

# COPAC OPEN FORUM

## DECENT WORK: CAN COOPERATIVES MAKE A DIFFERENCE ?

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### **‘Decent Work’ and ‘Cooperatives’ have common values**

According to ILO, ‘decent work is productive work for men and women in conditions of freedom, equality, security and human dignity’. Employment creation, social protection, social dialogue, and workers rights are the pillars on which decent work is built. Interestingly, according to the International Cooperative Alliance’s statement of cooperative identity, cooperatives are based on values and principles of ‘self-help, self-responsibility, democracy, equality, equity and solidarity’. As can be seen therefore, cooperatives and decent work share the same values. This very fact makes cooperatives the natural domicile for decent work. Consequently, it is genuine cooperatives that can promote decent work.

### **Cynics and pessimists**

The fact that the question as to whether cooperatives can make a difference is being asked at all indicates a mind-set of those who think that cooperatives, particularly in developing countries, cannot make the difference considering their past performance. Their pessimism is heightened by the fact that the economies of these countries have been liberalised and that globalisation will make the situation even worse for cooperatives. Examples of good work done by worker cooperatives in Spain, consumer cooperatives in Japan, agricultural cooperatives in Asia, credit unions in USA, dairy cooperatives in Denmark, cooperative banking in Germany etc do not convince them because of the absence of examples from developing countries.

From the examples cited above, it is very clear that good governance is a critical success factor for cooperatives to do well. It must be pointed out that cooperatives in most of the developing countries were a creation of the state rather than the autonomous, member-driven and self-help organisations they were meant to be. Even those that were autonomous were embraced by governments and literally given a kiss of death. It is a known fact that cooperatives were used, misused, abused, blamed and discredited by many governments of developing countries. For example, they were used to tax farmers. It is little wonder therefore that many genuine cooperatives became discouraged. Others chose to operate as informal groups rather than register as cooperatives.

It would of course be presumptuous to suggest that cooperatives in democratically governed countries cannot fail. Indeed, like any other business organisations, cooperatives, which cannot perform, must die. However, that notwithstanding, the question that should be asked is whether these cooperatives will wake up to make the expected difference. My conclusion is that they will. This optimism is apparently built on developments some of which seem to be

real threats to the existence of cooperatives. These are the democratisation processes, the liberalisation of the economies, and globalisation and the Internet.

### **The democratisation process**

The World Bank and IMF Structural Adjustment Programmes, which our countries had to embrace, dictate that not only countries must liberalise their economies but that they must also democratise their societies. This process has made it possible for civil society organisations, including genuine cooperatives, which had been stifled by governments, to come up. This partly explains why the NGO sector is the fastest growing in these countries. The NGOs have learnt to network so effectively that they can hold up requests for funds by governments from either international financiers or donors unless their views have been taken into consideration. This newly found freedom to organise and operate autonomously augurs well for cooperatives.

Today, the major concerns of civil society are the high levels of unemployment and massive poverty in the developing countries. The economic models that have been tried do not seem to be providing the expected solutions. Only recently has it been understood that no progress can be made unless the economic and social aspects of growth are seen as two sides of the same coin. This reality was recognised by cooperatives long time ago because a cooperative is essentially ‘an association of persons who voluntarily join together to meet their economic and social needs through a jointly owned and democratically controlled enterprise.’ The capacity to work is the capital of the poor. Freedom to organise this capital through cooperatives will be a key part of the solution to the problem of poverty. Without government interference, as was the case in the past, cooperatives have the opportunity to make a real difference.

Decent work is about job creation. Cooperatives being self-help organisations create jobs for those who form them and those who are employed. In developing countries, this is largely in the rural agricultural sector. This has the additional advantage of keeping alive the social tissue of rural communities and providing an alternative to rural-urban migration. Decent work is about equitable distribution of wealth. This too is enshrined in one of the cooperative principles. Decent work is about democratic governance. Cooperatives have always been true schools for democracy, since they work on the principle of ‘one man one vote’ or the same voice for every member – man or woman – regardless of their size of farm or standing in the community. In this era where democratic governance is a must, cooperatives have all the opportunities to make a difference.

### **Liberalisation of economies**

For the Rochdale Pioneers in the United Kingdom, it was poverty and the conditions of the industrial revolution that triggered the natural instinct of ‘mutual help for self- help’. The cooperative society they formed in the 1840s did not only make a difference but it also became an inspiration and a model to the rest of mankind seeking to improve their situation through decent work. As I see it, the prevailing economic conditions in our countries will dictate a cooperative action to the current problems being encountered.

We are told that liberalisation of our economies will attract investors who in turn will create jobs. Indeed they will and some people will get jobs if they are lucky. However, they can only

keep in employment if profits are good. As Chancellor Williams<sup>1</sup> rightly points out and I quote him. *“Business may provide jobs, but this is not its primary purpose. The purpose is to make money, not to make jobs. Indeed the system seeks to eliminate jobs through new and newer labour saving inventions, culminating in automation where a few maintenance technicians can man a factory that formerly employed thousands”*. He goes on to say that *“Even where millions of workers may be required for the purposes of production and distribution, this may obscure the fact that the system is not primarily for them that their welfare is not merely incidental as its consideration has to be forced by organised labour unions.”* Just imagine the untold harm that has been inflicted on such workers in countries where the rights to bargain collectively are thwarted by governments anxious to attract and retain investors.

Unemployment is not only a problem to the poor people, to the retrenchees, the unemployed youth or to those who lost jobs through the divestiture of government boards following the liberalisation policies. It is also a problem for the middle class who ordinarily would seem to be well off. They too look with dismay at the frustrations of their sons and daughters looking for jobs in a devastated job market. Unemployment in many developing countries is fifty per cent or more of the active population. This is a huge waste of social capital.

As I see it, the first step out of poverty and social exclusion is an income generating activity. It is precisely because cooperatives promote self-employment that the difference they can make to decent work is guaranteed. We are in fact beginning to witness various cooperatives coming up in the services sector. For example, some university graduates have formed drama and other types of service cooperatives as a way of employing themselves, and it worked.

### **Globalisation and the Internet**

The arrival of the Internet has speeded up globalisation. In this dotcom economy, everything can be produced anywhere and sold anywhere. The range of goods and services to choose from has increased remarkably. Prices have become competitive. It is this scenario that makes cynics wonder as to whether cooperatives will survive under such conditions

Globalisation and the Internet notwithstanding, it will certainly be in the interests of farmers, for example, to stay with their cooperatives. It must be remembered that the benefits brought about by globalisation through investments by transnational corporations in a country can also be temporary. They can relocate elsewhere any time and no government can stop them. A country that will have destroyed its local social and economic systems like cooperatives will be thrown into the cold.

It also needs to be understood that the dotcom business is far from removing cooperatives from the scene. Cooperatives will still be needed to provide the logistics of delivering inputs, for example, to individual farmers even when such inputs have been purchased through the Internet. Furthermore, it will take a long time before individual producers can own computers and get connected to the Internet. Much more importantly, it will be in the interests of the individual farmers to keep with their cooperatives because cooperatives will also use the Internet as a tool to help them work together nationally, regionally and globally and to overcome social exclusion. For example, in the area of credit, instead of an individual negotiating a loan for \$ 100,000 , a cooperative can consult its members via the Internet and

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<sup>1</sup> Williams Chancellor, *The Rebirth of African Civilisation*, Public Affairs Press, Washington Dc 1961, P. 154

instantly put together loan requirements for many individuals and then go for a loan of say \$1 million with better financial conditions.

## **Conclusion**

In conclusion it must be said that for the poor and underdeveloped peoples in the developing countries, there is no alternative to self-help cooperative organisations with regard to employment creation. However, for cooperatives to make the difference as far as decent work is concerned, four things must be in place.

- Professional management
- Committed , enlightened, and honest leadership
- Institutional capacity building for cooperative organisations
- General membership education and training

It must be pointed out that if the armies of unemployed people in developing countries found charismatic leaders to organise them against those governments, there would be no governments and there would be no democracy. It should be in the interests of governments to give constructive support to cooperatives that create employment for people because they are the pillars for peace and democracy.

**Decent work: can cooperatives make a difference? Yes they can.**