

2012 CIRIEC Congress

***“Public, social and co-operative economy  
meeting the general interest”***

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**A Responsible and Sustainable  
Economy**  
*the co-operative way*

**Dame Pauline Green**

**President, International Cooperative Alliance**

**CHECK AGAINST DELIVERY**

Ladies and Gentlemen

*Name Slide (1)*

It is my great pleasure today to bring you all the warm greetings of not just the International Co-operative Alliance, but more importantly, of the one billion co-operators across the world.

As President of the movement's global body, I want to talk to you today about our passionate belief that our model of enterprise is a key instrument in ensuring a more responsible and sustainable economy. But I want as well to look at the changes that we must seek if, as a global movement, we are to maximize the opportunities that the current economic and political situation presents for us – **a different sort of business that works to put the local, regional and yes now the global economy at the service of people, rather than as now, leaving people at its mercy.**

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I was elected President of the International Co-operative Alliance in November 2009. I, and the Board that was elected alongside me at that time, was elected on a radical agenda of change. Over its 117 year history, the ICA has done good solid work. But I must be honest with you, the challenging economic and political climate in which we now find ourselves, demands more than a global representative forum.

The Directors of the ICA were of the view in 2009 and remain so today, that in a global market, the global co-operative movement needs a global voice. And we were elected to put in place a global body that could speak with authority on that global stage. A global body arguing for worldwide recognition of our unique legal and financial structure, and for the role we play **now** in supporting families and communities

In that work we were given a tremendous gift when the United Nations declared 2012 the International Year of Co-operatives.

And you know, I am often asked whether an International Year has any value or significance in today's world. Does it?

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This Group of co-operators clearly thinks so. Here you see the Secretary General of the Central Co-operative Union of Nepal. Nepal has a small and underdeveloped co-operative movement. They wondered what they could do to celebrate this great gift given to the co-operative world by the United Nations. So the Secretary General and nine other co-operators set out and at 6am on the 27<sup>th</sup> May this year they reached the summit of Everest and unfurled the UN logo and slogan and put co-operatives at the top of the world. This, I think is for us as co-operators, the iconic image of this Year, and shows just how inspired individuals are by the Year and what it means.

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The determination of the ICA to take the message of the co-operative model of business on to the world stage, and its equal determination to maximize the political and economic opportunities that the International Year presented, coincided with the collapse of the financial world as we knew it, and led to the devastating impact of recession in which so much of the developed world, and our part of the world in particular, is still mired.

As one of the dwindling band of English men and women who have been firm supporters of the European Union from the start, and indeed as the woman who led the largest political Group in the European Parliament at the time that the Euro was introduced, we all see now a Eurozone that is beset with financial and monetary crises, and as ever in the European Union, accompanied by political tensions. We watch as the Greek government tries to balance the demands of its divided population with the requirements of the Eurozone for its bail out provisions; we see all too clearly the devastating impact on ordinary citizens in Spain, and wait to see if that country will manage its banking and regional debt problems, and whether the Eurozone bail out will be sufficient. Now we have a bail out request from Cyprus that is suffering from the ripples of the Greek crisis, and Italy is constantly in the sights of the credit rating agencies and media speculation. My own country the UK slipped back into recession with the poor economic and growth results of the first half of 2012, despite a significant austerity programme designed to deal with our budget deficit. At the same time the economy of the United States is sluggish, and Japan is struggling to lift itself out of its 10 plus years of stagnant growth, now compounded by its expensive energy crisis on the back of a tragic natural disaster.

So, the global decision makers are looking for answers.

Perhaps as Chair of the United Nations Advisory Panel for the International Year of Co-operatives, I should remind them of the words of the Secretary-General of the United Nations, Mr Ban Ki Moon in presenting the International Year to the General Assembly of the UN he said:

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**‘Co-operatives are a reminder to the international community that it is possible to pursue both economic viability and social responsibility’**

In those few words Ban Ki Moon encapsulated the co-operative model of business and the capacity it has, in the words of the UN’s own slogan for this International Year, **‘to build a better world’**.

And if I may just one further truly evocative quote from the UN:

#### *Slide 6*

**‘Co-operatives contribute directly to improve the standards of living of half the world’s population.’**

The words Ladies and Gentlemen from the Background paper for the United Nations World Summit on Social Development.

Words built upon facts.

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They reflect the fact that for nearly 200 years, co-operatives have been creating jobs across the world – **currently over 100 million of the world's citizens are employed within a co-operative** – 100 million people, I'm told that's more than all the multinational businesses put together.

And as our world's leaders cast around looking for job creation initiatives to restore lost hope and aspiration to so many of its unemployed, we must be arguing the case that support for the grass roots co-operative model of business, has the potential to do so much more.

**The world would be a different place if just a fraction of the public money that went to bail out the big commercial banks across the world, was put into co-operative development.**

Those UN words also reflect the fact that co-operatives since their inception have not sought to copy their corporate competitors and solely maximise their profits, but rather to meet the needs of their member owners – **no wonder then that today the co-operative movement is owned by nearly one billion people across the globe.**

One billion member owners of co-operatives across the globe. To be flippant just for a moment, I think this compares very favourably when you consider that there are only 327 million individual investors on the world's stock markets!

Co-operative businesses are built on the globally accepted principles of a commitment to an economic return to members on their trade with the business, and not the size of their share holding; sound democracy; and businesses having a wider social engagement as a core part of their DNA.

For nearly two centuries we have been helping to reduce conflict, build community cohesion, grow skills and expertise, develop local leadership potential, support women into positions of economic activity and leadership in their communities – in effect we have been building civil society - all with the intellectual underpinning of the value of common endeavour in sustainable member-owned, local enterprises

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**In effect co-operatives have taken millions out of poverty with dignity, by helping them to build their own co-operative businesses.**

Ladies and Gentlemen, our commitment to our democratic and social agenda **is built on a sound and successful member-owned business model.** What is more, a business model that can compete successfully in the market place with other forms of business, and succeed.

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For each of the last four years the International Co-operative Alliance has published its *Global 300* - the list of the largest 300 of our many hundreds of thousands of co-operatives across the world, estimated at 1.4 million.

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**Together these 300 co-operatives alone are worth 1.6 trillion US dollars,** equivalent to the 9<sup>th</sup> largest economy in the world, and they operate in some of the most competitive industries in the world, banking, insurance, agriculture, retail, housing, health, energy and others. The 300 list includes co-operatives from 25 different countries.

So we know how to run multi billion dollar global businesses, and we have a great story to tell

One of the key demands that I was empowered to make to the United Nations General Assembly when I had the honour to speak before them on the 31<sup>st</sup> October last year to launch the International Year was to make the case for a more diversified global economy.

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**This is one of our great challenges and one of our great opportunities!**

We need to make the case again and again to global and national decision makers that **we can no longer depend on one dominant model of business. The global economy needs a greater diversity of corporate structures to ensure a better-balanced, responsible, and more sustainable economic model going forward.** The co-operative movement is the most pre-eminent of those other corporate structures with a reach into every corner of the world.

There was never a more advantageous moment for us to demonstrate and drive home the truth of this point with global decision-makers than now.

During the global financial melt down over the last four years, our cooperative financial institutions, including credit unions, have fared much better than their competitors.

Our financial institutions have overwhelmingly come through this crisis stronger. As funds have been withdrawn from our High Street competitors, they have flooded into co-operative facilities. Buoyed by the knowledge that our sector most often only lends from its own deposits, and does not engage with the more risky financial ventures – **across the world our deposits have risen, sometimes quite substantially, our asset base has grown, and most important for businesses and families, our lending rate has remain steady, and even grown, at the same time as the lending rate of our High Street competitors has collapsed.**

These claims are not simply mine, they are now well documented and commented upon in the media, and these in particular are taken directly from a brochure published by the International Labour Organisation, an organ of the UN.

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But a second great challenge and opportunity that we do have to confront is that whilst we are a global movement we do not have a globally recognised 'brand', and that make us difficult to see and hear in a global economy. In a world driven by global advertising and marketing campaigns, and politicians who have bought into the concept of needing to woo large-scale business, without a global 'brand', we do not appear on the radar.

So, no we don't have a global 'brand' of the traditional sort, but **nor do we want one.**

The co-operative 'brand' we promote is not that of a single product but for us something much, much bigger and more profound. When we talk of 'brand' we are seeking to protect and promote an idea, a concept, an identity, not just to market a single monolithic corporation, nor to sell a single global product or an all pervasive service. We are promoting a model of enterprise that is duty bound by constitution and principle to provide a good service for its members. We do not need to constantly look over our shoulder at the stock markets or at investor pressure in order to maximise returns to shareholders.

We do, of course, need to make a surplus (or profit), its what we do with those surpluses that makes us different. We have a triple bottom line and our surpluses are reinvested in our businesses to bring better and different services to our member owners. We make an economic return to our members based on their trade with the business and not their shareholding, and we invest in our local communities – keeping wealth and prosperity in the local community for local people.

So a common trading 'brand' - no we do not have it. But our model of business is sustained exactly **because** it is a huge and growing network of local, autonomous, sovereign businesses, in a multitude of different sectors of the economy, that have developed according to **local** needs, **local** culture and **member** demands.

**And we are united.** We are united by a set of principles and values that are globally recognised.

So, we believe that it is perfectly viable to argue for a global economy that values forms of business other than the company model. It is also about time that those in positions of economic and political power recognise that there are other forms of business that do not want to become a single monolithic power, but quite deliberately choose to operate in a more deconstructed way that has its own unique strengths.

So, the fact that co-operatives do not choose to be represented by a single 'brand' can no longer be used to hide its immense impact on the global economy.

After the financial crisis, global decision makers should now embrace a global economy with a different set of values – one that puts people at the heart of the decision-making.

Colleagues, it is young people who often first fall victim to recession. They are the first to be cut when companies begin to contract and often have no safety net on which to fall back. They also suffer from government initiated austerity measures. We see it in Spain where over 50% of young people are out of work and where proposed austerity packages seeks to reduce the benefits for the young unemployed. We see it in my country, the UK, with the recent proposal to cut housing assistance to those under 26 – there are many other examples across the developed world. But we should be under no illusions, youth unemployment as high as that in Spain and increasingly in other parts of the world, places the very fabric of society at risk.

And at a time when young people whom this recession in so much of the world is hitting so cruelly, when young people are cynical of the political and economic models that dominate their lives; when they are looking for a voice, in North Africa, the Middle East and in the Occupy movement that started in Wall Street and quickly

spread across the world; and when they are looking for impact, engagement and fairness, the co-operative is not only an effective governance model, it is a compelling one.

So sometimes I am led to wonder just why it is that our model of business is not more prominent in discussions on how to revive the global economy, and more importantly how to change it to become a better balanced and more responsible and sustainable economy.

Why for instance is it that a business model that is owned by a billion of the world's people, employs 100 million across the globe, serves half the world's population, is present in diverse parts of the economy, supports local communities, builds social cohesion, and merits the accolade of an International Year - why isn't it represented on the Board of the World Bank? Or on the B20, the advisory group of businesses that advises the G20 – the G20 met in Mexico in late June and they held a B20 conferences, 120 of the largest businesses in the world, and not a co-operative business amongst them! Or why when Prime Ministers and Presidents go around the world with domestic business leaders looking for business or inward investment, why is it that most of them don't take co-operative business leaders too?

I am not here trying to put the blame on politicians and decision by the way, we, the co-operative movement must take our share of the blame. We have simply not made our case loud and hard enough. But this is changing and the International Year gives us a great chance to take that campaign forward.

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**So, Our opportunity** - Co-operatives represent a different way of thinking about the global economy that can bring transformational change to the way business is conducted.

**Our challenge** is how to change the status quo!

This is the work of the ICA in the coming months and years if we are going to open up opportunities for the global co-operative economy to grow and flourish. To bring opportunity to the young and the dispossessed, but also offer chances for deeper cross border co-operation between larger co-operative enterprises and between different co-operative sectors of the economy.

We have a big job to do in the coming months and we are looking for friends and champions amongst the world's governments who will raise their voice in support of the growth of the co-operative economy, and the need for a more diversified global economy when their governments are engaged in discussions at the global level or in bilateral meetings.

We also all know that the political and economic power in the world is shifting to the emerging economies largely in South America, the Far East and Russia and some of Eastern Europe. China being the most prominent and successful of those economies.

It is also in China, and those other countries, that the co-operative movement has a significant impact on the domestic economy, ensuring the economic viability of rural

communities and local finance in particular, but growing in its significance in other business sectors as well.

We need to harness the political leadership in those countries to our cause. They are certain to be amongst the most powerful political and economic players in the coming decades, and we need them speaking for a more diversified global economy when they are increasingly engaged in economic and political strategy in the coming decades.

Let me conclude, by saying that the ICA has always brought together members from across the political, cultural and religious divides. Because we are bound by a model of business that serves our people, **all of our people**, and which is relevant in any local political, cultural or religious environment. Most importantly each co-operative is led by local people for local people.

However, the ICA believes that co-operatives themselves need always to be asking if they are fit for purpose. Is its legislation fit for the 21<sup>st</sup> century? Is it empowering and not prescriptive? Does the co-op have an active democratic process? Is the local and national co-operative economy growing? What other, new forms of co-ops do local people need? It is our duty to ensure that our co-ops are modern, flexible, innovative and fulfilling their purpose.

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We have to strengthen the knowledge and recognition of the co-operative difference using the financial crisis, recession and public mood of growing scepticism with the investor led businesses to demonstrate the sustainability of our model of enterprise.

This International Year is a rich gift to the co-operative movement. As the ICA itself moves from a representative global forum to a more engaged and participative global facilitator for co-operative enterprise, we want and need to work more closely with both our members, and those sympathetic voices amongst the world's governments that also want to see a more diversified global economy, and are prepared to stand up and speak for it.

**Together I can tell you that the world's co-operatives are working to make this International Year a powerful restatement of the co-operative ideal. Never in its 170 year history has the global movement acted together under a single logo and slogan built not on the need to sell a product, but to promote a better way of doing business, and we need to continue that momentum.**

**The ICA Board which it is my great privilege to Chair, sees this International Year as the beginning of a modern, confident, outward looking and creative co-operative movement. But 2012 is just the beginning. It is our aim that on the 31<sup>st</sup> December 2012 we will be able to move from a successful International Year of Co-operatives to a decade of co-operative growth. And at the closing event for the International Year in Manchester, the ICA will reveal its blue print for the decade of co-operative growth.**

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**Together we really can help to build a better world.**



Thank You.

Ends