:

"ownership"	- common/social context	= "belongs to"
	- legal/economic definition	= "legitimate title to"
"property"	- common/social context	= "item of belonging"
	- legal/economic definition	= "a deed of title"
"private"	- common/social context	= "personal"
	- legal/economic definition	= "exclusive use"

Putting those together, "ownership of private property" could either signify:

A personal effect belonging to someone - possessing a toothbrush

OR

Legitimate title to a deed of exclusive use - laying claim to an oilfield

This facilitates an insidious ideological slight of hand, one that has been employed to justify all manner of twisted self-serving behaviour. Suddenly, "I just want my own toothbrush" somehow implies that "an individual is perfectly within their rights to assert exclusive control over the supply of oil". Conversely "it is unethical to exclude access to the supply of oil" is played back as "you just want to justify using someone else's toothbrush". Next time you watch the news or open a newspaper, pay particular attention to use of terms such as "private" and "privatization" and use of such doublespeak will quickly become apparent.

Under the capitalist system, a workplace usually considered to be the private property of its capitalist owner(s) who may even be absent, such as shareholders for example. However some workplaces are euphemistically deemed "public property", signifying that they are the joint private property of the ruling class, and are ostensibly being operated on behalf of 'everyone'.

https://en.wikipedia.org/wiki/Private_property

<https://theanarchistlibrary.org/library/the-anarchist-faq-editorial-collective-an-anarchist-faq-03-17#toc16>

2.2 Wage Slavery

Picture a blank canvas, where neither capitalism, nor the state, nor private property, nor any form of authoritarian hierarchy exists. Briefly consider what a stateless, classless, moneyless society would look like. The closest crude approximation would perhaps be the Kalahari Bushmen. There are no bosses, no banks, no government, no classes, no markets, no obvious divide between work and leisure, just people cooperating to make the most of their lives.

https://en.wikipedia.org/wiki/Gift_economy

Now imagine that capitalism suddenly sprang into being, envisage this in your mind's eye as people labouring inside a huge glass complex, whilst you remain on the outside.

Ignore the government, the banks, and any notion of meritocracy. Instead what you are watching can only be described as an enormous pyramid scam dependent entirely on the ownership of private property. Those at the top of

the pyramid are capitalists. Together this capitalist class own absolutely everything needed to generate wealth. At the bottom are the working class who outnumber the capitalists by at least 1000:1. The layers in between comprise a middle class, that of manager, whose job is to extract maximum productivity from the workers, whilst attempting to minimise all associated outlays.

The workers essentially mine, refine, process, and package, the earth's resources into products, which are then sold [back] to everyone in order to generate profit. The managers collect and filter that profit up the pyramid to the capitalists. The capitalists hoard the bulk of this wealth, reward the managers, and trickle a bare minimum back down to the workers, so they can afford to purchase those self same goods that they have produced. The workers are being remunerated less for manufacturing each item than said item would cost them to buy.

https://en.wikipedia.org/wiki/Wage_slavery

https://en.wikipedia.org/wiki/Surplus_value

<https://theanarchistlibrary.org/library/the-anarchist-faq-editorial-collective-an-anarchist-faq-04-17#toc9>

2.3 Sustainability

This system, which like all pyramid schemes is dependent on unsustainable exponential growth, is clearly terribly inefficient. Most of what the capitalist class redistribute is spent on oppressing their own workforces, who also function as the consumers. Viewed from this perspective, capitalism presents itself as a dystopian nightmare of monstrously epic proportions. It boils down to less than 1% of the population paying enforcers to facilitate the exploitation of everyone else. The rest is just smoke & mirrors.

<http://economics.com/modern-economics-rethink-growth-capitalism-mazzucato/>

<https://theanarchistlibrary.org/library/the-anarchist-faq-editorial-collective-an-anarchist-faq-03-17#toc16>

3 Post-Capitalism

“...the fact that one class of men are dependent for their living upon the sale of their labour, while another class of men are relieved of the necessity of labour by being legally privileged to sell something that is not labour... And to such a state of things I am as much opposed as any one. But the minute you remove privilege ... every man will be a labourer exchanging with fellow-labourers ... What Anarchistic-Socialism aims to abolish is usury ... it wants to deprive capital of its reward.” - Benjamin Tucker

Any attempt to find a fairer alternative to capitalism necessitates the elimination of the capitalist/manager hierarchy, whilst maintaining efficiency in order to remain commercially viable within a free market. Herein lies the problem: while capitalists don't [usually] actively participate in production, neither do they just sit around idly. Capitalism is a free market ideology, meaning that capitalists must contend with one another in a dog eat dog type scenario, for whatever wealth can be extracted. A lack of competitiveness can only be anticipated to result in failure.

https://en.wikipedia.org/wiki/Free_market

3.1 Efficiency

Profit is the product of efficiency and exploitation, where efficiency arises from conscientiousness. The capitalist must therefore strive to ensure that his or her operation is running at maximum efficiency. There are three ways to improve this, and these aren't mutually exclusive: increase productivity, decrease wastefulness, or become more exploitative. Interestingly, were the capitalist to dispense with all those expensive layers of management, then productivity would likely collapse, with wastage dramatically increasing, almost certainly culminating in a loss. These layers of management are “absolutely necessary”; in order to compel a workforce to generate wealth primarily to the benefit of someone else - the capitalist.

https://en.wikipedia.org/wiki/Hierarchical_organization

3.2 Worker Self-Management

Even if it were possible for the workers to eliminate the capitalist owner, the resulting enterprise would remain subject to external competition. It would be impelled to contend for a share of any wealth being distributed, and that necessitates maximising efficiency. Devoid of any means of exploiting the workforce, this efficiency would rest on the workers own ability to positively influence productivity and/or wastefulness.

There are two potential routes to accomplishing this. The first way is for the workforce to democratically elect its own management hierarchy, but that approach also ratchets the cost base back up. While this might generate enough profit for one capitalist to live in luxury, it would only represent a small bonus when distributed throughout the entire workforce. The other way is for each worker to become vastly more conscientious in order that hierarchy can effectively be dispensed with altogether, without compromising either quality or efficiency.

https://en.wikipedia.org/wiki/Flat_organization

3.3 Conscientiousness

Workers often harbour the misconception that they only need “try a little harder”, failing to appreciate just how much of a ‘positive’ driving force that management exerts within any hierarchal organisation.

Consumers are a fickle bunch; when comparing products or services they typically choose whichever one they feel represents the best balance of quality and value. Ethical consumption typically only enters into the equation where products or services are perceived to be equal in all other respects. Quite often a non-hierarchal cooperative seems like a cool place to work, but is quickly doomed to fail because it inexplicably churns out a surprisingly mediocre product or service. It doesn't have to be that way.

In order to guarantee success, a cooperative must seek to eclipse any competition outright. The key to this being that individual members comprehend the magnitude of conscientiousness required in order for their cooperative to succeed. Members must maintain levels of energy, awareness,

responsibility, diligence, and attention to detail, well beyond that of any regular worker, and approaching that of a dedicated manager. Members must in fact assume ownership, along with all that entails, and should consider the workplace as an extension of themselves, something comparable to their most prized possession. They also need to come off the clock. Capitalists and their henchmen don't punch time cards. The bosses are, if nothing else, cognisant that rewards result from guile and effort, as opposed to being magically linked to attendance.

Successful participation has the potential to be rewarded with earnings appreciably in excess of any comparable worker employed in the private sector, coupled to reduced stress, a shorter working week, improved work-life balance, significantly greater job satisfaction, and best of all, career fulfilment. This is because members notionally benefit from the full value of their labour, and not just whatever the capitalist feels compelled to remunerate them.

<https://en.wikipedia.org/wiki/Conscientiousness>

3.4 Syndicalism

Capitalism pits capitalist against capitalist in competition with one another in a free market. Throw a sorted cooperative into the mix, and suddenly there exists a business imbued with many times the energy and creativity that any single capitalist can muster. A well functioning cooperative thus attains the potential to outcompete anything hailing from the private sector. Syndicalism is a framework, wherein such entities elect to pool their resources by forming a loose federation, in order to compete together against the private sector with the ultimate goal of vanquishing capitalism.

<https://en.wikipedia.org/wiki/Syndicalism>

3.5 Viability

To deny syndicalism is feasible, is to offer tacit consent to capitalism, and all that gives rise to: mass unemployment, the working poor, child poverty, overseas wars, billionaire bankers, inequality, and an 'elite' class of super rich sociopaths hoarding the bulk of the worlds wealth... staggering levels of

exploitation on a global scale. We can either choose to be part of the problem, or part of the solution.

Any worker who prefers to remain on the clock because “it’s more than my jobs worth”, who is unwilling to assume ownership, or “cannot be assed” with “the hassle” of being conscientious, can only be considered part of the problem and is (for the most part) unsuited to membership of a workers collective. Likewise, paying lip service isn’t nearly enough: action speaks louder than words.

In order to engineer a better system, the workers only need achieve significantly better productivity whilst unsupervised. This equates to applying a similar degree of effort, diligence and attention to detail, as they would invest in any aspect of their personal life. The remainder of this manual outlines a proven methodology for realising that aspiration.

https://en.wikipedia.org/wiki/Criticism_of_capitalism

4 Anarcho-Syndicalism

“In place of the present capitalistic economic order Anarchists would have a free association of all productive forces based upon co-operative labor, which would have as its sole purpose the satisfying of the necessary requirements of every member of society, and would no longer have in view the special interest of privileged minorities within the social union.” – Rudolf Rocker

The concepts outlined in this handbook, relate to implementing and governing a non-hierarchical workers cooperative. These are drawn from the anarcho-syndicalist tradition. Anarcho-syndicalism (which literally means “syndicalism without hierarchical control structures”) is both praxis and political theory. The principles of anarcho-syndicalism, which were first set out by Rudolf Rocker, form the basis of non-hierarchical worker self-management.

<https://en.wikipedia.org/wiki/Anarcho-syndicalism>

Historically, when capital was less readily accessible, anarcho-syndicalists were concerned with revolutionary unionism, with the aim of the workers overthrowing their bosses and seizing control of the workplaces. Over the course of the 20th century, capitalists successfully lobbied the state to smash the unions in order to neutralise this threat, thereby rendering that strategy more or less obsolete. Methods have evolved in response to this new reality, and one emerging strategy is to create a network of cooperatives by accessing capital via other mechanisms. The most promising approach (at the time of writing) is to leverage the various ‘incentives’ targeted at facilitating the voluntary sector, where it is impractical for the lawmakers to discriminate against non-hierarchical entities. However, the ultimate objective of anarcho-syndicalism remains unchanged, and that is to structure the next society within the shell of the present one... by whatever means present them self.

4.1 Routes

The architects of capitalism have engineered in a host of passive-aggressive features (mostly economic) to limit our choices. This is known as “structural coercion”. Anarcho-syndicalism aims to subvert structural coercion by the creation of a network of horizontally structured workers cooperatives.

Currently, for practical, economic, and tactical purposes it may be advantageous for such entities to reside in the voluntary sector, something explored in greater depth in sections 6 & 7. There are numerous feasible routes to the formation of a cooperative, a selection of these are as follows:

1. The formation of a business entity, which only requires minimal capital investment. For example a service company where the workers themselves represent the bulk of the capital.
2. Through obtaining financing via third sector capital funding.
3. By borrowing money from a 'private' lender, typically a commercial institution such as a bank.
4. Engaging with a third party benefactor. This is usually someone with money to risk, who is prepared to fund a community centric venture. **A word of caution - this does not include venture capitalists!**
5. Directly, via capital that you have somehow acquired access to. There exist particular strategies for obtaining capital, but the particulars are mostly outside the scope of this manual. Briefly though... either a diversification from the first route above, or through market speculation by way of what's known as **Turtle Trading**. The latter **necessitates serious and prolonged research**, coupled to an early start (preferably late teens or early twenties), and **enormous self-discipline**. It involves saving for an initial stake, then adopting medium term positions on the commodities market, buying and selling by way of **technical analyses**, determined by consulting predetermined **intersecting moving averages**. That passage was not intended to be comprehensible to the uninitiated, but rather to outline a potential avenue for investigation to anyone so inclined, or in the absence of any other means described beforehand. Be advised, this approach will likely require several years prior effort to generate sufficient working capital.
6. <http://bigpicture.typepad.com/comments/files/turtlerules.pdf>

4.2 Impediments

In addition to structural coercion, there exist various sociological impediments to the formation and operation of a successful worker's collective. It is crucial to be cognisant of these from the outset, in order to better contend with them. This is particularly true when co-opting an existing workforce.

4.2.1 Conditioning

Everyone exposed to the capitalist system from an early age has been indoctrinated into that ideology, and this is far and away the biggest barrier to change. Capitalism is routinely held up as “the best system we have. People unthinkingly accept concepts such as hierarchy, rent, profit, interest, tax, and wage labour as ‘normal’. Anarchism is misrepresented as “chaotic”, “unworkable”, “unstructured”, “violent”, “rebellious”, “ill-considered”, “half-baked”, “immature”, “nonsensical”, “aggressive”, and “unnatural”. Anarchism is also said to be “demanding the impossible”, ostensibly placing it in the realms of time travel and telekinesis. People are therefore likely to harbour inaccurate and negative preconceived notions regarding anarchist terminology.

<https://en.wikipedia.org/wiki/Indoctrination>

The public education system, which is itself an innovation of capitalism, serves to prepare us for life as human resources. We are taught to respect authority, wear a uniform, obey rules, remain quiet, and to be subservient to our ‘superiors’. The result is a largely apathetic populace, who obediently work to live, whilst embarking on a futile quest to obtain fulfilment through perpetual consumption. Workers of this mindset have a tendency to default to doing the ‘acceptable minimum’, even to the extent of trying to establish precisely what that entails. For a cooperative to succeed, every member must contribute maximum effort.

<https://en.wikipedia.org/wiki/Apathy>

Capitalism has in effect engineered a proletariat perfectly adapted for exploitation, but badly prepared for the rigours of freedom. Plunged into a cooperative environment this is may manifest as a workforce incapable of asserting itself. To them I'd say: **“nobody is asking you to rock the boat,**

only to help row it”. The most effective approach is to prize the most willing loose and then leave the rest to peer pressure.

4.2.2 Disharmony

Hierarchical structures also foster widespread manipulative behavior, such as where someone seeks to exert power and influence through a ‘superior’. The nature of a horizontal structure largely mitigates this strategy, but old habits die hard, and some workers may attempt to impose the role of spokesperson or even ‘puppet boss’ on one of their number, rather than being seen to voice opinions directly. Frustration at the ineffectiveness of such machinations may precipitate passive aggressive forms of ‘retaliation’. This problem arises due to a loss of power over others; someone who has wielded influence in a Machiavellian manner may perceive equality of power as placing them at a disadvantage, comparatively speaking. Nothing better illustrates the inherent failure of capitalism than this particular phenomenon. Somehow humans have been duped into engineering a structure that is geared towards the aiding the sociopathic.

Passive-aggression is deeply unpleasant to endure, not to mention somewhat destructive (especially where an existing organisation is attempting to transition away from hierarchy). The most pragmatic approach is to let paralysis set in, creating the imperative for members to rapidly evolve more positive and assertive modes of communication in order to enact any change.

https://en.wikipedia.org/wiki/Psychological_manipulation
https://en.wikipedia.org/wiki/Passive-aggressive_behavior

4.2.3 Belief in Social Darwinism

Capitalism is predicated on the comprehensively debunked pseudoscientific theory of social Darwinism, better known as “survival of the fittest”. People are encouraged throughout life to act exclusively in their own self-interest, and to adopt an attitude of “looking out for number one”. This is why our technologically advanced existence is so lacking in cohesion when compared with primitive societies such as the resolutely egalitarian Kalahari Bushmen.

https://en.wikipedia.org/wiki/Social_Darwinism

4.2.4 Blanket Commoditisation

Capitalism promotes the accumulation of capital, with progress being measured in financial gain. The driver for this is a sophisticated derivative of the carrot & stick ploy. Participants are encouraged to focus on what they can get, and those who resist participation are denied access to all but life's bare essentials (and sometimes even those). Proponents contend that capitalism mimics a natural state, where people are forced to hunt or forage else face starvation. The result is a commodity culture, where absolutely everything has a price tag, and no limits are placed on material gain. This is an alienating concept with enormous corruptive potential. Greed is presented as a quasi-desirable personality trait, and in the absence of any metaphysical leanings, life's true purpose subjectively manifests as obtaining a monetary "high score".

<https://en.wikipedia.org/wiki/Commodification>

Those who are successful are at risk of being seduced by the rewards. It's virtually impossible not to succumb, so the trick is moderation. This is the nature of the society we inhabit, and it has little in common with the Kalahari Desert, so altogether eschewing material benefits would be a wholly unrealistic approach. Capitalist ideology even takes steps to circumvent our social conscience, by demonizing those less fortunate, and promoting nonsense concepts such as "trickle down economics". Keep in mind, that the social challenges we face today are almost entirely as a result of gross wealth inequality and social depravation. Ask not what you stand to make, but rather what you would like to contribute.

<https://en.wikipedia.org/wiki/Morality>

4.2.5 Ingrained Division

Workers in the capitalist system recognise that the system is wrong, and naturally seek to subvert their bosses by establishing a boss/worker divide. Regrettably, this type of behavior is so indoctrinated that it may even perpetuate within a cooperative entity, with people consciously avoiding undertaking any action previously associated with that of a boss.

Example: a workplace has implemented a rota system with built in latency, where workers are rotated though a 'spare pool'. The function of said spare

pool is to militate against understaffing during periods of increased commercial activity. When things get hectic, the active workers have the option of calling on those from the spare pool. Outside of that, those assigned to the spare pool effectively benefit from additional leisure time. Ostensibly this works to the common good. The workers each benefit from additional leisure time, and the business benefits from having a ready to go pool of supplementary labor. What can possibly go wrong? In practice the participants may put off drawing on supplementary labor, in order that those presently assigned to the spare pool remain free to enjoy additional time off. Ironically these people are inadvertently cooperating in a negative way, one that only serves to undermine the whole endeavor.

This problem may also manifest as reluctance to initiate a consensus process, lest the initiator is perceived as somehow having “joined the other side”, even though the presence of workplace democracy alone is what signifies the absence of an actual management hierarchy. The solution to this is two-fold. Firstly, participants must be encouraged to engage with their conscience, particularly with regard to the common good. In the first example above, the problem can be addressed by assigning responsibility for allocating supplementary labor to the spare pool itself, thus rendering self-interest socially unacceptable. Secondly, it is also crucial to encourage individualism; anarchism is the reconciliation between people as individuals, and the broader society that they inhabit. People often mistake attributes such as leadership, assertiveness, outspokenness, and being opinionated, as the sort of traits that a ruler would display, when really those are desirable characteristics to be exhibited by anyone voluntarily participating in a free society. Individualism need not equate to social Darwinism!

https://en.wikipedia.org/wiki/Class_conflict

4.3 Collective Capability

In order to succeed, a collective must possess a range of attributes and commercial skills broadly equivalent to those of a successful entrepreneur. While it may not be feasible for every member develop such capabilities, it is essential for those aspects to be afforded their due respect, in order to leverage them into some form of commercial advantage.

4.3.1 Critical Attributes

Equality of power is arguably an egalitarian structure's greatest strength, but it can also inadvertently lead to a dumbing down of capability. Some people are blessed with an abundance of useful traits, which may be tricky, though not impossible, for others to develop. It is important that a collective be guided by its strengths, rather than its weaknesses. In the absence of meritocracy, the gifted can easily be outvoted. The solution is for individuals to take account of their relative strengths and weaknesses, particularly with regard to:

Assertiveness. This is where an individual seeks to fulfill their objectives through voluntary cooperation. Assertive people are able to effectively communicate their position positively, directly, and with confidence. It is absolutely vital that those participating in a collective make an effort to learning how to better assert themselves.

<https://en.wikipedia.org/wiki/Assertiveness>

Reason. Rationality affords the most consistent method of arriving at an optimal outcome. For an opinion to count it should be both logical and well reasoned. Defeating reason with emotion is likely to prove a pyrrhic victory. It's more constructive to demand that someone prove their point, than to argue against them without substance. Members are strongly urged to support well-reasoned arguments over emotive ones.

Ambition. This combined with hard work and persistence, is what drives success. While every suggestion should be rigorously challenged, apathy must never be permitted to stifle innovation. Provided a concept survives thorough analyses then surely it can only be deemed viable? Members are strongly urged to support ambition over apathy.

Judgement. Many people suffer from a deep-seated belief that their judgement is magically infallible. They only need examine their own pasts to determine that this is quite evidently not the case! Judgement is one area where historical performance is a good indicator of future outcomes. Members are strongly urged to support those who have previously exhibited sound judgement.

4.3.2 Key Skills

In addition to the aforementioned attributes, certain skills are essential to the success of any business venture. Collectives are therefore advised to zone each of the following critical areas in order to negate the potential for suboptimal democratic outcomes. *See also section 24 Rational Authority.* Skills can be readily developed, and it is hugely advantageous to the venture if members develop a working knowledge in each of the following areas:

Psychology, Negotiation, and Politics. Understanding how people tick, how to influence them, deal with them, reach accord, and work towards consensus are vital skills for the members of a cooperative. Equality of power references political power. Every member is his or her own politician. Politics is often a matter of understanding political process: the very stuff covered by this handbook. Those with the most detailed knowledge of a system are best able to navigate it to their advantage. Horizontal politics are very different to vertical politics, as there is no greasy pole to climb. Equality of political power imbues everyone with the same potential to initiate (or resist) change. Horizontal politics turns on a combination of assertiveness, trust, respect, conscientiousness, persuasion, and the common good. There are many ways to skin a cat, figuring out the most auspicious route is key to a achieving a favourable outcome.

Problem Solving. Any complex endeavour will create challenges from time to time. With collective responsibility comes the necessity of problem solving being driven by conscientiousness. Members must apply the same depth of thought, energy, creativity, and stubbornness to solving problems that arise in the workplace, as they would to problems that affect them outside the workplace. The buck stops at the individual.

https://en.wikipedia.org/wiki/Problem_solving

Business Economics. This discipline offers an insight into how choices will impact on a business' trade and finances; the probable outcomes are seldom intuitive. To take any decisions without reference to its likely economic impact is to court disaster. The in-house economic expert should familiarise them self with concepts such as production theory, opportunity, efficiency, specialisation, division of labour, supply and demand, elasticity, and marginal utility. For everyone else a

rudimentary understanding of turnover, overhead, margin, profit, loss, capital expenditure, and diversification will suffice - *refer to section 4.3.3*. For those seeking a deeper insight into microeconomics, the works of Steven D Levitt are not only eminently readable but also entertaining, whilst providing a great many useful insights.

https://en.wikipedia.org/wiki/Business_economics
<https://en.wikipedia.org/wiki/SuperFreakonomics>

Marketing Branding, and Advertising. These describe where and how a business should position itself within the free market, in relation to consumers. Various customer demographics are identified, and how to best satisfy their needs. This in turn determines how a business presents itself to the market. A brand is a carefully engineered identity, intended to appeal to those consumers whom the marketing is targeted towards. The brand should elicit favourable and accurate first impressions, which later serve to evoke other aspects of the business, product, or service. Marketing communications are aimed at creating needs, associating those needs with a particular brand, whilst simultaneously reinforcing recognition, in order that mere sight of said brand might subconsciously impart the need for it. The primary objective of advertising is to increase consumption.

<https://en.wikipedia.org/wiki/Marketing>
<https://en.wikipedia.org/wiki/Brand>
<https://en.wikipedia.org/wiki/Advertising>

Selling. Marketing, branding, and advertising all serve to drive customers towards an outlet. Personal selling is the art of persuading those customers to thereafter purchase a product or service. For many people the term “salesperson” conjures up the archetypal used car dealer. In reality selling should be done so subtly that the customer is oblivious to the undertaking. The sale itself is a multistage process, which relies heavily on psychology, and is most effective when done covertly. The more sophisticated and understated the technique, the more powerful it is. If a business’ products or services are differentiated, then this will help drive repeat purchases and ultimately customer loyalty. Where products or services are cohesive or complimentary, then the sale of one will likely lead to the sale of

another. Each participant should actively seek to enhance his or her subtle sales skills.

https://en.wikipedia.org/wiki/Personal_selling

Delivery, After-sales & Customer Relations. Relates to how the implementation of product, or service is enacted. Slick execution of delivery is essential to repeat business, and maintaining margin. After-sales references the supply of parts and consumables necessitated by the product. Both of these are essential components of customer relations, and more specifically how any issues are addressed. Efficacious resolution of problems can often better engender customer loyalty than a seamless execution.

4.3.3 Glossary of Standard Terms

In order for a collective enterprise to succeed in a commercial environment, it is essential for voting purposes, that every participant develops a basic comprehension of business economics. This entails becoming familiar with the associated terminology:

Turnover. The total amount of money that flows through a business over a period of time, this may include bank interest and other monies generated out with actual sales.

Revenue. The total monetary value of all sales, less sales tax.

Fixed Overhead. Cost incurred by the existence of a business whether it trades or not. This usually relates to the likes of rent/mortgage, interest on loans, insurances and trading taxes (such as business rates).

Variable Overhead. Cost incurred by the operation of a business, such as payroll, energy costs, utilities, and professional fees (such as accountants and lawyers).

Cost of Sales. The cost of the components, products, raw materials, production, or anything associated with the provision of services (fuel for example) that the business incurs, directly relating to its trade.

Uplift. The amount or percentage added to the cost of sales to determine the retail price, less any sales tax.

Margin. The difference, or percentage, between the retail price and the cost of the sale, less any sales tax.

Surplus/Profit/Loss. Margin less overheads.

Commercial Viability. The potential to cover overheads.

Asset. Land, building, or equipment possessed by the business.

Depreciation. The notional loss of value incurred by wear and tear on an asset as it ages.

Labour. The work performed by people for the business.

Capital. Money (for investment), assets, or speculative labour.

Capital Good. Equipment or machinery used in production.

Capital Expenditure. Money invested in purchasing assets, typically with the intention of increasing revenue, reducing cost of sales, increasing productivity, or reducing the need for labour and its associated labour cost.

Payroll. The gross cost of remunerating the workforce for its labour.

Expenses. Money spent on consumables, rather than overhead or assets.

Revenue Stream. Sales related to a particular branch of commercial activity.

Diversification. The creation of additional revenue streams (usually through some form of capital expenditure).

4.3.4 Commercial Savvy

The following example illustrates why a rudimentary understanding of commercial economics is essential for the members of a collective venture.

A business has an annual turnover of £1M, but is generating losses of £100K per annum, ostensibly due to adverse trading conditions. Fixed overheads relating to building's insurances and business rates tax come to £50K per annum. This means that it's costing £50K per annum to keep the business open, as opposed to keeping it closed but retaining the premises (premises not being automatically divested on cessation of trade, and usually take some time to sell). Variable overheads have already been pared back to the minimum. The business needs to take one or more of the following actions, but which is the most appropriate?

1. Increase uptake of existing revenue streams.
2. Reduce payroll costs.
3. Diversify.

1. Necessitates either an increased marketing spend, and/or to gamble on reducing prices. The collective needs to ascertain the likely gain from such tactic, and whether this will be sufficient to plug the deficit in trade. Any marketing push would need to be targeted towards either reduced pricing or something specific, begging the question as to whether any existing revenue streams actually possess an untapped potential.

2. Means cutting hours, pay, or jobs. Is the business running with surplus labour? Would reducing the workforce cripple the business' capacity to increase revenue?

3. Creates an additional revenue stream that could be marketed, but which would also necessitate capital expenditure. How quickly is the new asset likely to cover this outlay? What are the gains going forward likely to amount to? A new revenue stream typically has significant potential, but is only likely to succeed where there also exists a degree of synergy and cohesion with pre-existing revenue streams.

Those with the necessary grasp of commercial economics will quickly appreciate that cohesive diversification is usually the preferred tactic under

such circumstances... provided access to sufficient capital is available to cover the initial outlay. Doing nothing is seldom a sensible option, since it leaves the business at the mercy of external forces, which may just as easily conspire against it. Adverse trading conditions can persist for years, perhaps only to be superseded by another equally adverse set of conditions. A business must act positively and decisively to influence its own future. Continuing the above example...

A possible commercial diversification is identified which is both complimentary to, and non-competing with (very important) the existing revenue streams. This necessitates the purchase and commissioning of a capital good for an outlay of £10K. In order for this acquisition to be cost neutral the equipment must generate £10K of revenue in order to cover its own cost within the first year of operation, otherwise the financial burden on the business will be increased. Provided that additional revenue can be maintained or bettered, then financial pressure on the business will have been reduced by at least £7.5K per annum in future years (taking account of depreciation and replacement costs). This would thereby render said asset a commercially viable option.

If this new revenue stream can be further developed by the later addition of other related capital goods, then it may ultimately be possible to overcome the annual losses via gradual diversification.

Is this worth pursuing? Yes, because any business generating around £1M of sales revenue annually clearly already benefits from a healthy customer base, creating plenty of scope for diversification.

4.3.5 Summary

Those participating in a cooperative must collectively endeavour to develop commercial know-how on par with that of a successful capitalist entrepreneur. This takes a lot of effort. The example provided in section 4.3.4 was provided as a means of illustrating the level of savvy required. Don't be alarmed if you struggled to grasp the ins and outs of it, business economics lies beyond the comprehension of many people. The crucial thing is to respect the wisdom of those that have fathomed it, and every collective needs at least one of those.

PART II - FUNDAMENTALS

5 Common Good

“...in the long run the practice of solidarity proves much more advantageous to the species than the development of individuals endowed with predatory inclinations.” – Pyotr Kropotkin

Anarcho-syndicalism necessitates solidarity, a concept predicated on mutual aid, an evolutionary phenomenon of mutually beneficial cooperation and reciprocity first described by the Russian biologist Peter Kropotkin. Kropotkin showed that, in terms of survival and proliferation, self-interest was ultimately best served by social cohesion. This is often framed as working towards the ‘common good’. Unlike ‘social Darwinism’ (the belief in survival of the fittest), Kropotkin’s theory is not only falsifiable, but also backed up by overwhelming empirical evidence, gathered throughout decades of research.

https://en.wikipedia.org/wiki/Mutual_Aid:_A_Factor_of_Evolution
https://en.wikipedia.org/wiki/Common_good

“Typically, mutual-aid groups will be free to join and participate in, and all activities will be voluntary. They are often structured as non-hierarchical, non-bureaucratic, non-profit organisations, with members controlling all resources and no external financial or professional support. They are member-led and member-organised. They are egalitarian in nature, and designed to support participatory democracy, equality of member status and power shared leadership and cooperative decision-making. Members’ external societal status is considered irrelevant inside the group: status in the group is conferred by participation.” – Wikipedia

[https://en.wikipedia.org/wiki/Mutual_aid_\(organization_theory\)](https://en.wikipedia.org/wiki/Mutual_aid_(organization_theory))

6 The Voluntary Sector

“Organization, as we understand it, however, is a different thing. It is based, primarily, on freedom. It is a natural and voluntary grouping of energies to secure results beneficial to humanity.” – Emma Goldman

In addition to the private sector (for profit) and the public sector (for state), there's also a third sector of the economy: the voluntary (for community) sector. Most people employed in the voluntary sector are paid wages, just like those in the private and public sectors, although there does also exist significant scope for unpaid volunteer workers.

Private companies transact business for profit. That's the sole reason for their existence. As capitalism consumes itself, more and more small businesses are unable to produce a surplus. Those that continue trading in the absence of a surplus, are clearly not doing so for the money, and are instead choosing to operate as “going concerns”. By moving into the voluntary sector, what was a going concern implicitly becomes a community enterprise. Such entities may also qualify for various tax breaks and funding incentives, which exist to encourage the provision of community services, thereby helping to maintain social harmony.

https://en.wikipedia.org/wiki/Voluntary_sector

7 Social Enterprise

*“...understand that masters and governments are useless parasites and that workers could manage by themselves the social enterprise.” - **Errico Malatesta***

An entity focused on delivering a beneficial service to society, rather than being profit driven is termed a social enterprise. In the UK, these typically assume the form of companies limited by guarantee, and nowadays are encapsulated in a community interest wrapper. They are generally referred to as CICs (Community Interest Companies).

While it is also possible to incorporate a CIC limited by shares (and there may even be some personal tax incentives in doing so), the CIC limited by guarantee model is more suited to a cooperative structure because it better lends itself to the concept of “one member, one vote”. While lawyers and accountants may argue that they can achieve the same effect with a CIC limited by shares, the increased administrative overhead would likely outweigh any notional tax breaks. The presence of shares, even with an asset lock in place, may also inadvertently create scope for carpet bagging. Bear in mind that profit is really a means of divesting surplus by way of dividend, and therefore a capitalist mechanism intended to facilitate profiting from absentee ownership. A CIC limited by guarantee is every bit as suitable for remunerating a workforce, so please beware the Trojan Horse of tax efficiency!

https://en.wikipedia.org/wiki/Absentee_business_owner

CICs limited by guarantee possess the huge benefit of appearing more attractive to third sector funding bodies, and also stand a far better chance of securing business rates relief. Breaks of that sort are far more useful than a few grand of personal tax allowance.

https://en.wikipedia.org/wiki/Community_Business
https://en.wikipedia.org/wiki/Community_interest_company

8 The Cooperative

“It is the historic mission of the working class to do away with capitalism. The army of production must be organized, not only for everyday struggle with capitalists, but also to carry on production when capitalism shall have been overthrown. By organizing industrially we are forming the structure of the new society within the shell of the old.” - Industrial Workers of the World

A cooperative is an entity owned and controlled collectively by its workforce, as opposed to being owned and controlled by private interests such as shareholders. Ideally the workforce would also collectively own the workplace, plus any associated means of production outright. A worker’s cooperative operates for the common good of those involved, according to the principle that self-interest is ultimately best served by social cohesion (mutual aid). A cooperative is usually legally structured as a company limited by members guarantee (rather than shares), with decisions being taken according to the principle of “one member one vote” (OMOV). Most cooperatives are democratic hierarchies, where the members elect their managers, but a significant minority are non-hierarchical, these being termed “worker’s collectives”. This handbook deals exclusively with the latter.

https://en.wikipedia.org/wiki/Worker_cooperative

A worker’s collective is unique in that nobody holds a position of authority over anyone else. These are dynamic organisations, where people are not only empowered to decide how to perform their jobs, but also have an equal say in how their workplace operates. Members are fully equivalent to business owners with regard to their power to influence both the strategic direction and commercial outcomes. However as such, members collectively possess no automatic entitlement to a wage, and the cooperative must therefore strive to generate sufficient income through commercial activity to meet their remuneration costs. Members do retain the power to decide on ways to modify their own wages or working hours in order to avoid lay offs and redundancies, something that employees of regular businesses generally have very little control over. There is an expectation that, outside periods of sustainability, each and every member will contribute capital on an on-going basis (in the same manner that a capitalist would), since doing so is a requisite of commercial success. These contributions may assume the form of assets, equipment, finance, or (more commonly) speculative labour.

9 Egalitarianism

“As man seeks justice in equality, so society seeks order in anarchy” - Pierre-Joseph Proudhon

Racial, religious, gender, sexual orientation, disability, **political**, or ethnic discrimination do not constitute grounds for barring anyone from either employment in, or ultimately membership of, a workers cooperative. While anarcho-syndicalism is an anti-capitalist philosophy, this presents no more of a barrier to the inclusion of those ideologically aligned to capitalism, than the present capitalist hegemony does to the inclusion of anarchists. Authority is evenly distributed throughout a collective, with every member deemed to be of equal status, imbued with equal decision-making power, and entitled to both equality of treatment and equality of opportunity. Change is enacted by democratic consensus, which any member is free to initiate at any time.

<https://en.wikipedia.org/wiki/Egalitarianism>

There are some restrictions as to how far such power can be wielded, these are necessary in order to safeguard against individual tyranny, collective tyranny, rashness, and carpet bagging. For example a vote may not proceed where it:

- Jeopardises the mission;
- Brings the collective into conflict with the common good;
- Contradicts tradition;
- Unwittingly breaches precedent;
- Or intrudes on any zone of expert authority.

However, any member may initiate a vote to:

- Waive precedent for a specific instance;
- Amend future precedent
- Revise precedent;
- Revoke precedent
- Or to recall any authority (termed a confidence motion).

In order to safeguard equality, any disciplinary issues must therefore be overseen collectively, in as far as is practical.

10 Legacy Employees

Where the decision is taken to convert an existing hierarchal business into a non-hierarchal workers cooperative, the rights of any existing employees must be taken into account. Ideally a cooperative should not have any employees per se (at least beyond the probationary period), since the intention should be for every participant to become a member. However, any existing employees are unlikely to have been hired on that premise, and cannot ethically (let alone legally) be forced down this route. Preferably these workers will voluntarily apply for membership, which must not unreasonably be withheld, but some of them may instead opt to simply continue as legacy employees. This status should only be open to those whose employment predates the final transformation into a cooperative, and care must be taken not to inadvertently create new 'legacy employees' going forward, by accidentally exceeding any legal deadlines for uncontested dismissal.

Legacy employees must retain the option to apply and reapply for membership, and also to abort the membership process at any time prior to its conclusion. There should be a mandatory interlude between each successive attempt to attain membership. Legacy employees must be permitted the courtesy of repeating this cycle indefinitely, with a final conclusion only being reached should they choose to sign the membership agreement. It should be made clear from the outset that membership is unidirectional, and that a member may not somehow transition to become a legacy employee!

Clear distinctions of power should be drawn between members and legacy employees, and it's important that everyone is made aware of these, including any new recruits. Members collectively exert absolute control over the business, even to the extent of deciding how much everyone is paid. Therefore members are required to assume responsibility for their own decisions, meaning that a member cannot vote to enact something, then protest that this course of action has somehow violated their rights! Members should benefit from their pick of zones, and any decision-making power must ultimately rest in the hands of members. Unlike members, legacy employees will not wield any form of authority, be privy to any aspect of the consensus process, or be permitted to attend member's meetings. Legacy employees will not function as pseudo members of the cooperative, and will not have any input into the running of the business, the only exception being where a legacy employee is undertaking the membership process **without cynicism**.

11 Recruitment

Due to the greater participation necessitated by anarcho-syndicalism, any recruitment adverts should explicitly stress the nature of the employment, and be targeted towards those who are attracted to such an arrangement. It is advisable to limit recruitment to part-time or trainee positions wherever practical, in order that those lacking exposure to a cooperative workplace can gradually learn the ropes. New recruits are referred to as “probationers”, and should be recruited with the view to ultimately becoming a member, provided they can adapt to the rigours of worker self-management. Probationers must therefore be treated as prospective members, including their participation in democratic votes where appropriate. Where it becomes clear that someone is unsuitable for membership, then their employment should be terminated within the stated probationary period, and ahead of any legal deadlines.

The organisation may also seek to recruit unpaid volunteers, and such volunteers may also ultimately qualify for membership, depending on the magnitude of their contribution, and the level and frequency of their participation. Volunteers should never be tasked to engage regularly in activities that other workers are being remunerated for, but rather be assigned to oversee any aspects suited to their particular skills, expertise and aspirations.

12 Horizontal Association

"I am only truly free when all human beings, men and women, are equally free. The freedom of other men, far from negating or limiting my freedom, is, on the contrary its necessary premise and confirmation." – **Mikhail Bakunin**

Society performs a balancing act between cooperation and contention. These approaches are not mutually exclusive, since people can also organize to cooperate within competing groups. Vertical association pits the members of a group in a competition with one another, to scale an internal hierarchy. By way of contrast, horizontal association encourages people within a group to cooperate together for mutual benefit. In a capitalist enterprise those at or near the top of the hierarchy stand to benefit the most from any success. In a socialist enterprise members would be compensated according to how they collectively choose to evaluate one another.

12.1 Anarchy & Anarchism

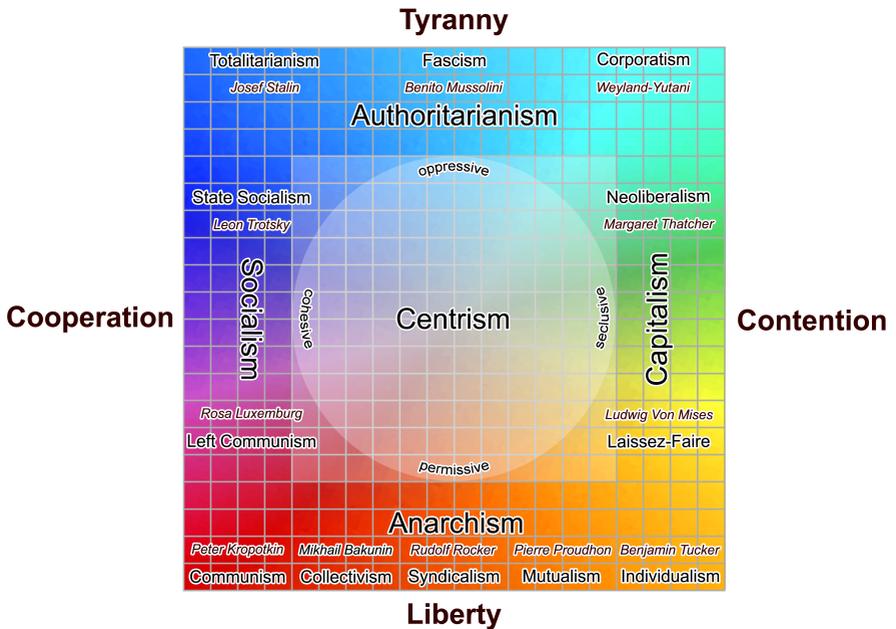
Organisations with a flat structure are also referred to as non-hierarchs. The term "anarchy" translates as "no rulers" alluding to the absence of hierarchy. Look up "non-hierarchical organisation" in Wikipedia, and that site will (at the time of writing) automatically redirect to its page on anarchism! Anarchism promotes equality of freedom via equality of power. Equality of freedom does not imply totality of freedom, but rather what would be considered the optimal level of mutual freedom. The defining trait of anarchism is its rejection of rulers, hierarchy, and any coercive structures of power and authority. This is best enacted by voluntary adherence to The Golden Principle:

"Do unto others as you would have them do unto you." – **attributed to Jesus Christ from his Sermon on the Mount...** but its origins are neither here nor there, since the logic of the premise is irrefutable.

Critics have described this as "demanding the impossible"; yet anarchism is the political theory of precisely how to engineer that very scenario. It proposes gradually erasing social conditioning, and dispensing with rule of law in favour of conscientiousness, whereby the resultant desire for security creates an imperative to better strive for social cohesion. In political terms, anarchism is

the exact opposite of prescriptive authoritarianism.

There exist several different economic implementations of anarchism, ranging from communism through to individualism, all of which can integrate peacefully in anarchy. The following chart depicts this by way of a political spectrum, where the X-axis denotes the balance of cooperation and contention, and the Y-axis denotes the balance of liberty and tyranny. Anarcho-syndicalism sits at the bottom centre. Economically it is predicated on an even balance of cooperation and contention, but can also manifest as more mutualist or collectivist depending on internal dynamics. Anarcho-syndicalism retains a free market and a monetary system, although those are external to a syndicate, which operates internally as a form of gift economy.



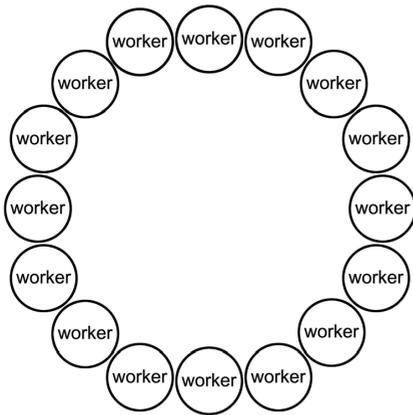
Economics has long been described in terms of a left/right axis, but what is inferred by "left" and "right"? The economic left tend to exhibit a more collectivist approach, whilst the economic right tend to exhibit a more individualist approach, but those concepts are also somewhat misleading, as they fail to take account of hierarchy. A more illuminating description is that "left" relates to an economy predicated on cooperation, whereas "right" relates to an economy predicated on contention.

NB: The term "corporatism" is used here to reference a society rule by corporations, as opposed to the historic corporatism associated with fascism.

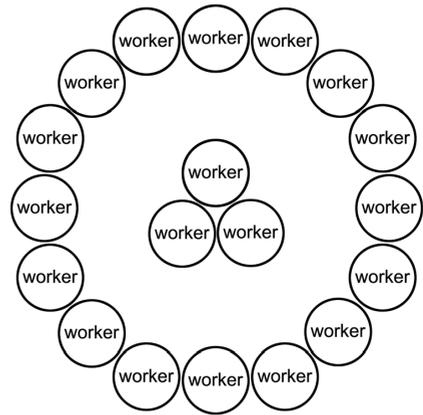
<https://en.wikipedia.org/wiki/Anarchism>

12.2 Cellular Structure

The most basic unit of non-hierarchical organisation is known as a “work cell”, and consists of at least three people. In some models such a cell might also possess a nucleus, consisting of workers whose roles are limited to servicing their cell. Smaller entities, typically those with less than fifty workers, may only consist of a single work cell. The optimum size of a work cell will largely depend on particular constraints (such as cost), and/or practicalities (such as voting). *Section 24 describes the internal organisation of a work cell.*



work cell

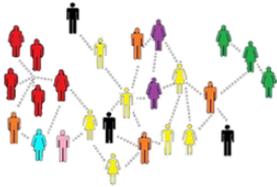


work cell with nucleus

Larger organisations are likely to consist of many cells connected together in some form of horizontal network. Work cells need not be uniform in either size or structure (and typically aren't). Cellular structures are fluid, and not rigidly constrained in the manner of a hierarchy. There are no hard or fast rules for this mode of organisation. A cellular workforce can be delineated in whatever manner is best suited to the particular circumstances, for example by business unit, department, function, shift, or even something entirely arbitrary. There could be work cells that exist solely to service the needs of other cells. There could also be dynamic cells, convened for a specific purpose (such as a council of delegates). The important thing is that cells all exist on the same level. There can be no scope for “management cells”, since the inclusion of those would leave the door ajar to irrational hierarchy. A cellular organisation has the inherent ability to dynamically restructure at any time, and can thereby readily adapt itself to changing circumstances.

ORGANISATIONAL STRUCTURES

ORGANIC



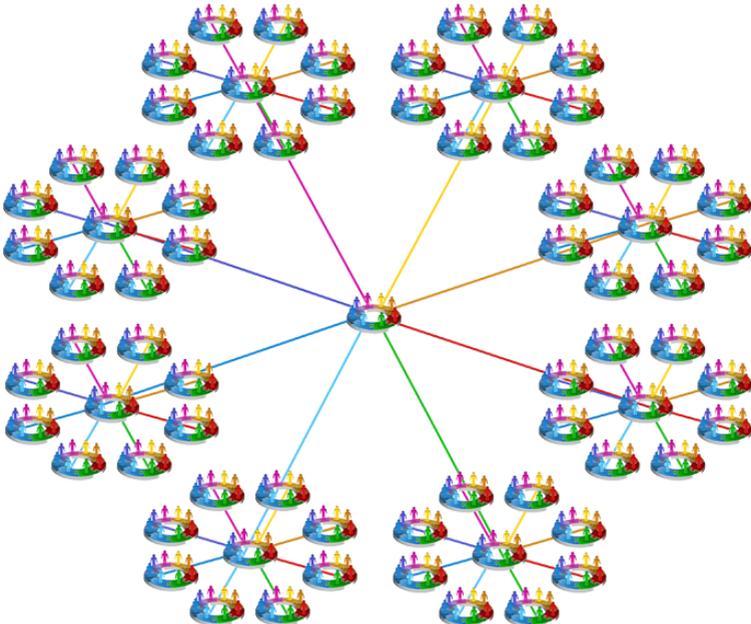
HIERARCHICAL



HORIZONTAL



CELLULAR



NB: the above cellular structure depicts two iterations of dynamic delegation across an unusually uniform 8-worker pattern (no nuclei). Makes for a neater diagram ☺.

12.3 Governance

It's a common misconception that horizontally structured associations employ majority voting. Firstly, it's simply impractical to vote on everything. Secondly, majority rule is not actually democratic, but rather a collective form of tyranny commonly referred to as mobocracy. A non-hierarchy is governed instead by a combination of autonomy, collective responsibility, rationally zoned authority, tradition, precedent, consensus, and solidarity... by and large in that order. It is essential for everyone working in a non-hierarchical organisation to understand these concepts. This strategy has been developed to streamline the decision making process. Voting, when the need arises, is decided by democratic consensus, not majority. *See also section 15 Reaching Consensus.*

In the absence of bosses, all disciplinary power must be equally distributed, lest hierarchy inadvertently arises from the power to discipline or terminate employment. New recruits will typically be used to hierarchical organisations, and have a tendency to suppose or overlay hierarchy where there is none. This often manifests as perceiving a co-worker to be their line manager. It is imperative to reject any such behaviour, and to firmly reinforce anarcho-syndicalist praxis at every juncture. Furthermore, in the absence of hierarchical advancement per se, it is important to recognise that career development is intrinsic to, and inseparable from, the nature of the horizontal workplace itself; there are no structural barriers to pursuing the enhancement of one's ability.

12.4 Elected Officers

There are certain functions that cannot be adequately covered by autonomy, rationally zoned authority, and consensus. This necessitates the creation of three types of officer, which are democratically elected by consensus. A large organisation may elect multiples of each. These are the agitator (section 19.1), commissioner (section 24.3), and custodian (section 25). Those holding these posts must be full members of the cooperative as opposed to probationers or legacy employees. No single individual should hold more than one of these posts, unless the membership consists of less than three people. These officials are each subject to immediate democratic recall by way of confidence motion. Any individuals acting in these capacities may also volunteer to preside over additional zones of authority, even the commissioner.

13 Solidarity

“Freedom without equality is exploitation; equality without freedom is oppression. Solidarity is the common root of freedom and equality.” – Rosa Luxemburg

Solidarity is a key tenet of anarcho-syndicalism, and adherence to this is absolutely essential in maintaining a collective. The principle is straightforward: together we stand, divided we fall. Solidarity is best defined as: social cohesion arising from a mutual dependence that individuals have on one another, and on the society that they collectively inhabit. In a hierarchal workplace the heat falls on the bosses, and an “us & them” divide is part & parcel of normal working practice. Such classist notions must be dispensed with in order for a flat structure to be fully realised.

Solidarity necessitates collective enactment. It goes beyond providing support, cutting slack, allowing for leeway, giving the benefit of doubt, or minding the back. It means standing together as one. It also involves vigorously and emphatically defending one’s colleagues, unless they are reasonably shown to have done wrong. To this end, professional regard for workmates must take precedence over any other relationship outside of one’s immediate family. Third parties may attempt a divide & conquer strategy, in an effort to fracture collective unity, in order to further their own personal agenda. Any attack on a co-worker or the workplace itself, whether within or out with the work environment, must be met with a collective demonstration of assertiveness, in order to dissuade the would-be aggressor(s). Failure to exercise solidarity is a serious breach of unity, and must be addressed in a manner that is commensurate to the offence. Solidarity takes precedence over freedom of association. However, solidarity neither confers immunity from criticism, nor protection from wrongdoing. It would be completely unacceptable for the individual worker to deliberately court trouble... and under such circumstances the perpetrator should undoubtedly be hung out to dry.

In summary, every worker should feel they have the complete unconditional support, trust, backing, and protection of their colleagues, except where they wilfully engage in wrongdoing. Enacting solidarity, proffers the advantage of fairly shouldering the burden of operating the workplace.

<https://en.wikipedia.org/wiki/Solidarity>

PART III - WORKPLACE DEMOCRACY

14 Primacy of The Mission

Each cooperative has a set mission to uphold, and nothing may deviate from that, unless the mission has somehow come into serious conflict with the common good. Even then, any deviation from the mission should be viewed as temporary, with an immediate return to the mission as soon as circumstances allow, no matter how far hence. The mission exists in order to compel a cooperative to adhere to its primary purpose. The mission statement is binding, the more detailed it is, the more constrained members will be by its content. This isn't necessarily a bad thing, for example where someone has supplied the premises, equipment, or necessary funding to found a cooperative, it is not unreasonable for them to insist on a rigid mission statement in respect of their donation. *Refer to Appendix D for a sample mission statement.*

<https://en.oxforddictionaries.com/definition/primacy>

https://en.wikipedia.org/wiki/Mission_statement

15 Reaching Consensus

Consensus is a form of democracy where people endeavour to reach agreement by taking everyone's views into account, as opposed to decisions being taken by a majority. Consensus democracy is the lynchpin of anarcho-syndicalism.

Everything that transpires in the workplace beyond autonomy, the mission, tradition, or which is outside the scope of rationally zoned authority, is subject to consensus democracy, except for any motion that would seek to curtail democracy itself. Democratic control is exercised by means of a discursive consensus decision-making process. This process may be used to set precedent, to waive precedent, to revise precedent, or even to revoke a failed, problematic, or inconsistent precedent altogether.

Any participatory democratic process has the potential to consume time and create friction. It has been well documented that committees invariably arrive at mediocre decisions. For those reasons, a cooperative should primarily rely on personal autonomy, and rational authority, for decision-making. However, there will be occasions when a member's ballot becomes necessary:

- Any decision with potential for significant financial impact;
- The custodian feels unable to take a decision that has fallen to them;
- A member seeks to effect change;
- Someone raises a confidence motion.

15.1 Legitimacy

Anyone can initiate the process regarding any un-zoned issue, except where it would:

- Enter into conflict with the common good;
- Deviate from the mission... except where this has come into serious conflict with the common good. Were that to occur, then any deviation is temporary, and the original mission plan must be readopted as soon as possible;

- Override, alter, or break with tradition... except where this has come into serious conflict with the common good. Were that to occur, then any changes should be viewed as temporary. However there remains scope for progression, should the tradition have been superseded over time;
- Interfere with, or override, any prior form of authority, except as a means of recalling an expert, the commissioner, the agitator, the custodian, or any delegate, by way of a confidence motion. Where such a motion is initiated, the affected party may participate during the timescales and discourse stage of the process, but they cannot contribute to the wording of the question, raise the consensus, and are ineligible to vote on the matter.

15.2 Process

Any members likely to be impacted must be notified. Any member may choose to participate, but participation is usually best limited to those who will be impacted. Non-participation signals consent to whatever the outcome is.

The motion must be tested for legitimacy. Provisional timescales for each stage of the process must be agreed upon. The specific wording of the question must be collectively decided upon. The consensus point should default to 60%, but any member can raise this, imbuing members with the power to insist on absolute consensus.

Participants should endeavour to glean an adequate comprehension of, and to discuss the actual question posed, as this is what shall actually be voted on. Where it becomes apparent that someone has misinterpreted or misunderstood the motion, then the custodian has a duty to point that out. Participants should be sure to ask pertinent questions, raise valid points, and flag any concerns. There is also scope to table amendments or alternatives to the original proposal.

NOTE: only those who actively participate in the discourse stage become eligible to vote.

The custodian must see to it that the process is accessible to everyone, even those absent from work. Where the debate has been destructive, then the custodian may choose to suspend the discussion, or even to abandon the process without any clear resolution (meaning no action on that matter can be taken, without reinitiating the entire process).

15.3 Voting

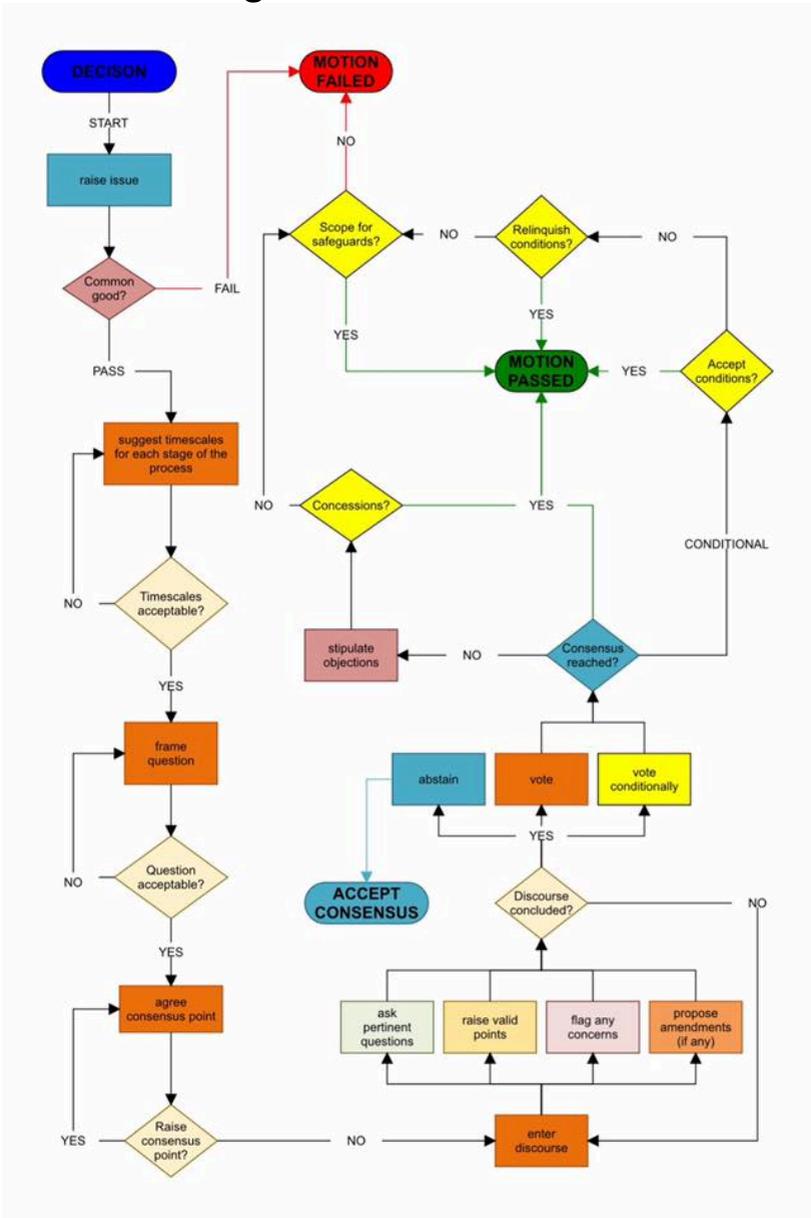
The vote should be held within the set timescale or on the cessation of meaningful discourse. All objections must be tabled as such, clearly stated, and must also be 'reasonable'. The definition of reasonable objection is one that has a rational basis, as opposed to 'feelings'. Participants may also attach conditions to their votes.

Provided consensus is reached then the motion is automatically passed; participants set the consensus point beforehand, meaning any objectors have implicitly consented to abide by it. The only exception is where there are reasonable grounds to argue that execution would be hugely detrimental to the common good. Under such circumstances adjudication must be passed to a reasonably qualified and wholly impartial third party, such as a court or tribunal, or (where appropriate) a separate panel selected equally by those in favour and those against.

Where the motion falls short of consensus, then those in favour may offer concessions to those who object, in order to reach consensus.

Where consensus cannot be reached, then those in favour may still implement the proposal, provided there is scope to wholly shield any objectors from those aspects that they reasonably object to. If there is a corresponding upside, then those subject to shielding are not automatically entitled to share in that upside.

15.4 Flow Diagram



https://en.wikipedia.org/wiki/Consensus_decision-making

15.5 Truncated Method

It is often desirable to truncate the consensus process by starting with a discourse, which seeks to establish a rough consensus, then querying whether anyone objects to it. If anyone objects then they are asked what consensus point they would stipulate, and whether they would propose a conditional agreement. This may necessitate running the full process from scratch, but will more likely enable the collective to proceed straight to concessions, safeguards, or even conclusion.

This variation of decision-making dispenses with much of the formality, and can be useful for arriving at decisions more quickly, where a near absolute consensus is anticipated. However it can also be problematic where support is miscalculated, and is not suitable for every situation. It's important that people have grasped the workings of the full process before attempting to truncate it.

15.6 Necessity of Discourse

"I listen to them freely and with all the respect merited by their intelligence, their character, their knowledge, reserving always my incontestable right of criticism and censure. I do not content myself with consulting a single authority in any special branch; I consult several; I compare their opinions, and choose that which seems to me the soundest. But I recognize no infallible authority, even in special questions; consequently, whatever respect I may have for the honesty and the sincerity of such or such individual, I have no absolute faith in any person." – **Mikhail Bakunin**

In any decision making process, there are likely to be certain participants who possess a superior grasp of the subject matter. Anarchism opposes rulership, but not leadership. Those unsure of the best course of action should look to any experts for leadership. However, it is essential that emergent leaders in the decision making process are **made to justify their projected authority**. Their qualifications & experience should be examined, their knowledge interrogated, their claims scrutinised, and proof demanded of any glib assertions. Play devil's advocate with those self-proclaimed experts [but be sure you first understand what a devil's advocate is]. Above all, compare their statements with the reliable reference sources (this is easily accomplished

nowadays via the Internet). Moreover, it should be borne in mind that people are fallible, and that experts can and do make mistakes. The best way to militate against this is to fully explore the problem by asking a good many pertinent questions. Silence can often be tantamount to culpability.

https://en.wikipedia.org/wiki/Devil%27s_advocate

15.7 Expert Veto

A common problem encountered by cooperatives, is that people have a tendency to overestimate their own decision-making prowess. They may wrongly perceive the egalitarian nature of a cooperative to be some sort of automatic leveller of knowledge, experience, and ability. They might even be attracted to such an environment because the inherent equality of power ostensibly enables the foolish to instruct the wise. Aside from resulting in some truly catastrophic errors of judgement, this can also lead to those with knowledge and experience becoming disillusioned with the whole concept of horizontal association, thereby rendering a collective devoid of merit. To avoid such nonsense, anyone who can objectively demonstrate a quantifiably expert level of knowledge, experience, and expertise, which is pertinent to the issue at hand, and greatly exceeds that of the other decision makers, may reasonably wield power of veto over any move away from the status quo.

<https://en.wikipedia.org/wiki/Veto>

15.8 Delegation

The number of active participants limits the practicality of a consensus process, and this in turn impacts on the maximum size of a work cell. In organisations with a low level of active participants cell there exists scope for cells to be very large. However, anything much beyond 50 active participants typically becomes too unwieldy, and many organisations opt for significantly smaller cells. Note however that it is unusual for all the cells in an organisation to be exactly the same size/structure. The beauty of cellular entity being that each individual cell can adapt around its specific remit.

The solution to decision-making that spans multiple work cells is delegation. For decisions that need to be taken by multiple cells or even across the entire organisation, each cell engages in its own internal consensus, then elects a delegate to participate in a council convened for the purpose of scaling out the democratic process. This assumes the form of a cell whose activities are restricted to voting, and which can be brought in and out of existence dynamically when required.

Delegates are effectively negotiators, and while they are typically authorised to deal with some degree of latitude, they are also obliged to vote according to the wishes of their cell. It is common practice for a cell to advise its delegate of the desired consensus point, for when the voting process is repeated in council, and this decision should have a tactical basis. It is of course entirely contingent on none of the other delegates opting to raise the consensus point beyond that level. Delegates are typically elected on a per vote basis ahead of each council session, since most people feel that a delegate should be on the side of any consensus. Delegates are of course also subject to democratic recall by confidence motion.

Larger organisations may have several iterations of delegation, which scale outward exponentially, depending on the number of cells. The diagram on page 46 depicts an unusually uniform arrangement of cells, each comprising 8 workers (a very low number), organised in two iterations of delegation with a total of 9 councils: 8 councils in the first iteration, and 1 in the second. Those 64 workers could quickly reach a democratic consensus in two iterations of voting. A larger workforce need not imply extra iterations, provided the cell size is larger. For example an organisation with 2 - 25 cells would only likely have a single iteration of delegation, whereas an organisation with 200 cells would likely have two such iterations. If we assume for sake of argument an average of 25 workers per cell, and 25 cells per iteration of delegation, then things scale outwards thus:

25 workers	= 1 cell	
625 workers	= 25 cells	= 1 iteration of delegation
15,625 workers	= 625 cells	= 2 iterations of delegation
390,000 workers	= 15,625 cells	= 3 iterations of delegation

In theory, just 6 such iterations of delegation, would be enough to engage the world's population in a consensus voting process. Clearly this makes a mockery of any notion that consensus cannot scale.

16 Confidence Motions

Any member can initiate a confidence motion at any time.

At a minimum, mandatory scheduled confidence motions must be held on the roles of custodian, commissioner, agitator, and for each zone of authority on an annual basis.

These decisions should be taken with a view to merit and stability. It is in the best interests of the organisation to have the most suitable individual performing each role. To irrationally assign individuals for any other reason, such as but not limited to: popularity, fairness, time served, change for the sake of change etc, would place the collective into conflict with the common good, and such notions must therefore be rejected.

https://en.wikipedia.org/wiki/Motion_of_no_confidence

17 **Creating Precedent**

Where an issue can be shown to bear reasonable comparison to a previous decision, then precedent is automatically invoked; therefore great care must be taken with any decisions that create scope for precedent. Anyone seeking to invoke precedent need only cite an example of said precedent. This is to ensure that a cooperative is even handed in its conduct, and is a necessary requisite of egalitarianism.

It does however remain possible, by means of consensus voting, to waive precedent for a specific instance, to revise precedent, or to revoke an element of precedent altogether.

<https://en.oxforddictionaries.com/definition/precedent>

18 Tradition

Where an enterprise has been operating for a lengthy period of time, perhaps several decades, many of its practices will take the form of received wisdom, or long standing precedent. While it is often essential for work practices to evolve over time, it would be rash, irresponsible, and potentially destabilising to implement drastic wholesale change overnight, particularly in the absence of some form of imperative. As somewhat fluid structures, lacking in any form of centralised authority, cooperatives risk falling foul of this.

Traditional aspects should only be summarily overridden where they come into serious conflict with the common good, and even then only while such conflict exists... unless conditions arise where that tradition is effectively superseded during the intervening time period. Anyone seeking to invoke tradition need only offer strong supporting evidence for the ongoing existence of such a tradition within the cooperative's working practices.

<https://en.oxforddictionaries.com/definition/pre-eminence>

19 Engagement

The most serious challenge a cooperative must overcome is laziness towards the democratic process. It is essential that members engage in votes, lest non-participation is perceived as tacit consent to relinquish any notion of stewardship. It's easy to see how a situation might arise where a small number of individuals who've been taking all the decisions over an extended period of time, simply abandon any pretence at democracy, and opt to install themselves as a ruling hierarchy. It may also be that the other members are too embarrassed by their lack of involvement to object. Perhaps some do attempt to object, only to be quashed when confronted with evidence of their prior apathy. There may also be those who perceive what's commonly billed as "strong and decisive leadership" to be advantageous, if so then please be referred back to section 2...

Unfortunately, there's nothing that can be written here that will imbue any lasting inspiration for people to participate. The fact of the matter is that participation is indeed something of a hassle. Furthermore, without enthusiastic participation, votes can drag on and on, dampening the spirit of those who do seek to influence matters, and negating the nimbleness otherwise inherent in a cellular organisation.

19.1 The Agitator

The solution is for members to democratically elect an agitator. The agitator is responsible for continually encouraging members to engage in the democratic process, whilst only seeking to influence the level of participation, rather than to bias any actual outcome.

The agitator should:

- Routinely seek out other members and inspire them to participate;
- Work to progress votes within the agreed timescales.

The agitator must be someone who is comfortable seeking out, engaging with, and encouraging other people to act. Larger organisations may benefit from one agitator per cell.

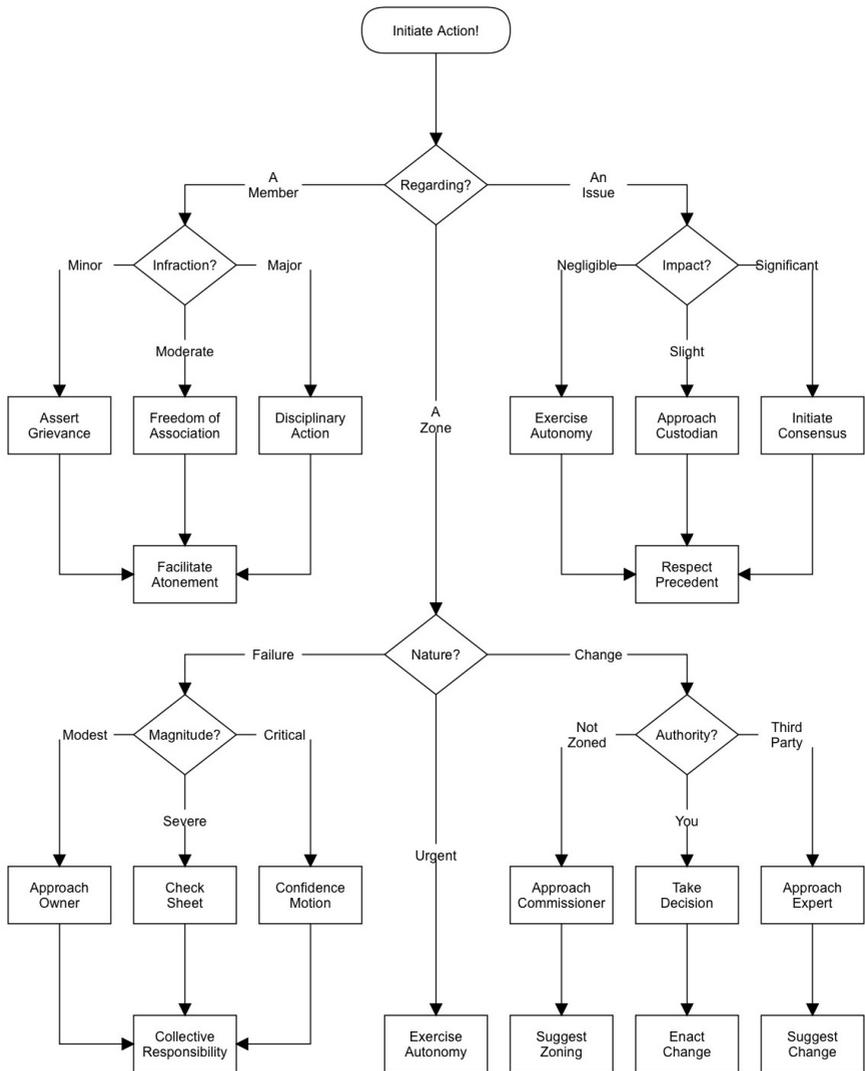
PART IV - POWER

20 The Flow of Power

A hierarchal entity is organised by department, and structured according to a vertical chain of command. A non-hierarchal entity is organised by zone, and structured according to the horizontal flow of power. While a static organisation chart describes a hierarchal entity, the nature of non-hierarchal entity is instead represented by a flow chart. A horizontal entity is therefore defined according to how one may initiate change, rather than where one is stationed. In order to operate effectively within a horizontal entity, the participant must be cognisant of when it falls to them to wield power. Whereas power is unevenly distributed around a hierarchy, it flows throughout a collective. The members wielding power at any given instant will depend on the particular situation at hand. Workers in a hierarchal organisation may only consider that which they are authorised to do. Conversely workers in a non-hierarchal cooperative are at liberty to weigh up the power presently at their disposal, and how to best execute their desired course of action. In the absence of management, any worker can initiate action by way of:

- Accordance with the mission;
- Initiation of the consensus process;
- Asserting them self;
- Raising a confidence motion;
- Enactment of any existing precedent;
- Compelling adherence to tradition;
- Granting or rejecting membership;
- Exercising freedom of association;
- Upholding collective responsibility;
- Making restitution;
- Initiating the disciplinary process;
- Making a capital contribution;
- Exercising individual autonomy;
- Wielding Rational authority;
- Anonymous monitoring;
- Engaging with the elected officers.

Each of these avenues are covered in detail throughout the coming sections, and the diagram on the following page outlines how most of them factor into the flow of power. The precise mechanisms will become clearer through participation.



21 Membership

Anyone who chooses to participate in a worker's collective should do so with a view to attaining membership, the only exception being legacy employees. In the absence of any legacy employees there will exist absolute equality of power. Membership affords decision-making power, equality, status, security, and the potential for financial rewards... each in lieu of the assumption of responsibility, and the undertaking of ownership, whilst remaining contingent on conscientiousness and solidarity. It also imparts a limited element of consensual liability.

21.1 Probation & Qualification

Membership is not an automatic entitlement and can only be endorsed by a consensus of the existing members. Whilst remaining inherently inclusive, it should never be conveyed lightly. Probationers must serve a lengthy probationary period before they become eligible to be considered for membership. Full legal members retain the right through consensus, to suspend or exclude a probationer from any entitlement afforded by their prospective membership. The serving commissioner, agitator, and custodian must each be full legal members.

In order to qualify for membership a candidate must:

1. Demonstrably contribute a predefined minimum quantity of labour per year, whether paid or voluntarily;
2. Pass a collectively administered verbal exam on the contents of this handbook, administered in advance of the probationary deadline;
3. Exhibit an understanding of, and the sustained ability to apply and adhere to these principles in practice;
4. Assume their fair share of responsibility, including zoned authority;
5. Be elected by consensus of the existing membership.

Points 1) through 4) continue in effect throughout the duration of membership, and any member can be compelled at any time, by way of confidence motion, to resubmit them self for verbal examination. Failure to adhere to the working practices outline in this handbook may also result in disciplinary action.

21.2 Liability

Member's liability is limited to their buy-in, anything they personally choose to underwrite or provide a guarantee for, any bond of floating charge they sign up to, and any sales tax liabilities. Since sales tax is generated at source, it is good practice to automatically set this aside to cover said liability, and absolute member's consensus is mandated to do otherwise.

When a member leaves they are reimbursed any buy-in or paid up stake.

21.3 Entitlement

Members are endowed with full autonomy, and may at any time choose to:

- Assert their position, or render their opinion.
- Initiate the consensus process where applicable;
- Cite precedent, tradition, the common good, or allude to the mission;
- Raise a confidence motion;
- Participate in votes, including those on membership and remuneration;
- Exercise freedom of association, from one another, or to a union;
- Uphold collective responsibility;
- Make restitution for an infraction;
- Instigate disciplinary action;
- Make a capital contribution;
- Volunteer to act in any capacity of zoned rational authority.

Members may also seek to uptake any vacancy within the organisation, for which they possess the applicable skill set, their only contention arising from other members with similar aspirations.

21.4 Freedom of Association

Freedom of association is simply the philosophy that people are not forced to associate with one another, but are free to choose whom they do and don't interact with. Adoption and understanding of this concept is essential to workplace harmony within a collective.

21.4.1 “Freedom From”

Anyone can choose to, or even assert the right to, avoid interacting beyond necessity with another member or even a particular customer, and it's only reasonable that the other party reciprocates; otherwise they'd be guilty of harassment. Collective support for freedom from association, reinforced by a collective resolve to come down hard on any breaches, is necessary to the smooth running of a cooperative workplace.

Friction can occur between workers for a variety of reasons. For example Tracy and Joe are co-workers. Tracy agrees to look after Joe's goldfish while he's on holiday, the fish dies, Joe blames Tracy, they row escalates, and suddenly there are two workers who are at loggerheads with one another. The solution in a conventional workplace is to compel those people to work together. In the case of Joe and Tracy, this may work out... but in many other cases it could lead to greater discord, perhaps even with colleagues feeling pressured into taking sides. Often the outcome will be that one person eventually chooses to leave. The problem herein is that such issues are seldom precisely 50/50 in terms of who is objectively at fault. It may even be that one party is entirely to blame. The workplace cannot be expected to arbitrate in personal disputes or to pass judgment on them. More worryingly, it's often the aggrieved party, the one who feels they have been treated unfairly, that chooses to leave. Sometimes a workplace may even lose several key personnel due to disparate problems, all of which have stemmed from the actions of a single 'toxic' individual.

21.4.2 Non-Coercive Approach

Any cooperative workplace must safeguard against group tyranny. An organisation that compels two feuding individuals to put their differences aside,

is effectively forcing people who aren't getting along to associate with one another (ostensibly for the common good), which can be hugely stressful for everyone concerned.

This becomes even more acute in a cooperative, since the members also benefit from collective ownership, and are likely to experience more emotional investment in their workplace. Under such circumstances people usually find it far harder to walk away, more often than not choosing to stand and fight for what they (correctly) perceive to be their investment. This obviously gives rise to even more friction, which is certainly not in the common good!

21.4.3 Alleviating Friction

The solution is to encourage freedom from association. Once such an arrangement is formally in place, any party shown to have breached it automatically becomes liable for disciplinary action (or in the case of the customer, exclusion). Breaching freedom from association is a serious matter, and also extends to third party interactions. The individuals should endeavour to act as though they are effectively dead to one another. Typically, after sufficient time has passed, the cause of the trouble diminishes in significance, until it no longer seems worth the effort to ignore one another. The agreement can easily be rescinded at any time, either by mutual consent, or may naturally dissolve over time due to a mutual acceptance of increased interaction, or even a resumption (or rebalancing) of the prior relationship.

21.4.4 Resolution

By totally shunning unnecessary interaction and refraining from: baiting; goading; trolling; bitching about; briefing against; or aggressing towards one another...

...friction is mitigated. The individuals concerned then have the luxury of time to cool off and take stock. Where a breach can reasonably be shown to have occurred, then the offending party can be dealt with. Typically the outcome is that any anger or hurt feelings fade over time, with the individuals spontaneously reengaging with one another. Even under unusual circumstances where the individuals choose never to associate with one another again, the impact has scope to be barely noticeable.

21.4.5 “Freedom To”

Anyone can choose to interact with anyone they choose, and this is not something that the workplace should seek to place restrictions on. Freedom to associate also extends to union membership. The international labour union, Industrial Workers of the World (IWW), is strongly associated with anarcho-syndicalism, and being a democratic member-run union, is an ideal fit for those engaged in worker self-management. It's recommended that cooperatives seek affiliation to IWW, and encourage membership of this union among their workforce.

https://en.wikipedia.org/wiki/Freedom_of_association#Libertarian
https://en.wikipedia.org/wiki/Industrial_Workers_of_the_World
<https://iww.org/content/about-iww>

21.5 Collective Responsibility

Rather than a boss being accountable, all areas of responsibility are voluntarily and consensually distributed among the workforce, according to the principle of Frommian rational authority. Over and above this, the workforce collectively assumes responsibility for ensuring that all things are being dealt with, and also collectively shoulders the blame for any oversights.

This necessitates assumption of ownership, depth of thought, dedication, a willingness to tackle problems, a stubbornness to see tasks through to their conclusion, a high degree of perfectionism, and assertiveness in highlighting any issue that jeopardises the common good.

https://en.wikipedia.org/wiki/Collective_responsibility

21.6 Infraction & Restitution

A horizontal association seeks to handle infraction by placing the burden of atonement onto the individual (as depicted in television comedy series "My Name is Earl"). The basis for this being: you did X, so in order to continue to participate, you need to undo X, reverse it, or somehow make amends and

restitution commensurate with X, else you risk sanctions or potentially even exclusion.

This tenet not only holds within the organisation, but also for all those who seek to interact with it, including suppliers, customers, and any other third party.

<https://en.wikipedia.org/wiki/Atonement>

https://en.wikipedia.org/wiki/My_Name_Is_Earl

21.7 Outline Disciplinary Process

A collective disciplinary process consists of the following steps, which are covered in more detail in the next section. It is essential to follow this process in its entirety, without skipping any stages, lest the collective is exposed to legal risk at an employment tribunal:

- Identification;
- Monitoring and/or investigation;
- Interviews;
- Decision on how to proceed;
- Intervention meeting or disciplinary hearing;
- Documentation of outcome;
- Right to an appeal hearing.

Disciplinary action can take the form of a verbal warning, written warning, final written warning, dismissal on notice, or summary dismissal. The nature of the infraction will determine the specific sanction. For example, serious theft (if provable) may warrant summary dismissal.

It is essential (where practical) that impartial people conduct every stage of the process, in order to promote a balanced interpretation of the matter. There must also be a third impartial person, not involved in the process, whom the worker can appeal to, should they dispute the findings, or disagree with the outcome.

Should the disciplinary process reach a stage where warnings have been issued, everyone involved must be cognisant that further related infractions

may ultimately result in a dismissal. Therefore, prior to issuing any such sanctions, the workplace must consider whether or not it would be prepared to part-company with the worker in question, should push come to shove. Commencement of formal disciplinary action (issuing warnings) means the workplace has effectively exhausted non-disciplinary options, and is now documenting a process, the outcome of which effectively depends on the conduct of the worker. For this reason, early positive intervention should always be the preferred approach.

21.7.1 Enactment

1) Communicate the issue verbally to the other members as early as possible. An issue can either be of the traditional variety, or relate to a conflict with the common good.

2) Once it has become apparent that some form of action is required, the other members must convene a committee to discuss, document, and minute the issue. A group message is a convenient way to accomplish this. This committee must be minus the appeal person, who will be aware of the existence of the committee, but who shall act as the route of appeal, and cannot therefore be privy to any aspect of the process at this stage. This must be someone whom the party in question freely associates with. The committee must appoint an impartial adjudicator, via consensus, who will ultimately determine the necessary courses of action, again this must be someone whom the party in question freely associates with. The committee reserves the right to suspend the party in question at this juncture, while an investigation is being conducted.

3) The committee must next delegate someone impartial to formally investigate the matter, gather information, and where pertinent amass evidence. This may take the form of monitoring, reviewing CCTV footage, carrying out checks, or interviewing any third parties. The investigator must be someone the party in question freely associates with, but cannot be the adjudicator.

4) Once a sufficient understanding of the nature and scope of the problem has been attained, this should be reported back to the committee, who will then be polled on whether to proceed or not. The investigator should participate in this poll. The adjudicator will take the outcome of this into account in determining whether or not to proceed any further with the disciplinary process.

5) If the adjudicator has chosen to proceed, then the party in question must be formally interviewed face to face, by the investigator in the presence of the adjudicator, shown the evidence, and provided with an opportunity to answer any specific charges, introduce any mitigating circumstances, and to suggest any other lines of enquiry which may either absolve them, or provide a degree of justification for their behaviour. This interview must be carefully documented. Afterwards the adjudicator will determine whether or not any further action is warranted.

6) If the adjudicator has elected to pursue the matter, then the minutes should be fed back to the committee, who are then polled on an appropriate course of action. The investigator should also participate in this poll. The adjudicator should take this recommendation into account, in determining how to proceed.

7) The party in question will then either be called to an intervention meeting, or a disciplinary hearing, chaired by the adjudicator, where the chosen course of action is presented to the party in question, and documented. The party in question has the right to be accompanied to this meeting/hearing by either a colleague or a trade union representative.

8) The party in question then has the option to appeal to the appeal person, should they feel any aspect of this outcome to be unfair. The appeal person must review the course of the investigation, and the minutes of the committee meetings, then convene an appeal hearing, where the party in question will have the opportunity to make their appeal. The party in question has the right to be accompanied to the appeal hearing by either a colleague or a trade union representative. The appeal person will then determine whether the sanction is reasonable or not. The outcome of this is final, but without prejudice.

21.7.2 Important Points

Anyone has the power to initiate this process, however participation in it is voluntary for everyone except the party in question. A minimum of three people is preferable, an investigator, an adjudicator, and the appeal person. The committee can be formed solely of the investigator and the adjudicator should no one else choose to participate. Non-participation signals consent to the outcome. For this reason, non-participation does not aid the party in question, but rather shuns them in their hour of need. Those whom the party

in question does not freely associate with cannot be excluded from the process (except of their own volition), but may not act as the investigator, the adjudicator, or the appeal person.

All documentation should be retained, and full copies subsequently issued to everyone, including the party in question. Warnings shall remain on the party in questions record of employment for a period of 12 months. *Refer to Appendix F to view a sample disciplinary procedure.*

21.8 Resignation, Dismissal, and Ejection

Membership, directorship, and employment are indivisible. Should a member choose to resign from one, then they automatically resign from them all.

A member is automatically ejected and their directorship revoked, due to fair dismissal (**enacted by consensus**) on any reasonable grounds. Reasonable grounds for dismissal include [only 6 - 9 are valid for legacy employees]:

1. Grossly exceeding authority;
2. Gross or repeated failure to exhibit conscientiousness and/or ownership;
3. Gross negative disparity of capital contribution;
4. Gross failure to assume a fair share of workload and/or responsibility;
5. Gross failure to uphold solidarity;
6. Gross negligence;
7. Gross misconduct;
8. Misconduct while subject to a final written warning;
9. Performing below the minimum annual quantity of labour;
10. Blatant refusal to respect freedom of association;
11. Undeclared major conflict of interest;
12. Disqualification as a company director;
13. Entering into serious conflict with the common good;
14. Significant unauthorised financial transactions;
15. Significant unauthorised exposure to risk.

On resignation or dismissal a member is reimbursed their buy-in or any paid up stake, except when the cooperative has liquidated, or where such reimbursement may cause the cooperative to enter into administration. The member will be paid pro rata in lieu of any outstanding financial restitution.

22 Finance

Anarcho-syndicalists believe in collectivising the workplace. This is where a business, and preferably even the workplace itself, is owned by the whole of its workforce. If someone quits or is fired from their workplace then they would automatically relinquish any notion of ownership over it. A collective itself, is not an entity that can be owned by any third party.

Decisions relating to surplus, losses, zonal budgets, capital expenditure, remuneration, and external funding each have the potential to impact on everyone both individually and collectively. As such those aspects can only be decided on by the consensus. Members retain full autonomy regards their own undertakings with regard to capital contributions though, unless those are contingent on recuperation.

Care must be taken to avoid the “living with parents” syndrome, where those providing funding are taken for granted. This may manifest as stereotypical teenage behaviour: apathy, lack of ambition, disregard for equipment, squandering resources, and general lack of responsibility... as the cooperative progressively loses touch with economic reality, perhaps even to the extent of bleeding its benefactor dry before ultimately imploding.

22.1 Surplus

Members determine how any surplus should be apportioned by way of democratic consensus. This could be set-aside as provisions, used to award bonuses, to fund expansion, or allocated to another purposes. In the case of a non-profit entity, surplus can only be used for upkeep, or to fund internal initiatives according to purposes defined in the community interest statement.

https://en.wikipedia.org/wiki/Economic_surplus

22.2 Losses

An organisation cannot afford to run at a loss, lest it risks being wound up. Losses need to be identified early, and members need to decide how best to

eliminate them, and how to recoup any deficit. Beyond this, there may be scope for individual members to voluntarily cover any losses. Where such a situation arises, those members may insist on particular action being taken to reduce the burden of doing so. Such a situation is undesirable, as it negates equality of power since the organisation will have effectively conceded financial (and by implication strategic) control to one or more individual(s). Under such circumstances, the membership has an ethical responsibility to work towards resolving the situation, lest its integrity, independence, or impartiality be compromised. Any members covering losses are obligated to consult with the other members prior to deciding on a course of action, but they needn't adhere to such inputs. Once the related losses are eliminated, control reverts back to the membership as a whole. Ultimately the membership retains the power to avert or resolve any such dilemma. Where the intention is to recover the outlay, then prior approval must be sought by democratic consensus.

22.3 Capital Expenditure

Capital takes the form of assets, funding, and labour. Assets can be land, buildings, fixtures, and capital goods (equipment used for production or delivery of a service). Capital expenditure relates to any asset, equipment, fixture, fitting, material improvement, which the organisation invests in, and also the future replacement of said item. Surplus must be accrued and provisioned ahead of time during sustainable periods, in order to meet future capital outlays, foreseeable or otherwise. Outside of sustainable periods members themselves become liable for contributing capital to the business. The specifics of how capital is structured, and expenditure is enacted, should be defined as member's obligations, as this will vary from one cooperative to another. *Refer to Appendix E for sample member's obligations.*

https://en.wikipedia.org/wiki/Capital_expenditure

22.4 Zonal Budgets

It may be expedient to agree nominal budgets for certain zones. Members must decide how much to apportion to these budgets by way of democratic consensus. The experts responsible for each zone also determine how the

budget for their zone is spent. Unspent funds must be returned to surplus at the end of the financial year, with no effort being made to arbitrarily spend surplus budget. Experts may also elect to directly contribute capital to their respective zones, although if the intention is for this to be recouped, then that must be agreed in advance by a democratic consensus.

22.5 Remuneration

Members of a cooperative possess no automatic entitlement to a wage. They must strive to generate sufficient income from commercial activity to cover their remuneration costs, as opposed to being paid to labour by an employer. Remuneration levels are entirely dependent on sales. While the members are collectively responsible for fulfilling their obligations to pay everyone, none of the members are individually liable for underwriting the cooperative's payroll. For the absolute avoidance of doubt, there does not by default exist a magical third party benefactor, who ensures that members are paid regardless of how well the business performs.

Members have the power to collectively decide on remuneration levels, contingent on the cooperatives financial position. They are obligated to formulate and rationalise the associated decision making process, so as to ensure that this is perceived to be as objective as possible.

Whereas, in a meritocracy, an individual's time is compensated according the external market value of his or her skill set, in an egalitarian structure each member's free time is subjectively perceived to be of equal value, with compensation being awarded for the sacrifice of free time alone. Beyond that, the workers must collectively agree in advance, on an annual basis, to assign values to specific both experience and skill sets, and also in recognition of the oversight of each zone. This further compensates members for their perceived value to the collective.

Any figures that are agreed upon must be both affordable and consistent with one another. The final matrix of compensation must then be validated by a consensus process, but cannot constitute a guarantee of actual compensation.

<https://en.wikipedia.org/wiki/Remuneration>

22.6 External Funding

The membership must vote to approve any applications for external funding, before those are submitted. Members should be cognisant that most funding is awarded in strict expectation of delivery, is almost always contingent on a firm commitment, and usually demands some form of written guarantee.

22.7 Capital Contributions

Capital takes the form of assets, funding, and labour. Assets can be land, buildings, fixtures, and capital goods (equipment used for production or delivery of a service). A business must continually enhance itself in order to grow. Enhancements create selling points, and selling points drive sales. Under favourable circumstances an existing business will experience sufficient growth to fund its own enhancements internally through a programme of capital expenditure. In the absence of growth new capital must somehow be acquired or generated, otherwise the venture will inevitably decline to the point of failure. The entrepreneurs behind a new business venture have no option but to supply their own capital, since they are starting from scratch.

Business is a speculative pursuit; it's necessary to speculate to accumulate. Very few businesses are self-sustaining from their outset, and some take decades of investment in order to deliver a return (Space X for example). Unless a business is well funded, capital can only be introduced in the form of unpaid labour. This is where people invest their time and effort in enhancing and developing the business in order to create selling points and thereby reach break-even. Thereafter continuous capital contributions are required in a concerted effort to make the business self-sustaining, to reach a state where it is generating sufficient surplus to fund its own growth. While many businesses experience periods of sustainability, the vast majority still require periodic injections of capital.

Outside of periods of sustainability, each and every member is expected to contribute capital on an on-going basis, in the same manner that a capitalist would, since doing so is a requisite of commercial success. Capital contributions can either assume the form of assets, funding, or (more commonly) speculative labour. These contributions are entirely voluntary, and where contingent on any form of recuperation, should be subject to democratic

consensus. Recuperation is only a possibility where there is direct linkage between the contribution and commercial activity, for example a piece of equipment that directly generates it's own quantifiable revenue (for example a vending machine).

22.7.1 Furnishing Assets

Members furnishing assets for use by the cooperative (land, premises including fixtures and fittings etc.) may negotiate a lease agreement, whereby all rent is set aside and provisioned entirely for the upkeep of said asset. This would be subject to a democratic consensus. Members may not profit from the lease of an asset. More altruistic members may even wish to bequeath any such assets (particularly mission critical ones) directly to the cooperative. However unless the cooperative is a non-profit organisation then this may trigger a capital gains tax liability. In the case of a non-profit entity, the tax-free transfer of an asset is usually contingent on the existence of an asset lock. Alternatively the member may opt to create a provision in their will, which places the asset in trust, in order to provide continuity of lease, subsequent to their death. The latter approach may be preferable/advantageous on five counts:

1. If structured correctly it enables the cooperative to phoenix (go bust and restart from scratch), without losing access to the asset;
2. Such a lease inherently creates provision for upkeep of the asset(s) in question;
3. Avoids capital triggering capital gains tax;
4. Sets in place a rule set that the cooperative must comply with in order to retain access to the asset;
5. Where the cooperative ceases to exist altogether, or fails to adhere to the rules, then the asset can be returned to the member's estate for redistribution to their heirs.

22.7.2 Provision of Equipment

Members may seek to provide, donate, or purchase equipment for the business to use. How this is enacted will depend on where said equipment is destined:

- Member's own zone of authority - no other authorisation required;
- Other zone of authority - consent required;
- Proposed new zone - on commissioners approval;
- Unzoned aspect - requires democratic consensus.

However, should there be any intent to recoup the outlay, then prior approval must be sought by a democratic consensus.

22.7.3 Funding

Where the cooperative aims to purchase a capital good but lacks the necessary finance, members can opt to help cover the cost of this. If the intention is to recoup the outlay, then prior approval must be sought by a democratic consensus. Please note that this is a wholly different scenario to covering losses; *please refer to section 22.2 Losses.*

22.7.4 Speculative Labour

An equitable contribution of labour would be broadly in the order of 4 hours per member per week, although not in a rigid sense. For instance someone may choose to forego a portion of their annual vacation, and instead make use of that time to contribute their labour in larger blocks.

In order to qualify as capital, the nature of this effort should focus on enhancing the business (adding value), or developing and enhancing the member's own skill set and capability, as opposed to regular on-the-clock toil. In this manner several workers can readily approximate the positive contribution of a single determined capitalist. Cooperatives may facilitate this by way of allocating a shorter working week, and/or the implementation of a spare pool or spare person rota, thereby substituting latent attendance time for proactive productive time, which can often be undertaken outside the workplace. Properly enacted this can be a win-win situation.

Capital contributions are wholly speculative; it is unreasonable for members to stipulate that they should receive payment for these, as that would be tantamount to paying wages in lieu of speculation. Such cognitive dissonance may also manifest as those members who contribute finance, being mistakenly perceived as acting under some sort of legal obligation.

23 **Autonomy**

In the total absence of bosses, there is no one to check with beyond the other individual members, and it's neither always feasible, practical, nor timely, to solicit input from those. Autonomy is the power to take action. Legitimate and **desirable** applications of autonomy are:

- Initiation of the consensus process;
- Raising a confidence motion;
- Exercising freedom of association;
- Choosing to exercise collective responsibility;
- Voluntary atonement & restitution;
- Instigation of disciplinary action;
- Making a capital contribution;
- Taking a low impact decision where no authority has been zoned.
- Reacting in response to a critical situation unfolding in real time.

With regard to the latter, those on the scene are undeniably the best placed to take such decisions. Each worker is therefore empowered to take time critical operational decisions. The collective commits to demonstrate solidarity where any outcome is perceived as suboptimal, rather than seeking to apportion blame on the decision-taker.

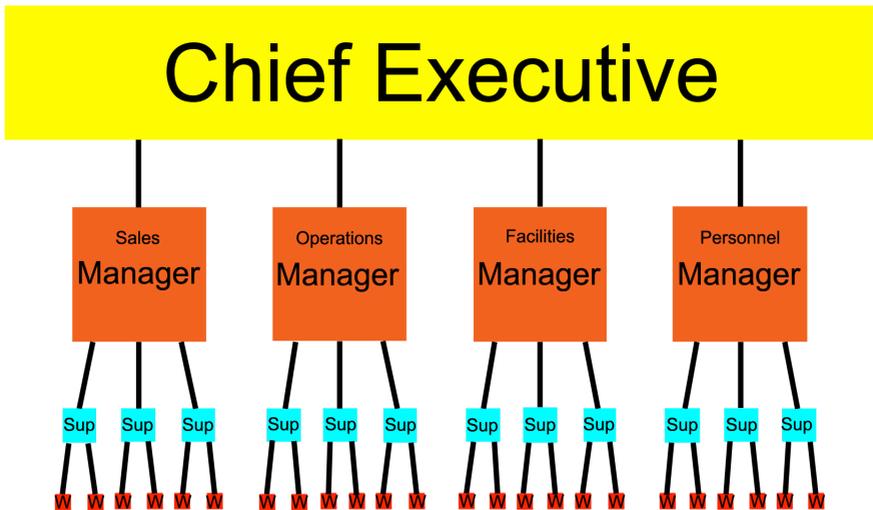
https://en.wikipedia.org/wiki/Libertarianism#Personal_autonomy

24 Rational Authority

“Does it follow that I reject all authority? Far from me such a thought. In the matter of boots, I refer to the authority of the bootmaker.” – Mikhail – Bakunin

Capitalist enterprise is structured as a hierarchy (as is capitalist society in general). In a hierarchy those at the ‘top’ wield disproportionately high levels of authority, something that perhaps isn’t obvious unless an organisation chart is scaled by authority, like in the example below:

Typical hierarchal organisation, with authority drawn to scale. The colours distinguish the various levels of seniority. Note how the scope of authority increases exponentially through the layers. The workers at the bottom have little to no authority.



Horizontal organisations dispense with hierarchy in favour of zones of rational authority. Participants voluntarily assume responsibility over those things that they are most expert in. The principle being that whichever volunteer is perceived most expert on a particular aspect becomes authorised to take the decisions relating to said aspect. This limits the need for voting, whilst improving the quality of decision-making.

http://www.hermes-press.com/CCC/fromm_test.htm

24.1 Expertise

Imagine a scenario whereby a decision is about to be taken, which could have serious implications for you personally. You don't get to take this decision yourself, but you are responsible for deciding who will. In front of you is a list of everyone you know. You can cross out as many names as you like. Under such circumstances any sane, rational, and reasonably intelligent person would start by crossing out the names of any stupid, insane, irrational, unintelligent, rash, untrustworthy, or twisted people. In most cases the list of decisions makers would quickly be whittled down to a very short one, consisting of only the sanest, most rational, brightest, most stable, and reliable people.

Now imagine that you were notified in advance as to what the decision itself would relate to. Chances are that the resulting shortlist would be different. The names on it would likely be those most expert in that particular field. Leaving decisions to those most qualified to take them, is quite obviously the smartest way to minimise risk.

A cooperative must strive to appoint functional oversight to those people who are most qualified, knowledgeable, and experienced. Where knowledge is lacking, members should make a conscientious effort to study and become expert in the applicable fields. However for practical reasons it may often be that an appointee is not the 'first choice' expert: the most suitable person having already assumed their fair share of responsibility. Under those circumstances any such appointee would be wise to seek guidance from the real expert, until they them self are in command of the subject matter. Appointees must not be overly eager to make their mark; remember - only fools rush in. They should first take stock, and evaluate whatever rationale underpins the existing setup, before enacting change. *See also section 18 Tradition.*

24.2 Zoning

In order to enable rational authority, each work cell must be divided into zones of expertise, with each zone encompassing an aspect, or a physical area. Zones are not equal in scope, and some may comprise far more effort to maintain than others. Ultimately the amount of responsibility someone carries

may impact the extent to which they are remunerated. Whoever has been appointed to oversee a zone, has complete decision-making power over that zone, except where it overlaps with other zones, whereby a joint panel of experts should be convened. The diagram below neatly illustrates the bespoke nature of the zoning. Each individual is represented by a colour.

Example of zoned rational authority. The colours distinguish individuals, and the organisation illustrated here only consists of 8 people. The zones of authority are drawn to scale, and some people have chosen to assume more responsibility than others.



Horizontal association is non-prescriptive, so there are no hard and fast rules to zoning a work cell. Structure is rendered irrelevant by equality of power, and the dynamic nature of a collective may result in frequent changes anyway. The above diagram illustrates how responsibility may be allocated, who currently looks after each function, and how much work those entail. Beyond that it serves no useful purpose. However, should the need ever arise to produce one, then start with a grid of squares, and have each square represent a quantity of labour. The more labour intensive something is, the more squares it covers. The rest is akin to a game of Tetris.

This example was only provided to emphasise that rational authority is all about “who is responsible for what”, as opposed to “who is in charge of who”.

24.3 Commissioning

For reasons of expediency, a democratically elected Commissioner is chosen to oversee zoning. This commissioner is authorised to create new zones, appoint experts to zones, delete obsolete zones, and rezone existing aspects with the consent of the experts assigned to those zones. The commissioner does not have the power to recall an expert. The commissioner must endeavour to rationally apportion expert authority, distribute responsibility, and balance the workload among the workforce, by seeking out suitable volunteers. *Refer to Appendix A for a sample zoning spreadsheet.*

This is primarily a diplomatic role, but also involves some degree of arm-twisting in that the commissioner must unearth volunteers for those areas of responsibility that nobody particularly wants to assume. The commissioner may them self also volunteer to preside over any zones of authority. Larger organisations may necessitate one commissioner per cell. The commissioner's priority is the common good.

24.4 Collective Monitoring

Zones need to be periodically and collectively monitored, preferably on a weekly basis. A check sheet must be created in order to facilitate this, and every member should (in as far as is practical) anonymously highlight any failing zones. The commissioner should collate and process these sheets, and any zone experiencing an aggregate 'fail' rating in excess of predefined tolerances, should be subject to automatic reassignment. *Refer to Appendix B for a sample zoning check sheet.*

Members should endeavour to rate zones as critically as possible - hence the need for anonymity. The common good must take absolute precedence over consideration of individual feelings. Members should at a minimum rate those zones they have had sight of that week. Members should endeavour to rate those zones they have easy access to. Occasionally, members should also make a point of interrogating zones that they have little or no exposure to.

https://en.wikipedia.org/wiki/Aggregate_data

25 Custodial Power

A democratically elected custodian is chosen to safeguard the mission, take into account the common good, preserve tradition, bring any precedent to bear, act as the spokesperson for the collective, demonstrate leadership should the need arise, and handle any decisions that fall outside the zones of rational authority. For this reason, the custodian is often termed the “decision maker of last resort”. Beyond all this, the custodian is the person who coordinates the handling of any complex or sensitive situations that may develop, either external or internal to the cooperative. In terms of decision-making, the custodian may chose to:

- Take any minor, low impact decisions, which aren’t complex;
- Make judgment calls, on anything critical that cannot wait;
- Seek expert advice or convene a panel of experts;
- Hold an advisory poll;
- Recommend a zoning solution;
- Initiate a democratic consensus (like anyone else);

Where a deadlock has arisen, **outside of consensus**, the custodian may elect to make a casting vote.

The custodian also sets the strategic direction of the cooperative (within the constraints imposed by tradition and any precedent), with the goal of meeting its objectives and fulfilling its mission. *Refer to Appendix C for sample objectives, and Appendix D for a sample mission statement.*

For avoidance of doubt, custodial power absolutely does not extend to overruling rational authority or individual autonomy.

This is a demanding role, necessitating a working knowledge of anarcho-syndicalism. It involves a large degree of decision-making, and requires a single-minded devotion to the mission. Larger organisations may benefit from one custodian per cell. The custodian’s priorities are the mission, followed by the common good, tradition, and precedent, in that order. The custodian may also be responsible for ensuring that the organisation adheres to the contents of this handbook!

<https://en.wikipedia.org/wiki/Custodian>

PART V - SYNDICATION

26 Scaling Outwards

The mere existence of various cooperatives acting in isolation is not sufficient in or of itself to bring about the end of capitalism. It does however provide us with the means.

26.1 The Flow of Wealth

Where a coop purchases goods or services from a private sector entity, money flows from the voluntary sector into the private sector, and that transaction ultimately benefits the capitalist class since somewhere there's a capitalist profiting from it. When a private sector entity purchases goods or services from a coop, money flows out of the private sector into the voluntary sector, and that transaction is detrimental to the capitalist class, since no capitalist is able to profit from it. If all wealth flowed exclusively in the latter direction, then the capitalist class would be denied any positive cash flow. It's even possible to go one better, by simply targeting more of the purchases related to one's own consumption towards the voluntary sector. Money entering the voluntary sector facilitates growth of that part of the economy. This in turn creates more opportunities to target spending away from the private sector, making it easier for people to bypass capitalism.

In short, cooperatives should transact with one another, wherever practical, , and failing that they should seek to transact with small private businesses, particularly going concerns and ethical sole traders. Cooperative members should also seek to allocate more of their own spending to anti-capitalist retailers.

26.2 Dismantling the State

In addition to starving the capitalist class of wealth, it's also possible to deprive the state apparatus of its only source of funding: tax. While some tax is indeed allocated to funding the social safety net, the vast majority of it is spent on upholding the system of private property... not to mention invading overseas territories and stockpiling nuclear arsenals. Tax revenues are on the balance, a bad thing. As much as the ruling class resent funding (non-corporate)

welfare, and perpetually seek to trim such funding to an absolute minimum, said feature of will always be the last thing to go. The social safety net exists with the sole purpose of maintaining social order, and more than anything else, the capitalist class fear having their property seized, as they are dragged off to the nearest guillotine. Happy times.

There does of course exist anti-evasion legislation, intended to coerce the contribution of tax. Those regulations can be neatly **avoided** by doing stuff entirely for free. A golden rule of capitalism is: tax avoidance good, tax evasion bad, loophole that can readily be exploited to undermine the system. It is important to be cognisant that doing stuff for free is very different to exchanging stuff at zero cost; since the latter will be classed as a trade, which is thereby taxable. For example, if Coop A operates a bar and microbrewery, and Coop B operates a café, and they exchange food and drink with one another, then the taxman will perceive that as commercial bartering, and tax will be incurred. Failure to declare said tax would constitute tax evasion, punishable by asset seizure and probably jail time. That's a big "no-no" then.

Tax can only be avoided where a donation takes place with no clear-cut form of reciprocation whatsoever. Such transactions move outside the capitalist economy, outside the free market even, and into the realm of the gift economy. Ideally such giving incorporates an element of circularity, meaning it works better when three or more parties are involved. For example, Coop C is also established and it provides live music. Coop A (the microbrewery) donates beer to cooperative B (the café), Coop B donates food to Coop C (the musicians), and Coop C donates live music to Coop A (the bar). Since these cooperative entities are disconnected, and not exchanging directly with one another, then those donations count as gifts... on the proviso that there's no formal arrangement been drafted for the purposes of evading tax. In other words the donations must be based entirely on trust, and no contractual arrangement can exist. It matters not what the precise quantities are, since the resultant decrease in chargeable tax will almost certainly outweigh any discrepancy. The coops involved shouldn't get all anal about who is gleaning the most benefit from the arrangement, because they are all benefitting far more by excluding the taxman. There's also a neat kicker: if any of the participants are non-profit making, then they may qualify for a further tax deduction in respect of their donations. At this point it should be stressed that anyone considering exploring this avenue should seek legal and financial advice beforehand, since the precise rules may vary with tax jurisdiction.

The ultimate irony is that the super-rich utilise the very same tactic via the use of charitable foundations. Any donations to these foundations result in a huge tax deduction for whomever makes the donation, provided the person isn't donating to their own foundation. Yup, you guessed it, they essentially donate to one another's foundations in a circular fashion. These foundations steadily amass enormous cash reserves, but only the bare minimum is ever spent on actual charitable activity, and even then only to comply with regulatory requirements – but hey, what's good for the goose...

https://www.investopedia.com/terms/t/tax_avoidance.asp
<https://en.wikipedia.org/wiki/Barter>

26.3 Gift Economy

While tax avoidance is useful, the real objective is the formation of a large-scale gift economy. This is accomplished by cooperatives networking together in a loose federation... something that goes a lot deeper than just showing the sort of economic solidarity outlined in section 26.1. Syndication is where radical cooperatives actively seek to divert elements of their economic output outside of the capitalist system altogether by means of the circular mechanism of gifting described in the previous section. A syndicate is an assortment of cooperatives actively engaging in this practice.

The gift economy should not be confused with the voluntary sector. The latter is a construct of capitalism, which serves to perpetuate the capitalist system. While anarcho-syndicalists subversively exploit the mechanics of the voluntary sector to undermine capitalism, they must also remain cognisant that the rules governing it are subject to change. Capitalism can only be rendered obsolete by transitioning so rapidly to a gift economy that those in power are unable to act before their power is stripped away. This relies on the snowball effect. Initially the gift economy will be so small as to go virtually undetected. Eventually it grows to a size where people do take notice, but perceived as a quirky but ostensibly non-threatening phenomenon. Certain factions may also choose to embrace it, as they wrongly imagine it can be adapted into some sort of commercial use, in the same way the Internet has been. This then enables it to assume enough mass and momentum to trigger a financial avalanche. Fortunately there exists plenty of historical precedent proving that things can easily snowball in this manner.

The gift economy therefore consists of the sum total of all syndicates, and these may also loosely federate together over time, perhaps even resulting in a singular network of gifting - but that's not essential. What matters is that the gift economy rapidly overtakes the capitalist economy, denying capitalists the ability to create or preserve wealth, and drastically starving the state of funding, causing it to be systematically dismantled in order to avoid collapse.

26.4 The End of Capitalism

As it expands, the gift economy will develop the means and capability of supplanting the state funded social safety net. It is for this reason that the threat will not become apparent until it has overwhelmed the capitalist system: pure greed. The gift economy will appear to be facilitating the impossible dream of the capitalist class, which is to offer an apparently free means of funding the reserve pool of unemployed workers that must be provisioned in order to coerce everyone else into docile compliance. Except that pool will mysteriously dwindle. As the gift economy expands it therefore ends the hoarding of resources that serve to create artificial scarcity. With the bulk of the world's wealth flooding back into society, people are no longer obliged to spend so much of their time working in order to live in comfort. Productivity is no longer compelled to generate surplus, therefore things previously considered as non-commercial activities, such as the arts for example, suddenly become perfectly viable. These serve to enhance social cohesion and mitigate anti-social tendencies by providing alternative sources of stimulation and fulfilment. Life, work, and leisure blend into one.

In short, the sociopath inspired class who have spent the last few hundred years shitting on everyone else, are bypassed, enabling all the wealth they've been monopolising to be dynamically redistributed for socially cohesive initiatives.

BRING IT ON

PART VI - APPENDICES

Appendix A Zoning

A1 - Combined Zoning

Flash

tiki and tiki glassware
aquarium and hoover cupboard
advertising, branding, and marketing
dispense systems, refrigeration, aircon

Angie

financial, payroll, bookkeeping, banking, rota and holidays
licensing, food hygiene, and first aid training

Jamie

drains & gutters
locks and alarm systems
disabled toilet and floor scrubber
lost property cage and enquiries

Gillian

social media and photographic promo
stairwell and glass shelves
spirits, spirit safe, and back bar

Hen

production schedule, bookings, artist relations, riders, show costs

Brian

promotional Materials and graphic Design

Andy

stage, under stage, amp room, and backline cage

A2 - Aspect Zoning

Flash

Custodian
Legal
Recruitment
Economics & Pricing
IT, Phones & Network
ATM
Lighting
Construction Works & Fabrication

Angie

Commissioner
Order Forms
Waste

Farmer

Artwork & Decorating
Beer
Wine
Laundry Machines

Jamie

Soft drinks
Repairs
Health & Safety, COSHH

Gillian

Food
Documentation
Paraphernalia
POS systems

Andy

Audio Equipment & Instruments
Lighting Rig & Smoke Machine
Pinball Machine

Jimsin

Music Library & Jukebox
NEON LOUNGE
Events
Security Personnel

Lina

Cashier Schedule
Lighting Transitions
CCTV

Isaac

Open Stage Night

Jill

Cider

A3 - Area Cleaning

Angie	- downstairs office
Farmer	- equipment archive
Jamie	- hatch room, roof
Gillian	- utility room, windows
Brian	- production office
Andy	- band cages
Flash	- engineer/DJ booth, tool cage
Lina	- sanitary bins, cleaning cupboard
Isaac	- bookshelf

A4 - Area Oversight

Flash	- barroom, stairwell
Angie	- ladies toilet
Farmer	- entrance, front bar, cellar annex
Gillian	- escape corridor, pend, kitchen
Jamie	- gents toilets, main cellar
Hen	- artist accommodation

Appendix B Zoning Check Sheet

DATE: DD/MM/20YY PATTERN: X SPARE COLOUR: COLOUR

A1 - Combined Zoning	FAILING?	COMMENTS
Advertising, Branding, and Marketing		
Aquarium and Hoover Cupboard		
Disabled Toilet and Floor Scrubbers		
Dispense Systems, Refrigeration, and Aircon		
Drains and Gutters		
Financial, Payroll, Bookkeeping, and Banking		
Licensing, Food Hygiene, and First Aid Training		
Locks and Alarm Systems		
Lost Property Cage and Enquiries		
Production Schedule, Bookings, Artist Relations, Riders, and Show Costs		
Promotional Materials and Graphic Design		
Raka and Holidays		
Social Media and Photographic Promo		
Spirits, Spirit Safe, and Back Bar		
Stage, Under Stage, Amp Room, and Backline Cage		
Stairwell and Glass Shelves		
Tiki and Tiki Glassware		
A2 - Aspect Zoning	FAILING?	COMMENTS
Artworks & Decorating		
ATM		
Audio Equipment & Instruments		
Beer		
Caehar Schaudu		
Cider		
Commissioner		
Construction Works, Design and Fabrication		
Customs		
Documentation		
Economics & Pricing		
Events		
Food		
Health & Safety, COSHH		
IT, Phones and Network		
Laundry Machines		
Legal		
Lighting		
Lighting Rig and Smoke Machine		
Lighting Transitions		
Music Library and Jukebox		
NEON LOUNGE		
Open Stage Night		
Order Forms		
Perceptive notes		
Pinball Machine		
PDS systems		
Recruitment		
Repairs		
Security Personnel		
Soft drinks		
Waste		
Wine		
A3 - Area Cleaning	FAILING?	COMMENTS
Band Cages		
Bookshelf		
Linens Cupboard		
Downstair Office		
Engineer/DJ Booth		
Equipment Archive		
Hatch Room		
Production Office		
Roof		
Sanitary Bins		
Utility Room		
Windows		
A4 - Area Oversight	FAILING?	COMMENTS
Artist Accommodation		
Barroom		
Cask Cellar		
Entrance		
Escape Corridor		
Front Bar		
Gents Toilet		
Kitchens		
Ladies toilet		
Main Cellar		
Pend		
Stairwell		

Additional Comments

Appendix C Objectives

- 1) Safeguard Krakatoa as tiki dive bar/music venue;
- 2) Position the business advantageously within the market;
- 3) Serve the interests of the community (the workforce, the regulars, the broader customer base, local musicians, grassroots music, and touring musicians).

Appendix D Mission

Our mission is “to operate a tiki dive bar and grass roots music venue, not for profit”. The summary definition of a tiki dive bar can be found on the following, which appears on our cocktail menu:

“GREETINGS & WELCOME to Aberdeen’s only authentic tiki dive bar.

This is a bar where people from all walks of life mingle together. The person sitting on the next barstool might be an accountant, a dentist, a road sweeper, a punk rocker, a dominatrix, or an ambulance driver. Here, it’s who you are that matters, not how you make a living. Like all dives, this is a clandestine haunt, located slightly off the beaten track, where nobody outside of the clientele is likely to notice you coming or going. This is an antidote to reality, a mysterious destination for illicit rendezvous, and forging those unexpected friendships.

The interior is dimly lit in true dive bar fashion, mostly just illuminated by the ethereal glow of neon. The decor and fixtures are functional and hardwearing, yet somehow evocative of an archetypal road movie; this place can get raucous at the weekend, and is built to withstand unrestrained revelry. You don’t have to worry about spilling a drink or scuffing the upholstery, so feel free to let your hair down. People frequent this establishment for a good time. Some may opt to remain in their work clothes, others may choose to dress up, or dress down. Posing is fine, but passing judgement is off limits. While the decor may not be particularly palatial, the selection of music, the surreally exquisite restrooms, and the vast range of exotic drinks more than compensate for that. Krakatoa specialises in beer, cider, absinthe, and of course tiki.

Tiki is a sub-genre of cocktail that dates back over 80 years. Tiki is a timeless mix of rum, citrus, sugar, and water. These cocktails are extrovert: big, bold, and outrageously garnished. The mixology is pragmatic, and our tiki recipes stipulate ‘dirty dumps’, where the fractured ice in the shaker forms an intrinsic part of the drink. More reassuringly, whereas conventional cocktails are measured in ounces, Krakatoa tiki manifests in pints. Due to the quantities of ice used, and the citric acid content, tiki is perhaps the smoothest alcohol delivery system ever conceived, and almost certainly the least hangover inducing. Just don’t lick the flames! Ours is a specialised skill set, and asking

our bartenders to make a martini is akin to booking The Temptations to play rockabilly, so please endeavour to stick with the script!

If you've ever had a hankering for booze served in a giant skull with half a jungle growing out of it, then this free spirited little dive bar, where everybody minds their own business, is the ideal place to indulge. However... while we may pay lip service to tiki culture, don't expect a surfboard for a table, or to be served by scantily clad hula girls: fakery ain't on the menu.

Enjoy your time here. Bask in the freedom, and in the unlikely event that someone enters your orbit uninvited, a nod to the bartender, and the nuisance will be quietly ejected with a minimum of fuss. We don't care about a person's attire, the only entry requirements are dignity, decorum, tolerance, and discretion. And never, ever, under ANY circumstances, throw up in the urinal. That's all we ask. Thank you, we appreciate your patronage."

Further details have been set out legally, and anyone interested should refer to the following essays, originally published on the Dive Bar Discourse Blog:

<https://divebardiscourse.com/define-paradise/>
<https://divebardiscourse.com/essense-de-la-dive-bar/>

Appendix E Member's Obligations

Assuming the business is experiencing a period of sustainability, then capital purchases are to be made by the owner of the premises, and provisioned through the rent paid to occupy the premises. The owner is obliged to set aside all rental income exclusively for this purpose, and to invest it in a guaranteed risk free investment should funds begin to mount up.

The membership must collectively decide when funding is required, and is also obliged to state the purpose of any such expenditure to the owner, and to then adhere to any such proposal.

Outside of sustainable periods, every member is required to contribute at least 160 hours of speculative labour per year, in order to develop enhancements.

Appendix F Sample Articles

The Companies Act 2006

Articles of Association

of

A Non-hierarchical Workers Cooperative

INTERPRETATION

1 Defined Terms

The interpretation of these Articles is governed by the provisions set out in the Schedule at end of the Articles.

COMMUNITY AND INTEREST COMPANY AND ASSET LOCK

2 Community Interest Company

The Company is to be a community interest company.

3 Asset Lock

3.1 The Company shall not transfer any of its assets other than for full consideration.

3.2 Provided the conditions in Article 3.3 are satisfied, Article 3.1 shall not apply to:

a. the transfer of assets to any specified asset-locked body, or (with the consent of the Regulator) to any other asset-locked body; and

b. the transfer of assets made for the benefit of the community other than by way of a transfer of assets into an asset-locked body.

3.3 The conditions are that the transfer of assets must comply with any restrictions on the transfer of assets for less than full consideration which may be set out elsewhere in the Memorandum and Articles of the Company.

3.4 If:

3.4.1 the Company is wound up under the Insolvency Act 1986; and

3.4.2 all its liabilities have been satisfied

any residual assets shall be given or transferred to the asset-locked body specified in Article 3.5 below.

3.5 For the purposes of this Article 3, the following asset-locked body is specified as a potential recipient of the Company's assets under Articles 3.2 and 3.4:

Name: []

Charity Registration Number (if applicable): []

Company Registration Number (if applicable): []

Registered Office: []

4 Not for profit

The Company is not established or conducted for private gain: any surplus or assets are used principally for the benefit of the community.

OBJECTS, POWERS AND LIMITATION OF LIABILITY

5 Objects

The objects of the Company are to carry on activities which benefit the community and in particular (without limitation) to provide a space, tiki dive bar, music venue and facilities to support and encourage grassroots music within Aberdeen as well as the wider local arts community and in doing so welcoming and presenting performers both local and touring to Aberdeen all with a view to those purposes happening in a dive bar environment where people from all walks of life can congregate together on equal terms.

6 Powers

To further its objects the Company may do all such lawful things as may further the Company's objects and, in particular, but, without limitation, may borrow or raise and secure the payment of money for any purpose including for the purposes of investment or of raising funds.

7 Liability of members

The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of its being wound up while he or she is a member or within one year after he or she ceases to be a member, for:

- 7.1 payment of the Company's debts and liabilities contracted before he or she ceases to be a member;
- 7.2 payment of the costs, charges and expenses of winding up; and
- 7.3 adjustment of the rights of the contributories among themselves.

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

8 Directors' general authority

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

9 Members' reserve power

- 9.1 The members may, by resolution of the members passed by Consensus, direct the Directors to take, or refrain from taking, specific action.
- 9.2 No such resolution invalidates anything which the Directors have done before the passing of the resolution.

10 Chair

The Directors may appoint one of their number to be the chair of the Directors for such term of office as they determine and may at any time remove him or her from office.

11 Directors may delegate

- 11.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:

11.1.1 to such person or committee;

11.1.2 by such means (including by power of attorney);

11.1.3 to such an extent;

11.1.4 in relation to such matters or territories; and

11.1.5 on such terms and conditions;

as they think fit.

11.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

11.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

12 Committees

12.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

12.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

13 Directors to take decisions collectively

13.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a decision taken at a meeting in accordance with Article 18 or a decision taken in accordance with Article 19.

13.2 If:-

13.2.1 the Company only has one director for the time being; and

13.2.2 no provision of the Articles requires it to have more than one Director

the general rule does not apply, and the Director may (for so long as he remains the sole director) take decisions without regard to the provisions of articles 14 to 21 inclusive (but with the benefit of article 20.5).

14 Calling a Directors' meeting

14.1 Any Director may (and the Secretary, if any, must at the request of a Director) call a Directors' meeting.

14.2 Notice of Directors' meetings must be given to each Director.

14.3 Every notice calling a Directors' meeting must specify:

14.3.1 the place, day and time of the meeting; and

14.3.2 if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

14.4 Notice of Directors' meetings need not be in Writing.

14.5 Notice of Directors' meetings may be sent by Electronic Means to an Address provided by the Director for the purpose.

15 Participation in Directors' meetings

15.1 Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:

15.1.1 the meeting has been called and takes place in accordance with the Articles; and

15.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

15.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

15.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

16 Quorum for Directors' meetings

16.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

16.2 The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than two, and unless otherwise fixed it is two.

16.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision to call a general meeting so as to enable the members to appoint further Directors.

17 Chairing of Directors' meetings

The Chair, if any, or in his or her absence another Director nominated by the Directors present shall preside as chair of each Directors' meeting.

18 Decision making at a meeting

18.1 All decisions made at any meeting of the Directors or of any committee of the Directors shall be made only by resolution. No resolution shall be put to the Directors for decision at a Directors' meeting unless it has first been put to the members who have, by resolution passed by Consensus, voted in favour of it.

18.2 Questions arising at a Directors' meeting shall be decided by a majority of votes.

18.3 In all proceedings of Directors each Director must not have more than one vote.

18.4 In case of an equality of votes, the Chair shall have a second or casting vote.

19 Decisions without a meeting

19.1 The Directors may take a unanimous decision without a Directors' meeting by indicating to each other by any means, including without limitation by Electronic Means, that they share a common view on a matter. Such a decision shall take the form of a resolution in Writing, copies of which have

been signed by each Director or to which each Director has otherwise indicated agreement in Writing.

19.2 A decision which is made in accordance with Article 19.1 shall be as valid and effectual as if it had been passed at a meeting duly convened and held, provided the following conditions are complied with:

19.2.1 The resolution has first been put to the members who have, by resolution passed by Consensus, voted in favour of it;

19.2.2 approval from each Director must be received by one person being either such person as all the Directors have nominated in advance for that purpose or such other person as volunteers if necessary ("the Recipient"), which person may, for the avoidance of doubt, be one of the Directors;

19.2.3 following receipt of responses from all of the Directors, the Recipient must communicate to all of the Directors by any means whether the resolution has been formally approved by the Directors in accordance with this Article 19.2;

19.2.4 the date of the decision shall be the date of the communication from the Recipient confirming formal approval;

19.2.5 the Recipient must prepare a minute of the decision in accordance with Article 48.

20 Conflicts of interest

20.1 Whenever a Director finds himself or herself in a situation that is reasonably likely to give rise to a Conflict of Interest, he or she must declare his or her interest to the Directors unless, or except to the extent that, the other Directors are or ought reasonably to be aware of it already.

20.2 If any question arises as to whether a Director has a Conflict of Interest, the question shall be decided by a majority decision of the other Directors.

20.3 Whenever a matter is to be discussed at a meeting or decided in accordance with Article 19 and a Director has a Conflict of Interest in respect of that matter then, subject to Article 21, he or she must:

20.3.1 remain only for such part of the meeting as in the view of the other Directors is necessary to inform the debate;

20.3.2 not be counted in the quorum for that part of the meeting; and

20.3.3 withdraw during the vote and have no vote on the matter.

20.4 When a Director has a Conflict of Interest which he or she has declared to the Directors, he or she shall not be in breach of his or her duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her.

20.5 Where article 13.2 applies, the sole Director of the Company is authorised in terms of article 21.1 and shall be deemed to have complied with article 20.1.

21 Directors' power to authorise a conflict of interest

21.1 The Directors have power to authorise a Director to be in a position of Conflict of Interest provided:

21.1.1 in relation to the decision to authorise a Conflict of Interest, the conflicted Director must comply with Article 20.3;

21.1.2 in authorising a Conflict of Interest, the Directors can decide the manner in which the Conflict of Interest may be dealt with and, for the avoidance of doubt, they can decide that the Director with a Conflict of Interest can participate in a vote on the matter and can be counted in the quorum;

21.1.3 the decision to authorise a Conflict of Interest can impose such terms as the Directors think fit and is subject always to their right to vary or terminate the authorisation; and

21.2 If a matter, or office, employment or position, has been authorised by the Directors in accordance with Article 21.1 then, even if he or she has been authorised to remain at the meeting by the other Directors, the Director may absent himself or herself from meetings of the Directors at which anything relating to that matter, or that office, employment or position, will or may be discussed.

21.3 A Director shall not be accountable to the Company for any benefit which he or she derives from any matter, or from any office, employment or position, which has been authorised by the Directors in accordance with Article 21.1 (subject to any limits or conditions to which such approval was subject).

22 Register of Directors' interests

The Directors shall cause a register of Directors' interests to be kept. A Director must declare the nature and extent of any interest, direct or indirect, which he or she has in a proposed transaction or arrangement with the Company or in any transaction or arrangement entered into by the Company which has not previously been declared.

APPOINTMENT AND RETIREMENT OF DIRECTORS

23 Methods of appointing directors

23.1 Those persons notified to the Registrar of Companies as the first Directors of the Company shall be the first Directors.

23.2 Any member who is willing to act as a Director, and is permitted by law to do so, is entitled to be appointed to be a Director. Any such appointment shall be:

23.2.1 in writing served on the Company and signed by the member; and

23.2.2 effective from the date specified in the notice or (if none) on the date that the notice is left at the registered office of the Company.

23.3 In any case where, as a result of death, the Company has no members and no Directors, the personal representatives of the last member to have died have the right, by notice in writing, to appoint a person to be a member.

23.4 For the purposes of Article 23.3, where two or more members die in circumstances rendering it uncertain who was the last to die, a younger member is deemed to have survived an older member.

24 Termination of Director's appointment

A person ceases to be a Director as soon as:

- a) that person ceases to be a Director by virtue of any provision of the Companies Acts, or is prohibited from being a Director by law;
- b) a bankruptcy order is made against that person, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than Scotland which have an effect similar to that of bankruptcy;
- c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- d) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms (but only if at least two Directors will remain in office when such resignation has taken effect);
- e) the Director fails to attend three consecutive meetings of the Directors and the Directors resolve that the Director be removed for this reason; or
- f) they cease to be a member of the Company.

25 Directors' remuneration

25.1 Directors may undertake any services for the Company that the members decide by resolution of the members passed by Consensus.

25.2 Directors are entitled to such remuneration as the members determine by resolution of the members passed by Consensus:

- (a) for their services to the Company as Directors; and
- (b) for any other service which they undertake for the Company.

25.3 Subject to the Articles, a Director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

25.4 Unless the members decide otherwise by resolution of the members passed by Consensus., Directors' remuneration accrues from day to day.

25.5 Unless the members decide otherwise by resolution of the members passed by Consensus., Directors are not accountable to the Company for any remuneration which they receive as Directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

26 Directors' expenses

The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

- (a) meetings of Directors or committees of Directors;
- (b) general meetings; or
- (c) separate meetings of any class of members or of the holders of any debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

MEMBERS

BECOMING AND CEASING TO BE A MEMBER

27 Becoming a member

27.1 The subscribers to the Memorandum are the first members of the Company.

27.2 Such other persons as are admitted to membership in accordance with the Articles shall be members of the Company.

27.3 No person shall be admitted a member of the Company unless he or she is approved by the Directors and by resolution of the members passed by Consensus.

27.4 Every person who wishes to become a member shall deliver to the Company an application for membership in such form (and containing such information) as the Directors require and executed by him or her.

28 Termination of membership

28.1 Membership is not transferable to anyone else.

28.2 Membership is terminated if:

28.2.1 the member dies or ceases to exist;

28.2.2 otherwise in accordance with the Articles;

28.2.3 the member resigns by giving notice to the Company in writing; or

28.2.4 a resolution of the members passed by Consensus resolves that the member (not being a Founder Member) be expelled on the ground that his or her continued membership is harmful to or is likely to become harmful to the interests of the Company. Provided that (i) the member who is the subject of the resolution shall not be counted in the quorum or be entitled to vote on such resolution; and (ii) a Founder Member cannot be expelled under this clause

28.2.4. Such a resolution may not be passed unless (i) the member has been given at least 14 Clear Days' notice that the resolution is to be proposed, specifying the circumstances alleged to justify expulsion, and has been afforded a reasonable opportunity of being heard by or of making written representations to the members; and (ii) if such resolution is passed at a meeting of the members at least half of the members are present. A member expelled by such a resolution will nevertheless remain liable to pay to the Company any subscription or other sum owed by him or her.

ORGANISATION OF GENERAL MEETINGS

29 General meetings

29.1 The Directors may call a general meeting at any time.

29.2 The Directors must call a general meeting if:

29.2.1 required to do so by the members under the Companies Acts; or

29.2.2 required to do so by any member.

30 Length of notice

All general meetings must be called by either:

30.1 at least 14 Clear Days' notice; or

30.2 shorter notice if it is so agreed by a majority of the members having a right to attend and vote at that meeting. Any such majority must together represent at least 90% of the total voting rights at that meeting of all the members.

31 Contents of notice

31.1 Every notice calling a general meeting must specify the place, day and time of the meeting, whether it is a general or an annual general meeting, and the general nature of the business to be transacted.

31.2 If a special resolution is to be proposed, the notice must include the proposed resolution and specify that it is proposed as a special resolution.

31.3 In every notice calling a meeting of the Company there must appear with reasonable prominence a statement informing the member of his or her rights to appoint another person as his or her proxy at a general meeting.

32 Service of notice

Notice of general meetings must be given to every member, to the Directors and to the auditors of the Company.

33 Attendance and speaking at general meetings

33.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

33.2 A person is able to exercise the right to vote at a general meeting when:

33.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and

33.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

33.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

33.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

33.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

34 Quorum for general meetings

34.1 No business (other than the appointment of the chair of the meeting) may be transacted at any general meeting unless a quorum is present.

34.2 If and for so long as the Company has only one member, the quorum is one qualifying person. In any other case, the quorum is two persons entitled to vote on the business to be transacted (each being a member, a proxy for a member or a duly Authorised Representative of a member); or 10% of the total membership (represented in person or by proxy), whichever is greater.

34.3 If a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting those present and entitled to vote shall be a quorum.

35 Chairing general meetings

35.1 The Chair (if any) or in his or her absence some other Director nominated by the Directors will preside as chair of every general meeting.

35.2 If neither the Chair nor such other Director nominated in accordance with Article 35.1 (if any) is present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Directors present shall elect one of their number to chair the meeting and, if there is only one Director present and willing to act, he or she shall be chair of the meeting.

35.3 If no Director is willing to act as chair of the meeting, or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present in person or by proxy and entitled to vote must choose one of their number to be chair of the meeting, save that a proxy holder who is

not a member entitled to vote shall not be entitled to be appointed chair of the meeting.

36 Attendance and speaking by Directors and non-members

36.1 A Director may, even if not a member, attend and speak at any general meeting.

36.2 The chair of the meeting may permit other persons who are not members of the Company to attend and speak at a general meeting.

37 Adjournment

37.1 The chair of the meeting may adjourn a general meeting at which a quorum is present if:

37.1.1 the meeting consents to an adjournment; or

37.1.2 it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

37.2 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

37.3 When adjourning a general meeting, the chair of the meeting must:

37.3.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and

37.3.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

37.4 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least seven Clear Days' notice of it:

37.4.1 to the same persons to whom notice of the Company's general meetings is required to be given; and

37.4.2 containing the same information which such notice is required to contain.

37.5 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

38 Voting: general

38.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

38.2 A person who is not a member of the Company shall not have any right to vote at a general meeting of the Company; but this is without prejudice to any right to vote on a resolution affecting the rights attached to a class of the Company's debentures.

38.3 Article 38.2 shall not prevent a person who is a proxy for a member or a duly Authorised Representative from voting at a general meeting of the Company.

39 Votes

39.1 On a vote on a resolution on a show of hands at a meeting every person present in person (whether a member, proxy or Authorised Representative of a member) and entitled to vote shall have a maximum of one vote.

39.2 On a vote on a resolution on a poll at a meeting every member present in person or by proxy or Authorised Representative shall have one vote.

39.3 In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting shall not be entitled to a casting vote in addition to any other vote he or she may have.

39.4 No member shall be entitled to vote at any general meeting unless all monies presently payable by him, her or it to the Company have been paid.

39.5 The following provisions apply to any organisation that is a member ("a Member Organisation"):

39.5.1a Member Organisation may nominate any individual to act as its representative ("an Authorised Representative") at any meeting of the Company;

39.5.2 the Member Organisation must give notice in Writing to the Company of the name of its Authorised Representative. The Authorised Representative will not be entitled to represent the Member Organisation at any meeting of the Company unless such notice has been received by the Company. The Authorised Representative may continue to represent the Member Organisation until notice in Writing is received by the Company to the contrary;

39.5.3a Member Organisation may appoint an Authorised Representative to represent it at a particular meeting of the Company or at all meetings of the Company until notice in Writing to the contrary is received by the Company;

39.5.4 any notice in Writing received by the Company shall be conclusive evidence of the Authorised Representative's authority to represent the Member Organisation or that his or her authority has been revoked. The Company shall not be required to consider whether the Authorised Representative has been properly appointed by the Member Organisation;

39.5.5 an individual appointed by a Member Organisation to act as its Authorised Representative is entitled to exercise (on behalf of the Member Organisation) the same powers as the Member Organisation could exercise if it were an individual member;

39.5.6 on a vote on a resolution at a meeting of the Company, the Authorised Representative has the same voting rights as the Member Organisation would be entitled to if it was an individual member present in person at the meeting; and

39.5.7 the power to appoint an Authorised Representative under this Article 39.5 is without prejudice to any rights which the Member Organisation has under the Companies Acts and the Articles to appoint a proxy or a corporate representative.

40 Poll votes

40.1 A poll on a resolution may be demanded:

40.1.1 in advance of the general meeting where it is to be put to the vote; or

40.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

40.2 A poll may be demanded by:

40.2.1 the chair of the meeting;

40.2.2 the Directors;

40.2.3 two or more persons having the right to vote on the resolution;

40.2.4 any person, who, by virtue of being appointed proxy for one or more members having the right to vote at the meeting, holds two or more votes; or

40.2.5 a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

40.3 A demand for a poll may be withdrawn if:

40.3.1 the poll has not yet been taken; and

40.3.2 the chair of the meeting consents to the withdrawal.

40.4 Polls must be taken immediately and in such manner as the chair of the meeting directs.

41 Errors and disputes

41.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

41.2 Any such objection must be referred to the chair of the meeting whose decision is final.

42 Content of proxy notices

42.1 Proxies may only validly be appointed by a notice in writing (a "Proxy Notice") which:

(a) states the name and address of the member appointing the proxy;

(b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and

(d) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

42.2 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.

42.3 Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

42.4 Unless a Proxy Notice indicates otherwise, it must be treated as:

(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and

(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

43 Delivery of proxy notices

43.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person.

43.2 An appointment under a Proxy Notice may be revoked by delivering to the Company a notice in Writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.

43.3 A notice revoking the appointment of a proxy only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

44 Amendments to resolutions

44.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

44.1.1 notice of the proposed amendment is given to the Company in Writing by a person entitled to vote at the general meeting at which it is to be

proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine); and

44.1.2 the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

44.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

44.2.1 the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

44.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

44.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

WRITTEN RESOLUTIONS

45 Written resolutions

45.1 Subject to Article 45.3, a written resolution of the Company passed in accordance with this Article 45 shall have effect as if passed by the Company in general meeting:

45.1.1 A written resolution is passed as an ordinary resolution if it is passed by a simple majority of the total voting rights of eligible members.

45.1.2 A written resolution is passed as a special resolution if it is passed by members representing not less than 75% of the total voting rights of eligible members. A written resolution is not a special resolution unless it states that it was proposed as a special resolution.

45.2 In relation to a resolution proposed as a written resolution of the Company the eligible members are the members who would have been entitled to vote on the resolution on the circulation date of the resolution.

45.3 A members' resolution under the Companies Acts removing a Director or an auditor before the expiration of his or her term of office may not be passed as a written resolution.

45.4 A copy of the written resolution must be sent to every member together with a statement informing the member how to signify their agreement to the resolution and the date by which the resolution must be passed if it is not to lapse. Communications in relation to written notices shall be sent to the Company's auditors in accordance with the Companies Acts.

45.5 A member signifies their agreement to a proposed written resolution when the Company receives from him or her an authenticated Document identifying the resolution to which it relates and indicating his or her agreement to the resolution.

45.5.1 If the Document is sent to the Company in Hard Copy Form, it is authenticated if it bears the member's signature.

45.5.2 If the Document is sent to the Company by Electronic Means, it is authenticated if (i) it bears the member's signature; (ii) the identity of the member is confirmed in a manner agreed by the Directors; or (iii) it is from an email Address notified by the member to the Company for the purposes of receiving Documents or information by Electronic Means.

45.6 A written resolution is passed when the required majority of eligible members have signified their agreement to it.

45.7 A proposed written resolution lapses if it is not passed within 28 days beginning with the circulation date.

ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS

46 Means of communication to be used

46.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.

46.2 Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.

46.3 A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within an agreed time of their being sent, and for the agreed time to be less than 48 hours.

47 Irregularities

The proceedings at any meeting or on the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including any accidental omission to give or any non-receipt of notice) or any want of qualification in any of the persons present or voting or by reason of any business being considered which is not referred to in the notice unless a provision of the Companies Acts specifies that such informality, irregularity or want of qualification shall invalidate it.

48 Minutes

48.1 The Directors must cause minutes to be made in books kept for the purpose:

48.1.1 of all appointments of officers made by the Directors;

48.1.2 of all resolutions of the Company and of the Directors (including, without limitation, decisions of Directors made without a meeting); and

48.1.3 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting;

and any such minute, if purported to be signed (or in the case of minutes of Directors' meetings signed or authenticated) by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any member or Director of the Company, be sufficient evidence of the proceedings.

48.2 The minutes must be kept for at least ten years from the date of the meeting, resolution or decision.

49 Records and accounts

The Directors shall comply with the requirements of the Companies Acts as to maintaining a members' register, keeping financial records, the audit or examination of accounts and the preparation and transmission to the Registrar of Companies and the Regulator of:

49.1 annual reports;

49.2 annual returns; and

49.3 annual statements of account.

50 Indemnity

50.1 Subject to Article 50.2, a relevant Director of the Company or an associated company may be indemnified out of the Company's assets against:

(a) any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;

(b) any liability incurred by that Director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and

(c) any other liability incurred by that Director as an officer of the Company or an associated company.

50.2 This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

50.3 In this Article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) a "relevant Director" means any Director or former Director of the Company or an associated company.

51 Insurance

51.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant Director in respect of any relevant loss.

51.2 In this Article:

(a) a “relevant Director” means any Director or former Director of the Company or an associated company;

(b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant Director in connection with that Director’s duties or powers in relation to the Company, any associated company or any pension fund or employees’ share scheme of the company or associated company; and

(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

52 Exclusion of model articles

The relevant model articles for a company limited by guarantee are hereby expressly excluded.

53 Entrenchment

53.1 Except with the authority of a 100% resolution of the members, the provisions of these Articles, including for the avoidance of doubt, this Article 53 (entrenchment) may not be amended or repealed.

53.2 A 100% resolution is a resolution of the members passed by a majority of not less than 100%.

53.3 A written resolution is passed by a majority of not less than 100% if it is passed by not less than 100% of the eligible members entitled to vote on the resolution.

53.4 Where a resolution is passed as a written resolution:

53.4.1 the resolution is not a 100% resolution unless it stated that it was proposed as a 100% resolution; and

53.4.2 if the resolution so stated, it may only be passed as a 100% resolution.

53.5 A resolution passed at a meeting on a show of hands is passed by a majority of not less than 100% if it is passed by not less than 100% of the votes cast by those entitled to vote.

53.6 A resolution passed on a poll taken at a meeting is passed by a majority of not less than 100% if it is passed by Members representing not less than 100% of the total voting rights of the Members who (being entitled to do so) vote on the resolution.

53.7 Where a resolution is passed at a meeting:

53.7.1 the resolution is not a 100% resolution unless the notice of the meeting included the text of the resolution and specified the intention to propose the resolution as a 100% resolution; and

53.7.2 if the notice of meeting so specified, the resolution can only be passed as a 100% resolution.

54 Rules

54.1 The Directors may from time to time establish such rules as they may consider necessary for or conducive to the effective operation of the Company. In particular and without prejudice to the generality of the above, such rules may regulate:

54.1.1 The admission of members of the Company, their rights and privileges and other conditions of membership;

54.1.2 The delegation of powers by the Directors and the exercise of delegated powers;

54.1.3 The conduct of members in relation to one another and to the Company's employees and volunteers;

54.1.4 The procedure at general meetings and meetings of the Directors and committees to the extent that such procedure is not regulated by the Act or by the Articles.

54.2 The Members may alter, add to or repeal the Rules by resolution passed by Consensus.

54.3 The Rules shall be binding on all members and the Directors and no rule shall be inconsistent with or shall affect or repeal anything contained in the Articles.

55 Consensus

55.1 For the purpose of these Articles:

55.1.1a resolution passed by Consensus is a resolution of the members passed by a majority of not less than the Consensus Point in accordance with this Article 55 and the principles and process outlined in the Rules; and

55.1.2the Consensus Point is 60% or such higher percentage as may be requested, in respect of that resolution, by any member provided that:

55.1.2.1 such member is entitled to vote on the resolution;

55.1.2.2 such request is made within a period of 24 hours (or such other period as may be agreed by [*who/how is this period determined*]) after the wording of the resolution has been agreed and intimated to the members [*how will the final wording be intimated to the members?*];

55.1.2.3 such request cannot be made after the agreed form resolution is put to the meeting for consideration; and

55.1.2.4 provided that in no event shall the Consensus Point be less than 60%.

55.2 A written resolution is passed by Consensus if it is passed by not less than the Consensus Point of the eligible members entitled to vote on the resolution.

55.3 Where a resolution is passed as a written resolution:

55.3.1the resolution will not be passed by Consensus unless it stated that it was proposed as a Consensus resolution; and

55.3.2if the resolution is so stated, it may only be passed by Consensus.

55.4 A resolution passed at a meeting on a show of hands is passed by a Consensus if it is passed by not less than the Consensus Point of the votes cast by those entitled to vote.

55.5 A resolution passed on a poll taken at a meeting is passed by a Consensus if it is passed by Members representing not less than the Consensus Point of the total voting rights of the Members who (being entitled to do so) vote on the resolution.

55.6 Where a resolution is passed at a meeting:

55.6.1 the resolution will not be passed by Consensus unless the notice of the meeting included the text of the resolution and specified the intention to propose the resolution as a Consensus resolution; and

55.6.2 if the notice of meeting so specified, the resolution can only be passed by Consensus.

SCHEDULE

INTERPRETATION

Defined terms

1 In the Articles, unless the context requires otherwise, the following terms shall have the following meanings:

Term	Meaning
1.1 “Address”	includes a number or address used for the purposes of sending or receiving Documents by Electronic Means;
1.2 “Articles”	the Company’s articles of association;
1.3 “Authorised Representative”	means any individual nominated by a Member Organisation to act as its representative at any meeting of the Company in accordance with Article 39;
1.4 “asset-locked body”	means (i) a community interest company, a charity or a Permitted Industrial and Provident Society; or (ii) a body established outside the United Kingdom that is equivalent to any of those;
1.5 “bankruptcy”	includes individual insolvency proceedings in a jurisdiction other than Scotland which have an effect similar to that of bankruptcy;
1.6 “Chair”	has the meaning given in Article 10;
1.7 “chairman of the meeting”	has the meaning given in Article 35;
1.8 “Circulation Date”	in relation to a written resolution, has the meaning given to it in the Companies Acts;

1.9	“Clear Days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
1.10	“community”	is to be construed in accordance with accordance with Section 35(5) of the Company’s (Audit) Investigations and Community Enterprise) Act 2004;
1.11	“Companies Acts”	means the Companies Acts (as defined in Section 2 of the Companies Act 2006), in so far as they apply to the Company;
1.12	“Company”	Black Cat (Aberdeen) C.I.C.;
1.13	“Conflict of Interest”	any direct or indirect interest of a Director (whether personal, by virtue of a duty of loyalty to another organisation or otherwise) that conflicts, or might conflict with the interests of the Company;
1.14	“Consensus” and “Consensus Point”	have the meanings ascribed to them in Article 55;
1.15	“Director”	a director of the Company, and includes any person occupying the position of director, by whatever name called;
1.16	“Document”	includes, unless otherwise indicated, any Document sent or supplied in Electronic Form;
1.17	“Electronic Form” and “Electronic Means”	have the meanings respectively given to them in Section 1168 of the Companies Act 2006;
1.18	“Founder Member”	the first subscriber to the Memorandum of Association of the Company;
1.19	“Hard Copy”	has the meaning given to it in the Companies Act

Form”	2006;
1.20 ” “Memorandum	the Company’s memorandum of association;
1.21 “paid”	means paid or credited as paid;
1.22 “participate”	in relation to a Directors’ meeting, has the meaning given in Article 15;
1.23 “Permitted Industrial and Provident Society”	an industrial and provident society which has a restriction on the use of its assets in accordance with Regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations 2006 or Regulation 4 of the Community Benefit Societies (Restriction on Use of Assets) Regulations (Northern Ireland) 2006;
1.24 “Proxy Notice”	has the meaning given in Article 42;
1.25 “the Regulator”	means the Regulator of Community Interest Companies;
1.26 “the Rules”	means the rules established from time to time in accordance with Article 54;
1.27 “Secretary”	the secretary of the Company (if any);
1.28 “specified”	means specified in the memorandum and articles of association of the Company for the purposes of this paragraph;
1.29 “subsidiary”	has the meaning given in section 1159 of the Companies Act 2006;
1.30 “transfer”	includes every description of disposition, payment, release or distribution, and the creation or extinction of an estate or interest in, or right over, any property; and

1.31 “Writing”	the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.
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2 Subject to clause 3 of this Schedule, any reference in the Articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation made under it.

3 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when the Articles become binding on the Company.