



International Organisation of
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A Sector of the International
Co-operative Alliance

The Power of Integration for Social Transformation

Manuel Mariscal, CICOPA President, message for the closing of 2014 from his reflections in a speech at the closing ceremony of the III Cooperative Summit of the Americas on 7 November 2014 in Cartagena

I'd like to share with you some reflections on how cooperatives will shape the Americas and the world in times to come. What direction will we take? What can our way of doing business offer to society? And where do we stand in the supply of goods and services for both ourselves, and society as a whole?

When the term came about, talk of globalisation centred around how it would create a better, more integrated world, with better better rights for all etc. But now the only thing to have achieved true integration is financial power. Affecting every facet of our lives, this invisible yet omnipresent force answers to no higher power and is uncontrolled.

The International Financial Reporting Standards (IFRS) have themselves been written by a private body, yet their power is so great that nations continue to adopt and obey them as though they hail from a public institution. The regulations control financial laws throughout the world yet have absolutely no democratic legitimacy. And almost without exception, governments bow down to their laws.

Globalisation is only the globalisation of the financial world. Eight years ago we faced a major world crisis. And it was because of this invisible process of globalisation that we, the public, had to pay the price. Rather than being something at the service of the people, money has become something that runs itself. The financial mass is worth 20 times the value of the REAL economy. This isn't another crash that'll last a few years. It isn't just another one in a line of crises: this is the crisis which, in my opinion, has been produced and developed by a world ruled by finance. I think, and in fact can even see, what it's trying to achieve (and in part has already achieved): to change the way people view society, and change the way our society is developing. This is why it's more than a simple crisis: it's changing the way we live our lives.

The debt issue has brought the world's greatest powers to their knees. We're experiencing the impoverishment of the middle classes: the sector of society whose consumption makes a sustainable society possible, who have the resources to ensure those less advantaged maintain a certain level of well-being.

Subsequently, more and more people are being marginalised. At the same time there is less State intervention. We're told we can pay lower taxes but that public services aren't efficient. So the situation worsens. All over the world youth unemployment is higher than it has ever been in history, yet our young people are the most highly qualified generation of all time. It's terrible to think that they will be worse off than us.

And in the background, the mantra continues to spread: lower taxes, less state intervention. Of course when it comes to paying their taxes, people are happy to pay less. But the policy doesn't bring more freedom. It brings poverty, and fewer resources for development. This is the world being designed for us. And if we don't do anything about it, it's here to stay.

We need to think: What should cooperatives do? How can we work together to change this outlook? These are the big questions we need to think about, more than our day to day problems as individual cooperative enterprises. We need to take a step back from our daily reality – which of course may be hard, and we can't detach ourselves from it altogether – but we must make an effort to understand that we need to help change reality (our reality) in two ways. Firstly, by doing business through our own cooperatives, and secondly, designing strategies as cooperatives as a whole, from a perspective of our shared values and principles. Because then it will be possible to change society.

As cooperatives, we don't just produce goods and services, we do it with a purpose. The picture the papers paint of us is of small-time producers because they only view us in cash terms. In any discussion of public policy for cooperatives, it's as though we're begging our masters to give us something because we've been very good. This image has to change. We don't only provide goods and services, we contribute to local development, bolstering well-being wherever we operate. But that doesn't show up in GDP, the simple calculation of income minus expenditure. We need to stand up and say that we contribute to local development in ways that go beyond GDP that are also measurable. When we ask for tax provisions, or public policies, we are in fact asking for assistance for the things we are contributing to. We're not asking from a purely business perspective, but from the perspective that we are improving the society we're operating in.

Churches across the world qualify for relief because they're recognised to be making fundamental contributions to society. They are not measured in terms of GDP but everyone recognises the work they do. It should be the same for cooperatives. First we need to convince ourselves, then the rest of society, and finally public bodies that this is how it is.

Other bodies share some, if not all of our characteristics: associations, NGOs, SMEs, artist collectives etc. And they're increasing in number all over the world. We should see them as our travelling companions. If we ally ourselves with them we'll have an army, our numbers will increase dramatically. But where will we go? What journey will we set out on together?

As cooperatives, we have a great advantage, far outweighing any weaknesses: we're the most well-structured business organisation in the world. We have a presence across the globe. We have shared common values: an important starting point. There are a lot of us, we have values, and we're well-structured.

But we're not here to dictate to the rest of the world what they can and can't do, and how they should do it. We must be generous, open to other groups, sharing our model with them, sharing our projects and concerns, but with one condition: we show leadership, not dictatorship. As cooperatives we have leadership (because of our values and our history) but we need to take a generous, and intelligent approach.

An issue we all face as a society is that we have a disillusioned yet highly educated youth. Young people attending the Summit of Cooperatives in Quebec presented a two-page manifesto, asking us to act in favour of social transformation. We need to keep this at the forefront of our minds: think of our youth not only as the next generation waiting to take over, but as people who can help us change society. Their society. We're in an era of major change. And we need to make changes that will affect not only our lifetimes, but those of our children.

In order to achieve social change we need a triple-pronged approach. We need a strategy involving cooperatives, the strategic allies we mentioned before, and young people and women: all coming from a place of our shared values.

When we do something as cooperatives, we do it with a spirit of lasting change: we're working together towards a well-ordered society. If we can show this to our governments and public bodies they will understand that we need assistance. But there are risks all around us that we need to deal with, and pay attention to. We're seeing a surge in, for example, the "collaborative economy" (or sharing economy) as a result of increasingly desperate young people and the weakening of the middle classes. There are entire books devoted to the collaborative economy model. It aims to make the supply of goods and services cheaper whilst having a transformative effect on society. Why can't we have a "cooperative economy"? My answer is clear and conclusive: because there wouldn't be any profits.

A collaborative economy, as a way of operating, does solve some of the issues (such as a decrease in the price of goods and services) but it fails to address what happens to the profits generated by the goods or services being cheaper than they would alternatively be. Watch out! This is just another type of profit making business. We cooperatives have always provided goods and services. But unlike the "collaborative" model, we also have a purpose: to redistribute the surplus. The don't redistribute anything.

The new fad for car-sharing, apartment sharing etc. in the collaborative economy seems fantastic. In a way it is, but if we took on the same project, we would do it properly, not half-heartedly: we could redistribute the profits. Why don't we cooperatives do it so the benefits could be shared? So that they wouldn't generate profits that they fail to redistribute amongst cooperative users.

Essentially, new vocabulary has been introduced based on the generosity of the people linking the supply chain at the same time as offering them better prices for services (which, these days, is no bad thing). But as cooperative members we need to show people that we're already doing it, and there's a very old word for it too – one that encapsulates all our values: cooperative. In my opinion, the collaborative economy is undermining the cooperative model.

There are plenty of examples. In Europe numerous government sectors have been privatised, such as water, rubbish collection, health etc. The cooperative model would have worked perfectly for these services.

To privatise services you effectively need three fundamental elements: adequately trained professionals suitable to run the service; capital; and an organisational structure to carry the work out. The professionals are the workers, the capital is the public (the members of the public who will be using the service) and the organisation is the cooperative itself. What is the role of an intermediary (a profit making business) between the public and the private? To make off with the profits? To provide a worse service? To provide a more expensive service?

At the same time they tell us it'll mean we pay less tax, and there'll be less intervention from the State. What the fathers of this philosophy don't dare tell the public is that the services will deteriorate, along with everyone's levels of well-being. But the authorities can't tell people they're no longer going to take care of their basic needs. And they don't want cooperatives to do it either, even though they'd reinvest funds so that services would become more stable (and perhaps even cheaper as well).



THIS IS BECAUSE AS COOPERATIVES WE USE THE PROFIT OURSELVES, OR RATHER, WE USE IT FOR INVESTMENT AND INNOVATION.

In a similar vein, we have another addition to our vocabulary, one that's becoming increasingly complicated: the "social enterprise". Its very definition is clouded to hide the true objective of this new type of business: to jeopardise services and mask it as a social activity. Again, another of our values has been hijacked: the "social"; but without talking clearly about internal democracies, the participation of workers and users etc. It only matters to them that their aim is a social one, but... it again boils down to something being sold that generates a profit that someone outside then takes and doesn't redistribute. With the cooperative formula, redistribution will always happen.

I'm not saying this in an aggressive way. It's the reality we face. We have a society advancing more and more towards the provision of services, requiring more and more professionals. Hospitals need doctors and nurses, schools need teachers etc: we're moving towards a society based on the service industry. The only things we're lacking are professionals and organisations.

We have professionals: our super well-trained young people. Organisations too: cooperatives supply an organisational model. In general, these new businesses don't need a large initial investment of capital. To provide the services society needs (and that countries are obliged to provide) we need only three elements: trained professionals, an organisation to represent them, and the public or private funds necessary to pay for the services.

We already have the public funds. Professionals need to organise themselves in the same way businesses do (not like NGOs): with a sustainable and value based model. If we have the capacity, the organisations, and the public funds, why can't cooperatives do it?

This isn't a solution to the problems we'll face in the next few hours or days when we return to our cooperatives. But in the longer term, if we don't resolve these bigger issues we won't be able to solve the issues our own businesses face: there will be no more businesses.

We need to be integrated in order to survive. We need to keep strengthening our structures, and cooperating more with each other. We complain about the lack of support, but if we don't cooperate more amongst ourselves we can't blame the public authorities. It's our responsibility.

Which travelling companions are we going to choose? Which way will we go? Where are we going? The issue of integration won't be resolved in Washington, Brussels or Bogota, but in our own countries. If we don't take the lead, it's just talking for the sake of talking and in two years we'll be doing the same. The route may be tough, but it's attractive. We need to tell governments, and society as a whole, what we can do and what we want to do.

We can also work together with the ILO: CICOPA is a member as a regional arm of the ICA. Cooperatives are an important ally when it comes to fighting against the informal economy. It would be a great opportunity to raise awareness of our model and step up our projects across the world.

CICOPA is everywhere, it's at your service!

Manuel Mariscal