

Cooperatives

Central to development

Cooperatives should not be viewed as a mere add-on to development. Based on discussions at a recent bi-annual gathering of the international cooperative movement in Singapore, under the banner of the International Cooperative Alliance (ICA), **Vishwas Satgar** highlights the crucial role cooperatives are playing in the global economy.

Deliberations at the conference revealed that the ICA represents close to a billion people involved in cooperatives around the world. It produced a list of the top 300 cooperatives and mutual societies in the developed world and another top 300 list for the developing world. This evidence based research approach, drawing on audited financial accounts, has confirmed four important facts about cooperatives.

- The cooperative economy is the tenth largest in the world. The combined annual turnover of the global 300 cooperatives amounts to almost US\$1 trillion. This surpasses the combined value of output from Brazil and South Africa and almost surpasses that of Canada's (the ninth largest economy in the world).
- Cooperatives contribute significantly to national growth and development. For example, ZEN-NOH (a Japanese food and agriculture cooperative) has a

membership of 4.5 million people and a registered turnover of US\$63 billion. The Co-operative Group (a UK based consumer cooperative) has 1.5 million members and an annual turnover of US\$12 billion. In the developing 300 list cooperatives, SALUDCOOP (a Columbian health sector cooperative) is ranked first with an annual turnover of US\$500 million. BankRakYat (a Malaysian Islamic Cooperative Bank) is ranked fourth with 45 000 members and annual turnover of US\$257 million.

- Cooperatives exist in developing and developed countries. They innovatively harmonise with various cultures. Many of the top cooperatives in the developed world are over 100 years old and in the developed world over 30 years old. This contrasts with the constantly changing Fortune 500 list of leading corporations in the world. Moreover, in many

developed middle class societies from Canada, the USA, Europe and many Asian economies, cooperatives play a crucial role in ensuring social cohesion. Cooperatives are not merely poverty alleviation institutions, only useful for developing countries, but are also market leaders. In a developed city-state like Singapore, with an average 7% growth rate and an export orientation, approximately 70 cooperatives with 1 million members (out of a population of just over 4 million) have been crucial in organising labour into an internal market for retail, health care and insurance, for instance. All these institutions are leading innovators, using the cooperative advantage to provide the best service to members, use their market power to prevent upward movements in prices and have ensured the direct distribution of the benefits from growth.

- The ICA research on top cooperatives in the world confirms that corporate social responsibility is part of the genetic make up of cooperatives. This evolves from their needs-based philosophy and their movement character at the global, national and local levels through which they are constantly attempting to affirm their advantage based on their internationally recognised principles and values. This is contrary to the increasing crisis of credibility and trust faced by business corporations. The public relations machinery of big

business is not enough to conceal astronomical management salaries, corruption scandals like Enron which have called into question global accounting standards and low cost production strategies that have impacted negatively on human development and the natural environment.

The Singapore conference confirmed that the wealthiest and most vibrant economies in the world have maintained an important role for cooperatives, even in the context of globalisation. This begs the question why South Africa is

behaving as though post-apartheid development can happen overnight and without painstaking and serious institutional development? Why have we not ensured, in a concerted and integrated manner, that all the necessary institutional, regulatory and financial conditions are in place so that the state works strategically to confront cooperative weaknesses and compliment strengths for sustainable cooperatives to emerge? Why is the cooperative solution being presented as a populist solution for broad based Black Economic Empowerment (BEE),

setting it up for failure, rather than a cooperative empowerment solution informed by its own values and principles? Maybe, the answer lies in the fact that genuine cooperatives are not a 'quick fix' solution and our politicians have instead chosen to mortgage the future of the country on spectacle: the mega-project, the iconic event, fiscal fiasco and the public relations exercise.

Vishwas Satgar is the executive director of the Cooperative and Policy Alternative Center (COPAC). He attended the ICA General

Interview



Many believe cooperatives belong to a bygone age of idealism and utopian thinking. During the recent gathering of the International Cooperative Alliance (ICA) in Singapore, **Vishwas Satgar** caught up with the organisations' president **Ivano Barberini** who has devoted most of his life to supporting and promoting cooperatives.

Can you tell us about your position in the cooperative movement?

I come from Italy and have had a lifelong involvement with cooperatives. I was CEO of some of the largest cooperatives in Italy and

finally president of the National Consumer Cooperative. In addition, I was president for seven years of the apex organisation, LEGA Coop.

Can you elaborate on the theme for this general assembly:

Innovation in Cooperative Business?

Innovation is the main challenge for the future. If you cannot change in time you cannot enter the future and play an effective role. Cooperatives are effectively



businesses based on social goals. Therefore, without an effective cooperative you cannot achieve effective social performance and goals. You need continual innovation including technology. However, we must link innovation to an identity. It must be inspired, led and focused by values. Cooperative processes are based on consensus seeking which can throw up difficulties.

Is innovation part of the ICA's response to globalisation?

Cooperatives as social organisations have to consider the social aspect or consequence of globalisation. A globalisation driven by global capitalism wants to obliterate global cultures and undermine rooted social organisations. In this context, there is an attempt to remove all obstacles like social organisations including unions and solidarity-based institutions like cooperatives. We have to take this into account as we innovate. We have to be innovative in our policies and our management. We have to protect the associative relation of people. This is our way to development.

We also need to act with an international perspective, always keeping in mind the international context in which we operate. The power of multinationals is great. They are big and strong and can achieve growth without

development and without improving the standard and quality of life. Cooperatives use rain to fertilise land to ensure growth. Our challenge as social enterprises based on social goals are big – we need economic performance and social solidarity.

Do you think the ILO recommendation 193 creates space at a national level to promote cooperatives?

Yes it does. It is a very good document and it gives recognition to cooperatives in the same way as other enterprises in the market. It is an important base for national legislation in which we can ensure the autonomy of cooperatives. The problem as usual is implementation not by the ILO but by national governments who want to control cooperatives. The ILO recommendation protects the identity of cooperatives.

Can you explain the ICA's position on global peace?

The ICA was born over 100 years ago and it had two main goals: cooperative development and peace. These two aspects are linked. To have peace you have to want peace. However, without social justice you cannot have peace. International peace can only be ensured by full employment. Cooperatives need profit to invest but this is not their

main goal. They bring values into the economy like decent work, social justice and environmental protection. This contributes to peace. We had a conference in Canada on this question where we concluded that cooperatives are centered on people and their needs. Hence peace is dependent on development and vice-versa. Cooperatives are crucial in this regard.

The ICA has a focus on Africa through a partnership with the ILO called Cooperating out of Poverty. Can you tell us about this intervention and its impact so far?

The campaign against poverty was launched at the ICA General Assembly in 2003. We signed a memorandum of understanding with the ILO to deal with issues around poverty. An African colleague from Burkina Faso said poverty is in the mind of the people. Hence our approach is to promote self help but not charity. We want to stimulate self help through teaching and training. We need real social commitment to manage these enterprises. Cooperatives in Africa still have a bad reputation due to the past. We have to demonstrate that they can work. This is not easy, but for us this is a priority.