



CO-OPERATIVE CONGRESS
GLASGOW 2005

P R E S I D E N T ' S A D D R E S S

Co-operative Democracy
MORE RELEVANT THAN EVER

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Iain Macdonald

Biography

Iain Macdonald was born in Edinburgh in 1947. He joined the then Ministry of Public Building and Works in 1967 as an Executive Officer. He moved to the Inner London Education Authority in 1973 having gained an MA in History and Race Relations from the University of Edinburgh.

Whilst at the ILEA he became a Trade Union, Labour and co-operative activist, joining the Royal Arsenal Co-operative Society. Responding to an advert in Tribune he became Scottish Education Officer for the Co-operative Union based in Glasgow but a member of the staff of the Co-operative College.

As part of Graham Melmoth's drive to re-democratise the CWS he became their Scottish Membership Development officer in 1986. From 1982 to 1996 he was also Labour and Co-op Regional councillor for Dumbarton and parliamentary candidate for Argyll and Bute in 1995/1996.

Attracted south by the development of democratic participation in CWS he joined CWS Headquarters in 1996. He was part of the International Joint Project for Co-operative Democracy who presented their findings "Making Membership Meaningful" to the ICA Centennial Congress in Manchester in 1995.

As Head of Co-operative Strategy for the Co-operative Group, he assisted in reshaping the new democratic structure of the merged CWS/CRS and supported the workings of the Co-operative Commission in 2001. He is a Director of Communicate Mutuality.

He was appointed Director General of the International Co-operative Alliance in 2002 and now lives in Geneva with his wife Joan and daughter Gillian.



Co-operative Democracy: More Relevant than Ever

Introduction

If you take some of the images I have just encountered in a visit to Sri Lanka and Indonesia and couple them with African poverty and the ravages of HIV/Aids, one begins to see the world in a rather different way. A divided world of haves and have nots; a world where the accumulation of material wealth knows no bounds while poverty knows no limit of despair. And a world where politicians, particularly in the West, refuse to take seriously the role that our Movement could play in alleviating this dreadful situation. To an extent my presentation today will try to focus on this issue and offer explanations if not solutions – and I will use my own experiences both in the UK and elsewhere to lead to some conclusions.

It won't be all doom and gloom however, and it goes without saying that I am absolutely delighted to be the 138th President of Congress. When you look at the list of people who have come before me, it is very humbling. Not least amongst them is Henry May in 1929, the longest serving Director of the International Co-operative Alliance whom I shall talk of later.

I have 30 minutes approximately to share some thoughts with you. I can say what I like says Pauline, as long as I stick to the time! As Keith Darwin said last year, and sharing his belief in co-operative democracy, I always felt a lay person should hold these positions and as a co-op employee I am not that. But in a way that is falling into the easy trap of assuming consumer co-operation is the only type of co-op. To be an employee of a co-op is hardly unrepresentative in a workers co-op and, as I represent all types of co-ops, I feel justified to be here.

However I will talk more on that later. Suffice to say I am more than happy to acknowledge my debt to the consumer co-operative movement – so to start with a few memories.

Background

There have been a few changes since September 1979 when I was appointed Scottish Sectoral Education Officer of the Co-operative Union. I reported to Len Burch and Bob Houlton at the Co-operative College – I think Mervyn Wilson was then an MRO with London Society – that hotbed of co-op politics – and he is still here today! In those days there were still some 80 Societies in Scotland alone – although I am not advocating a return to those days. I was in fact horrified at some of the practices I came across, both democratic and business and I think the consumer movement is in much better shape now than it was then. As a newcomer I could never understand why business colleagues at least were always trying to deny being a co-operative, although looking at some of the Boards it was hardly surprising they felt democracy was not a helpful ingredient for a successful business. And where were all the young people? It took over 20 years before I lost that tag! So without offering anything new this speech is also about why young people should be involved in co-operation.

My theme for this talk therefore is 'Co-operative Democracy – More Relevant than Ever'; a subject dear to my heart ever since those early days in Glasgow.

Being in Glasgow of course brings back so many memories. I don't think Congress could be held (and it has been here a few times) in a more vibrant and political city. I experienced democracy and participation here in its many forms as a co-operator, a Labour and Co-operative Councillor and as a peace activist. It was all here and still is.

The Morrison Street Co-op complex dominated the city for many years – the CWS Headquarters was a candidate at one time for the City Chambers. Politics of course is famous and passionate here – from the Red Clydesiders to the Lord Provost who hid up a chimney to avoid voting, and as City of Culture. You don't forget Glasgow – or indeed my base of Dumbarton just at the mouth of the Clyde. Still represented with distinction by my friend and co-operative MP John McFall, it was a robust place to learn Labour politics. And to be a peace activist there with the Faslane Nuclear Base and its provision of many needed jobs was quite hard. Yes, they take their democracy seriously here and that has stood me in good stead.

It was 1986 when Graham Melmoth then secretary of the CWS began to look at how democracy could be improved. I became Membership Development Officer for CWS in Scotland and we went about the task of revitalising the democratic base. Most CWS members had not been contacted by the Society for years and there was a moribund structure of "old" members who met occasionally in draughty school class rooms and that was it – no committees existed in areas where we traded well like the Highlands and Islands, and the then CEO announced that "over his dead body" would members be treated differently than ordinary customers!"

But we persevered. With a small team I gave brief presentations to all store staff, once famously crowding around a slide projector in the staff toilet in Tobermory as the only place we could meet! A provisional committee emerged in Inverness leading eventually to committees for the whole of Scotland including one which still meets by telephone conference for the Scottish Islands.

All of this fed my enthusiasm for democracy and participation, and you could feel the benefits which we were reaping and the slow realisation by managers that co-ops were interesting, and values and principles could help bring success through:

- Staff motivation
- Community profile
- Democratic involvement

And as I recall it led to serious commercial improvement especially in Northern Ireland, then part of Scottish Co-op, where there was an amazing sense of involvement, and of course the CWS Board got a real influx of genuine consumers!

Today this has permeated throughout the British Movement showing with a few blips here and there, that it is what makes the co-op different which is important – and that's how we will survive and prosper.

So that was my nostalgic piece – I thought I would be allowed a bit of that – but I hope it was seen as relevant. Those experiences have hugely shaped my thinking and affect me as much today in my new global role.

Internationalism

So why do we think like this and what is it really all about. British co-operation is a bit different in being openly political. I have had to be a bit more pragmatic since my arrival in Geneva. But I can tell you that unlike someone in the UK who recently said that he thought co-ops only happened in Britain, the global movement is very much alive and after 160 years we have a great deal to be proud of – but a great deal to do.

The ICA Board has just met in New Lanark – which must be one of the best places to reaffirm your beliefs in co-operation. It's where the British contribution to "Making Membership Meaningful" took place – and the last time we saw Alf Carlson from Sweden, killed in the ferry disaster of 1994. I like to think

that that book served us well in initiating democratic change leading to the situation we have today. And it was those international links which proved very influential, showing whether in Italy, Canada, Sweden or Japan that co-operation and commercial success were entirely compatible! Sven Ake Boök was another member of that team.

And so to internationalism. Henry May, who served as Secretary General of the International Co-operative Alliance from 1913 to 1939, made one of the best and simplest cases for co-operative internationalism in the ICA Review of 1938:

“The Co-operative Movement of the world should stand unflinchingly for the principles of toleration, equity and justice in all the relations of life; respect for the rights of others; the settlement of disputes by reason and the abolition of armed conflict; the honourable fulfilment of all contractual obligations and association of the security of all in the exercise of their legitimate functions.”

International Co-operative Alliance

Many of these sentiments were behind the founding of the ICA in London in 1895. Today, its 220 members are national and international co-operative organisations in all sectors of activity including agriculture, banking, fisheries, health, housing, insurance, tourism – mainly as worker and consumer co-operatives. These represent at least 800 million individuals worldwide. As the world’s largest and oldest NGO, ICA was, in 1946, one of the first non-governmental organisations to be accorded United Nations Consultative Status. Today it holds the highest category, that of General Consultative Status with the UN Economic and Social Council (ECOSOC).

So, what does ICA do?

Our priorities and activities centre on promoting and defending the Co-operative Identity, ensuring that co-operative enterprise is a recognised business form, able to compete in the marketplace.

- ICA raises awareness about co-operatives. It helps individuals, government authorities and regional and international institutions understand the co-operative model of enterprise. ICA is the voice of the co-operative movement.
- ICA ensures that the right policy environment exists to enable co-operatives to grow and prosper. It helps its members in their lobbying for new legislation and more appropriate administrative procedures that respect the co-operative model, its principles and values. It provides political support as well as technical expertise to enable co-operatives to compete on a level playing field.
- ICA provides its members with key information, best practice and contacts. Through its weekly and quarterly publications it ensures the sharing of information. It organises meetings and workshops to address key issues affecting co-operatives and allows discussion among co-operators from around the world. ICA facilitates contacts between co-operatives for trading purposes and intelligence sharing in a wide range of areas.
- ICA provides technical assistance to co-operatives through its development programme. ICA promotes capacity-building and financial support, it facilitates job creation and supports poverty reduction and microfinance programmes around the world. . We will be bringing together a CEO forum of the top 100 co-operatives – a Co-op Davos! And we are the guardians of our Values and Principles.

Perhaps one of the best ways today of promoting co-operation is to purchase and use a dotcoop domain name to demonstrate co-operative identity. As an original sceptic I am now an unrestrained enthusiast for this development. You need only look at the use being made of .coop by some of the largest and

most influential co-operatives in the United States to realise that the business case has been made. What better way of raising our profile in this technological age! We also recognise the very important role played by Bob Burlton and Oxford, Swindon and Gloucester Society in bringing the dotcoop registration business back into co-operative ownership – and ICA is currently working with OS&G to increase our own involvement in promoting dotcoop.

If the ICA didn't exist you'd have to invent it – especially in this age of globalisation. As Graham Melmoth said in 2002 quoting from our publication 'Co-operative Principles for the 21st Century':

“People in nearly every country around the globe have benefited from co-operatives. They have done so under all kinds of governments, within every kind of economy, and amid all the divisions – gender, race, religion, politics and culture – that typify the human condition”

But his message was that Britain should take its place in the global movement just as in the European Union and in the United Nations – splendid isolation is not an option. We must plan our globalisation – we should not be 'anti global' but 'anti neo liberal' and 'pro co-op' in a globalised economy. Indeed you could say the co-op has been global long before anyone else – since 1895 in fact, when the ICA was set up in London.

The theme of our next General Assembly in Cartagena, Colombia is “Co-operative Values – a competitive asset in a globalised economy” – emphasising that co-operatives are businesses, but with a difference. And we will also discuss this year's UN Co-operatives Day theme 'Microfinance is our business – co-operating out of poverty' – making the point that despite its flavour of the month status, microfinance only helps in a sustainable environment as provided by co-operatives!

Peace

Another essential ingredient of international co-operation has been the promotion of peace and social justice. Indeed the ICA Congress here in Glasgow in 1913 is famous for passing a resolution on peace which is still our policy today:

“That this Congress fully endorses the action recently taken by the Executive and Central Committees of the International Co-operative Alliance in order to manifest that it is in the interests of the co-operators of all countries to do their best to uphold peace. The Congress emphasises once more that the maintenance of peace and goodwill among all nations constitutes an essential condition for the development of Co-operation and the realisation of those ends which are aimed at by this movement.

The Congress further desires to impress upon the public opinion of all nations the fact that the reasons for the continuance of armaments and the possibility of international conflicts will disappear as the social and economic life of every nation becomes organised according to co-operative principles, and that, therefore, the progress of Co-operation forms one of the most valuable guarantees for the preservation of the world’s peace. The Congress, therefore exhorts the people of every country to join our movement and strengthen their power.

The International Congress of the Alliance declares itself in amity with all the co-operators of the world, and welcomes any action they may take in this direction or in which they may participate. Congress also welcomes all demonstrations made or to be made by other organisations with the same aim.”

Wonderful stuff! And I make no apology in highlighting how important co-operators of those times regarded this issue. Indeed William Maxwell, during that famous and enthusiastic debate, declared that international co-operation was the very antithesis of international strife! As Ivano Barberini said in Medan, Indonesia recently – *“Competition is married to conflict, co-operation is married to peace!”*

And as I said, this policy survives until this day which is why it is so difficult to understand, from a co-operative perspective, Britain's destructive involvement in Iraq which has so damaged Britain's credibility in the world. This is particularly unfortunate when the UK movement is at last showing real signs of involvement in international co-operative development. The co-operative movements of Canada, Norway and Sweden and even the US have long been leaders in this field and it is time we caught up. Thanks to the works of, amongst others, the UK College and the Co-op Party, who are now linking closely with ICA, we may well be getting there and putting this unfortunate episode behind us. This is an historic role which the Co-operative movement is singularly best placed to pursue.

Facts

Before going further, let us remind ourselves of the sheer size and scale of our global movement and why it is so important we sell ourselves more aggressively and believe in ourselves. When I gave international greetings to Congress two years ago, I heavily emphasised this point and I do so again because if we crack the issue of self belief, we will all benefit – commercially, socially and politically.

We are in fact the biggest form of business enterprise in the world and should not stop saying so.

Consider:

- United Nations – the total of persons whose livelihoods are to a significant extent made secure by co-operative enterprise approaches three billion people, half of the world's population
- USA – 40% of the population are members of co-operatives
- Kenya – 45% of GDP
- Iran – 25% of population are members of co-operatives

- New Zealand – 22% GDP
- France – Credit Mutuel, Banque Populaire, Credit Agricole – some of the largest banks in the world.
- Colombia – 24% of health services and the second biggest employer
- Sweden – 66% of private day-care centres are co-ops
- USA – 13% of total electrical service – hopefully a new sector
- Switzerland – Migros and Coop Suisse have 90% of retail trade
- 100 million jobs, over 20% more than those created by Multinational corporations

There are some signs that we are making progress and Governments are at last showing some interest in policy guidance. In particular on how to provide a favourable environment for the growth of co-operatives as a way to tackle poverty eradication, the generation of full and productive employment, and enhancement of social integration. The work of the ICA has facilitated:

- 2001 – The United Nations adopted Guidelines aimed at creating a supporting environment for the development of co-operatives
- 2002 – ILO Recommendation 193 – provides policy guidance for the promotion of co-operatives for all countries – both developed and developing
- 2002 – Statute for a European Co-operative Society (SCE) – The European Community adopted the regulation to provide co-operatives with adequate legal instruments capable of facilitating the development of their cross-border activities, to ensure equal terms of competition and to contribute to its economic development – when are we going to take advantage of this?!

So we are not just for poor people – we are for everyone. We are the biggest sector of the world economy. So why don't governments recognize that? If I wasn't so pragmatic nowadays, I might think our capitalist competitors were conspiring against us – surely not! But we should recognize that possibility. Why, with some notable exceptions, doesn't co-op management feature as an option in business schools and universities? If we think we have political connections it's time they were a bit more effective.

In Spain and Colombia for instance, co-operative health has been successful for years – here we hide behind 'Foundation Hospitals'. What on earth does that mean? – no wonder they are not popular. I do not understand why their co-operative credentials are not properly emphasised. I know many of us instinctively want to protect the National Health Service and rightly so, but it doesn't mean it cannot be improved.

Co-operation is not just about food shops, it can be applied to any part of economic and social life. Democracy and participation matter – even in the Health Service!

We need to decide – public, private or co-operative – I know which side I'm on!

Poverty

Having said we are not just for poor people – world poverty is the most serious problem in the world today, whether it is through wars, natural disasters or epidemics. And it is always poor people who seem to suffer. For instance, Africa is the world's worst hit region for HIV/AIDS. Over 13 million people have died of HIV/AIDS and 28 million are now living with the virus. The devastating impact of HIV/AIDS is reducing economic growth; increasing attrition of skilled workers; adversely affecting agricultural productivity and food security; and reducing school enrolment; increasing pressure on health services and undermining household security particularly for older people

and female-headed households. There are 11 million HIV/AIDS orphans and by 2010 this figure is estimated to rise to 20 million. Most of these children are cared for by their extended families, often the grandparents. Women in Africa are 20 percent more likely to be infected than men and for young women this increases to 50 percent. Only 1 in 5 people at risk of HIV infection have access to prevention information or services. Social protection can help households and communities cope with the kinds of shocks and vulnerabilities outlined above, so that they are not forced to sell off their means of production. Costs of good social protection are high and risks include increased corruption, with the poorest failing to receive their entitlements.

And, before I talk about what we can do, let me say what we cannot do. We cannot solve world poverty until we tackle its root causes. And I am afraid we here in the West are that cause. Poverty, in Africa in particular, is getting worse not better, with 30,000 people dying every day; the gap between the rich and poor is growing. No matter how much Bob Geldof, Bono, Oxfam and other crusaders do – all of whom I applaud – nothing really changes – in fact it gets worse. That is because the Western world refuses to recognise that is our way of economic life that causes poverty – especially the current neo liberal strain. The so called free market economy only works if there are a healthy or unhealthy number of poor people at the bottom end – it is a deliberately unequal system. There can be no improvement until the WTO and others accept that and start restricting the rich and powerful nations in favour of the poor. I personally am rather pessimistic about that happening in the near future.

But there is an answer which is not a return to state control – which didn't help much either – and it is, global co-operation. Gordon Brown's IFF is of course to be supported but what we really want is for Gordon and others to recognise that co-operative enterprise – with its emphasis on solidarity, self help, self responsibility and democracy – not only is the nearest

thing we have to a solution but it is already working. As I have said we are already the biggest single form of enterprise in the world but we need governments to be brave, reject the innate selfishness of neo liberal economies and embrace co-operation.

But we cannot sit around and wait and we are not. I am just back from Sri Lanka and Indonesia where I saw things I never thought I would. The ICA, through the generosity of its members, carried out an assessment of needs of what was required to help reconstruct the co-operative movement in these countries. As an initial phase, several projects have been identified and we have asked members to choose which ones they would like to support. I am pleased to say that the British Movement has been very prominent in this exercise. Our great advantage is that unlike relief organisations we can offer long term solutions with co-operative enterprise providing self belief as well as sustainable income and development.

Projects in Indonesia, where the scale of devastation is hard to believe, are:

- To develop a reliable post-disaster management information system
- To set up public distribution in system in Banda Aceh
- To establish credible and productive Pilot/Model Co-operatives each in those areas affected by the tsunami within the regional rehabilitation framework
- To develop a loan guarantee system
- To create employment through co-operative reconstruction
- To develop school and university co-operatives
- To rebuild community-based co-operatives in Nias affected by the tsunami
- To develop a co-operative insurance system for tsunami victims

The UK Co-operative College has also worked very closely with us in encouraging greater British involvement in international co-operation recognising that internationalism is at the heart of co-operation. They are currently engaged with DFID and others in seeking co-operative solutions to global poverty and closely involved in our Co-operative Campaign against Poverty.

As I have said we recognise that we cannot solve world poverty but we must keep raising the profile on the global movement's important contribution. The UN and ILO both recognise what we are doing here and have joined our efforts. We are also linking with the Global Call to Action against Poverty (GCAP) which here is known as 'Make Poverty History' and I commend all the work being carried by co-operative groups all across the UK and not least here in Scotland. At last the huge number of anti poverty groups are coming together turning what was a weakness into a strength. And our challenge is not just to carry out day to day projects, helping people out of poverty, important though that is, but making the case for long term sustainable co-operative enterprise – that is our unique contribution. The Millennium Development Goals are all very well and provide useful targets but unless we work "politically" as well – and I can't think of a more sensitive word – nothing will change.

Conclusion

So don't worry if your profits occasionally dip or shopping patterns change – we are in a much bigger game than that! Stick to our values and principles. Fair Trade, although only a small part of your business is a wonderful example of what can be achieved and it combines democratic participation, trade, commercialism all in one – it also combats poverty by giving people hope. I've seen it and it is the UK movement which is leading the way.

I know it is getting a bit out of date but the Co-operative Commission's findings in 2001 were really advanced – that

virtuous circle says it all and it was the first time I heard it properly acknowledged that what we are all about is not actually profits, business or even politics – it's the achievement of social goals. Sure, business success is an essential part, but the ultimate objective is just that – a better, fairer, more socially just, gender balanced, equitable and peaceful world – or as we used to call it – the co-operative commonwealth!

So to Henry May, Will Watkins, Graham Melmoth, Keith Darwin, Ivano Barberini, Pauline Green and all those other co-operative internationalists – I say thanks for keeping us moving forward. But as some might expect I leave the last word to the man who in my view started it all and whom I have had great difficulty in not mentioning up till now – Robert Owen:

“There is but one mode by which man can possess in perpetuity all the happiness which his nature is capable of enjoying – that is by the union and co-operation of all for the benefit of each”

Iain Macdonald

May 2005

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