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President

International Co-operative Alliance

Ladies and Gentlemen and Fellow Co-operators

I speak to you this morning in two roles. As President of the International Co-operative Alliance, and in my capacity as Chair of the United Nations Advisory Panel for the International Year of Co-operatives.

And I would like to open my comments by quoting to you 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:

‘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 a further quote from the UN:

‘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, in Copenhagen in 1995.

Words built upon facts.

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 am told that that is more people employed by co-operatives around the world than by all the multi-national businesses put together.

Those words also reflect the fact that co-operatives since their inception have not sought to ape their corporate competitors and 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 – contrast that with the fact that the number of individuals who are shareholders in companies listed on the world’s stock markets is just 327 million!

Co-operative businesses are built on the globally accepted principles of sound democracy; a commitment to an economic return to members on their trade with the business, and not the size of their share holding; 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, build skills and expertise, develop local leadership potential, and supporting women into positions of economic activity and leadership in their communities - all developed with the intellectual underpinning of the value of collective endeavour in sustainable member-owned, local enterprises – **in effect co-operatives have taken millions out of poverty with dignity, by helping them to build their own co-operative enterprises.** We don't run campaigns against poverty, we build co-ops and put them in the hands of local people allowing them to take themselves out of poverty.

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 thrive.

Each year the International Co-operative Alliance publishes its *Global 300* - the list of the largest 300 of our many hundreds of thousands of co-operatives across the world.

Together these 300 co-operatives alone are worth 1.6 trillion US dollars, equivalent to the 9th largest economy in the world, and they operate in some of the most competitive industries in the world, banking, insurance, agriculture, retail, health, utilities and others. I can tell you that Finland has 10 co-operatives in the Global 300 with SOK the highest of those 10 at a very creditable number 27.

As Co-operatives, our challenge Ladies and Gentlemen is to make sure that more people in decisions-making positions or the media, and particularly those who exercise influence in the political or economic spheres, know about the scope, size and scale of the co-operative sector of the economy, its sustainability, the work it does to build communities across the world, and its capacity to do so much more.

That Ladies and Gentlemen is why the opportunity to talk to a group of individuals such as you is an opportunity not to be missed.

We all know that today, the political and economic power in the world is shifting to the emerging economies largely in South America, the Far East and indeed to some of our East European colleagues. At the same time, the co-operative movement in many of those same countries has a significant impact on their domestic economy, often ensuring the economic viability of rural communities and finance in particular, but growing in its significance in other business sectors as well.

So as a global movement, we need to harness the leaders of all the nations that understand the value of the co-operative economy to help us all to drive the key message of the importance of our impact on national, and indeed the global economy further up the agenda of decision-makers going.

In this respect, Finland is in a special place, because around the world, Finland is regarded as one of the co-operative stars, indeed you have the most co-operative economy in the world, with about 21% of its GDP being generated from the co-

operative sector. And I would like to say today, that we hope that we can count on Finland to argue the co-operative case at the EU level so that when the EU takes its place at global discussions it will make the case for a level playing for our model of business in the global politics and the economy.

Let me give you a simple and practical current example of how you and your government can help.

One of the key priorities of the United Nations in the coming six months is the outcome of the discussions that will take place on the sustainability of our planet in the Rio + 20 discussions in July of this year.

As the Chair of the UN Advisory Panel for the International Year of Co-operatives, I have been involved with co-operative colleagues around the world to ensure that the document that comes out of Rio, contains a clear commitment to the role of the co-operative model of business in helping to build a sustainable future.

After 180 years of doing just that, we believe that we are at least entitled to see our ongoing contribution acknowledged within the UN text.

The first draft paper from the United Nations Secretariat contains no such commitment and we are asking governments who will be attending the Rio + 20 discussions to demand that the role of co-operatives is acknowledged. Just simply to use the very language of the UN General Assembly itself would be sufficient. It was by a unanimous vote in 2009, that the UN General Assembly made 2012 the International Year of Cooperatives, and in that resolution called on Member states, and I quote:

“to promote the growth of cooperatives as businesses that can contribute to sustainable development, the eradication of poverty, and provide livelihoods in various economic sectors in urban and rural areas, and provide support for the creation of cooperatives in new and emerging areas:”

The ICA would encourage you to work for that language to be inserted in any negotiated Rio + 20 text. After speaking to 15 co-operative ministers from the Asia Pacific region and making the same request, one of them tabled that text with the UN Rio + 20 team and we are now asking other governments to support that wording as discussions go forward, and I thank you in advance for any help that you and your government can offer. The ICA is, of course, ready to assist with any help or advice.

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 31st October last year to launch the International Year was to make the case for a more diversified global economy.

The fact is colleagues that 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 structure to ensure a better-balanced 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, and the G20 is an ideal place to start.

During the global financial melt down over the last four years, our cooperative movement, including the credit unions, have fared much better than our 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 – **we have seen our deposits rise, sometimes quite substantially, our asset base grow, and our lending rate remain steady, and even grow, at the same time as the lending rate of the leading corporate financial institutions 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.

Part of our problem as a co-operative model of business is that we do not have a recognised global brand – nor do we want one!

Our model of business is sustained 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.

Whilst our investor led competitors are duty bound by law to maximise profits and hence need to worry about stock market and investor pressures, we are duty bound to serve our members. So we can concentrate on giving our member-owners a good deal, rather than obsessing about maximising profits for shareholders who are often both remote and disconnected from the business. Our businesses keep surpluses (or profits) in the business, give some back to the members according to trade and not shareholding, and invest in the local community.

We are about human need and not human greed.

And whilst we may not have a global brand, we are united. We are united by a set of principles and values that are globally recognised and we work together globally in recognition of just that. We are **not** business as usual, but we are businesses.

So the key messages that I would like to leave with you here today is that:

Firstly, member-owned co-operatives are a serious business model – with scale. And so,

Co-operatives are asking that the specific and unique legal and financial framework of a co-operative is fully acknowledged and recognised in public policy and regulation, and that there should be a level playing field with other forms of business. Once again a practical example, in my country the United Kingdom, and I understand also in Malaysia and Kenya, a bank cannot be incorporated as a co-operative – Why? In the European Union some of the strongest banks are in the co-operative sector, and here in Finland you have an excellent example of a successful co-operative bank.

Again in some countries co-operatives are not included in the definition of small and medium enterprises – Why?

In July of last year I was in Japan to take a cheque for half a million Swiss Francs donated by the worldwide movement to help Japanese Co-ops to rebuild after the calamity of the earthquake and tsunami. I visited the Miyagi Prefecture where the farming community took much of the brunt of the disaster. The co-operative movement meeting there told me that they did not want to go back to nuclear energy, but wanted the legacy of the disaster to be a more sustainable renewable economy in the region. But they told me they couldn't have renewable energy owned by the community in Japan, because by law, energy supplies had to come from a handful of named energy companies – Why?

The answer to all these questions is simply, I suspect, a product of history. This is the year to do away with this discrimination against the co-operative model of business and the UN is asking all its member states to make sure that their co-op legislation is up to date and enabling, empowering and not prescriptive.

Secondly, member-owned co-operatives are values led businesses. Our values are integral to our business model, not just a marketing tool in the shape of a corporate social responsibility report once a year – they define our identity and our brand – they are part of our DNA.

So, Co-operatives are asking that their model of business is given equal promotion with the investor led model,

And

Thirdly, our governance model is people led. At a time when people – especially young people whom this recession in so much of the world is hitting so cruelly – young people are cynical of the political and economic models that dominate their lives, when they are looking for a voice, in North Africa, in Wall Street and 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, Co-operatives are asking that there should be a greater diversification of the global economy.

Let me conclude Chair, by saying that the ICA of which I am so proud to be President 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 as relevant in any local political, cultural or religious environment, and 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. Are its rules fit for the 21st century? 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.

But, modern co-operatives are owned and controlled by their members, not by their professional leadership, nor by their government. Co-operatives grow from the grass roots.

The role of Government is to establish an economic legislative framework in which enterprise can thrive and prosper, and co-operative enterprise deserves equal treatment with any other form of business. I know that Finland is an example par excellence of exactly that concept. But we need it at global level not just national and we ask co-operators here to be pressing their government to help us to build that understanding at global level in what ever way it can.

I can assure you Ladies and Gentlemen, that together the world's co-operatives will work to make this International Year a powerful restatement of the co-operative ideal.

It is the aim of the ICA Board that on the 31st December 2012 we will be able to move from a successful International Year of Co-operatives to a decade of co-operative growth.

For that to happen ladies and gentlemen, the co-operative movement is working together as never before.

In the true spirit of Principle 6 of the Co-operative Principles – co-operation amongst co-operatives – the Rochdale Pioneers told us that a co-op leaders would understandably and naturally be focussed on their own co-operative business. But from time to time it is important for them to lift their heads above their own business and work together at regional, national and local level to build the co-operative economy.

If ever there was a year to stand up and be counted as part of the successful worldwide co-operative movement that, as Ban Ki Moon said at the UN last October, reminds the world that it is possible 'to pursue both economic viability and social responsibility' 2012 is it.

In that way together, we really can help to build a better world.

Thank You.

Ends.