

The Emerging Importance of Co-operatives in a Globalised Economy

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The SANASA Movement which celebrates its 100th anniversary this year hosted the 'Asian Credit Union Forum in August 2006' in Colombo to mark the historic event.

Dr Kiriwandeniya, the leader of the Sanasa Movement, is credited with inspiring the Sanasa Movement to unearth latent resourcefulness of the masses at grass roots levels. He then revitalized it amidst the challenges of the liberalized economy, by diversifying its operations, enabling it to be a major player in providing services hitherto dominated by commercial institutions of the financial sector, to the people.

Dr Kiriwandeniya, who still leads the Sanasa Movement, is also the Chairman of the People's Bank, delivered the keynote address at the Asian Credit Union Forum. The following is the adopted version of the presentation.

Introduction

Today we are living in what some call "the global village," where one country's political and social problem is no longer a problem of that country alone. Turning countries into a single global village is a process that increasingly destroys the cultural identities and social networks that hold communities together. Globalization weakens the state's control over supply and demand, allowing the market economy to penetrate into all segments of life, forcing all resources to have a price tag, all individuals to be entrepreneurs and also human relationships to be contracts.

We hear more and more about having to increase the GDPs and improve the technical capacities of individuals. While this certainly is not a bad development, it is also important to note that we hear less and less about distribution, about social networks and about human relationships. We see our younger generation having no time for volunteerism, running like mad men and women to make ends meet, not being happy with what they have, wanting everything they see on television and the internet, and believing that money alone will guarantee success in life.

The Tsunami however showed the entire world, that social relationship and community networks still have a role to play, a role that is sometimes even more important than before. We were still able to pull out from the worst natural disaster we have suffered in remembered history as a dignified nation, despite all the flaws in our systems. The true nature of this success can be measured against the failures of some developed countries, with stronger structures and systems, when facing similar tragedies.

Dominant economic models and the need for a 'Third Way'

We all know that we are living in a global economy. Technology has become all-powerful

whilst globalization integrates all countries and their economies into a single global process. We know that globalization seeks to erase all national and regional boundaries to facilitate trade and entry into markets. We also know that it erases or makes concepts such as cultural identities meaningless. Also we know that it produces a sharp decline in spiritual values.

When we focus our attention to economic dimensions of the process there are two dominant models that draw our attention. The main examples of the first model that is usually talked about are found in North America and most of Europe, not to mention South-east Asia. Here development and economic activity are driven by the play of market forces. The private sector in these countries is very important. It undermines and weakens the role of the state in economic development and focus on capital accumulation through private enterprises.

The second model is that of the state-led experiments that characterized the socialist countries led by Soviet Union. This approach is also evident in many developing nations that are strongly welfarist even though they do not control the economy in as rigid a manner as did the Soviets.

The third, the co-operative model which we are familiar with, is not often talked about in the field of development studies. The Co-operative Sector does not have the kind of visibility on the geographical map that the other models enjoy or enjoyed but it is nevertheless present in almost all the countries, referred to above.

The first two models are usually discussed in details as though they are exact opposites, but in truth they share some very fundamental characteristics. Both are extremist in that, a few companies or state agencies decide upon the future of enormous numbers of people. In the first case social responsibilities are overlooked. What is important is profit and accumulation with the

intention of creating more profit. Human beings are valued in terms of their ability to generate profit. They are seen as producers and consumers. Even in the second model people's initiatives are not important. Direction is given by a small number of officials. People are mere recipients of blueprints about their future. Such systems are extremely top-heavy.

The Soviet era is over. With the fall of communism and the failures of state-led development models, there are many who argue that privatization and private entrepreneurship is the answer to our economic woes. However, the facts of the current global context does not seem to support this view. The accelerating gap between the rich and the poor, the failures in democratic systems; the mad pursuit of profit have all contributed to increase the insecurities in all levels of life, from the food we eat to the roads we walk.

The world is fast realizing that both the above models involve the over-exploitation of human and natural resources; both of which have had drastic impacts on the health of the planet and the viability of communities. In fact, both systems have failed. The Soviet model didn't last a century and despite all the promises of Keynes, the free market model is in very bad shape today. It is indeed close to collapse. Reaganomics and Thatcherism are all over now. The Bush-Blair doctrine has very few supporters today. We are seeing a resurgence of the Non-Aligned Movement and this is indeed a symptom that the world is seriously seeking an alternative to these dominant models of development.

Today, people are becoming aware that piecemeal approaches will not work. Today, people all over the world are looking for a third way. There is no doubt, I strongly believe that the 'Third Way' too had been with us. It is the co-operative approach.

The Importance of the "Co-operative Way"

Co-operatives provide an alternative economic option. It is neither a completely private enterprise, nor is it a state-led public enterprise. Co-operative enterprise lies between the two and offers a "middle path" where profit making, while following the principle of efficiency advocated by the private sector does not erase 'who we are' and 'what we value in life'.

Co-operative enterprise focuses on initiatives that are sustainable and make profit, but taken in a way that ensures that a larger section of the

community can also benefit. A co-operative enterprise may sound like yet another company offering products and services similar to any other company in the market economy, but its impact on a given community and the values within which it operates are quite different. The wealth of co-operative enterprises are shared among the membership or invested on causes that are decided by a democratic and co-operative process. As Dr. Robby Tulus once said quite correctly, it is 'Business with a Heart'.

Some who do not understand the challenges we face today may look into the movement I am associated with, SANASA, and not comprehend what it is all about. Some have even commented that by establishing a Bank and an Insurance Company we are moving away from co-operative practices. However, I am proud that SANASA Movement through our Development Bank, our Insurance Company, our Construction Company, Educational Campus, Trading Organization and Publishing Organization has been able to make a case for a successful co-operative enterprise. In my opinion, it has blazed a new path that would be of use for the development of co-operatives in Sri Lanka.

The 'SANASA Way'

Almost thirty years ago Sri Lanka began its liberalization drive in 1977. As a young activist then I realized that when the global actors enter and take the center stage, the immediate victims would be the rural poor. I realized that this is the same thing that happened when the colonial powers instituted a plantation economy in our island. The people lost their land. The moneylender, the loan shark, entered into our communities.

So when I began my work to revitalize the SANASA Movement, these scenarios along with historical developments compelled me to seek inspiration from our resourceful history. In Sri Lanka we are strongly linked to historical roots. The collective ethic for example, is over 20 centuries old. The philosophies that inspired our parents and grandparents and their parents before them were not human-centred. They spoke of animals, they spoke of plant life. Our ancient stone inscriptions show that we were a people who managed both human and natural resources. We knew, long before Mahatma Gandhi came up with the classic quote, 'that the world has enough to provide for human needs but not enough to fulfill human greed'. Community had a greater value than the individual. Moderation was valued more than excess. These are some of the concepts that came to my mind as I began to revitalize the SANASA Movement and proposed the idea of the co-operative as the core organizing principle and the ethical framework for a new economic and social order.

SANASA is made up of a few basic but key elements

First, we believe in and practice basic co-operative principles such as mutual understanding, self-help and self-sufficiency, mutual trust, sharing and caring of resources, we strongly follow the collective ethic. These are all values that have existed for centuries in our villages.

Secondly, SANASA uses and believes in social capital. Our cultural values and our philosophy, are not seen as burdens but are taken as our core guiding principles. These are, after all, the basic foundation upon which our ancestors built a civilization.

We at SANASA trust our own internal capacity, financial and otherwise. Rural wisdom, rural lifestyle, the community fabric - these are part and parcel of our capacities. We have found that when you have faith in your own resources, when you mobilize and make use of whatever is at hand, whether or not the environment was rich or poor in terms of resources, the outcome is good. This is why SANASA societies have survived, some for more than half a century and sometimes close to a century. They have survived because of the trust people place on their resources. So, even outside resources are unable to weaken our strengths. We have developed the courage and dignity to say 'no' to things we don't need, to things that are harmful. This is how we have achieved the status of being a strong section of civil society.

Some of the fundamental initiatives we took into consideration in implementing our strategies are as follows:

First of all, we realized that conscientizing is very important. Conceptually and philosophically this has to be done in order to organize people around a vision, an ideal that looks ahead, is pragmatic and time-tested and also close to the cultural ethos they share.

Secondly, there is the issue of motivation. This is not easy. It was not easy for us because our vision was not based on piece-meal, handout methodologies, but around a deeper principle of collective engagement.

We emphasized the usefulness of them from the beginning. I played a big role being the secret of our success, and our sustainability. We also realized that it is unstoppable process. Societies change. There are always new factors. Therefore, we too have to keep ourselves updated all the time. This is why co-operative education is very important.

Motivation alone is not sufficient. It has to be followed by training and practical skill development. This is fundamentally different from a charity-based or welfare approach. We are talking not about service but co-operative enterprise; and when it comes to enterprise, training, education and skill-development are very important. This includes

education about the challenges of a changing world, how the global process threatens local communities and sometimes tries to convince them that they cannot survive in the face of the all-powerful private multi-national enterprises etc.

We have always wanted to be a competitive player in the market, in vision, in management ability, to share a fair share of the market. I believe that the SANASA Movement and its structure is a practical example of this thinking and approach.

Today, through SANASA, we serve more than a million people from rural, urban and suburban sectors. This is our membership, people who would have otherwise been absorbed by the private sector merely as consumers, taking away their power to decide how they live and limiting their ability to feed their aspirations into national development. By being the owners, on the other hand, they have been able to enter into the open market with substantial bargaining capacity.

We have shown, through the SANASA Development Bank that despite continuous pressure from elite experts, poor people can do formal banking and also that insurance and leasing should not be commodities available only for a privileged market. What our example shows is that there is no need to embrace globalization uncritically. There is no need to think that we are powerless, that we will definitely be defeated. What we have shown is that a correct understanding of these processes makes it possible to explore different options. Our option, which is the co-operative enterprise, has demonstrated the potential for ordinary people to compete effectively in a globalized world.

Conclusion

We are realizing increasingly that we cannot walk on this path alone. Despite its successes of co-operatives, still contribute only a marginal portion of the national wealth. What we provide is a proven and sustainable option. We know that SANASA is only one example among many successful efforts to find an alternative to the dominant models of development. I am convinced that as the world struggles to survive all the problems generated by these models, the co-operative approach as an alternative will become even more important. If we have to lie in a Global Village and if this Global Village is to be viable, then the idea of community, self-help, self-sufficiency and a greater significance of the common good will come into focus.

But, people will have to recognize the immensely important role that we have to play and the critical mission that lies ahead of us. Let us join together as true co-operators, with updated knowledge and skills and a commitment that cannot be shaken, to bring about better social order for our children and our grandchildren.

That should be our mission. ■