



TURKKENT Spring Seminar 13 April 2012

The importance of Co-operative Enterprise as a vibrant and resilient part of the global economy and the vital contribution it can make to the economy and wellbeing of the citizens of Turkey

My good friend Mr Mehmet Aksoy, President of TURKKENT, Mr Mayor, Governor, distinguished guests and fellow Co-operators.

It is a great honour for me, in my capacity as President of ICA Housing, to be invited to your spring seminar today to give this keynote address. It is a delight to be able to return to your beautiful country and to be with you in Antalya. I recall, with great pleasure, TURKKENT's generous and kind hospitality when you hosted an ICA Housing Board meeting and Symposium on Co-operative and Community led regeneration partnerships in Istanbul in June last year. I am only sorry that this is a short return visit and I am only able to be with you today. I must fly back to London this evening. However, I do wish to assure you that I do not only come to Turkey for TURKKENT conferences. As Mehmet knows, I am a sailor. Later this year, in early September, I will be returning with my wife and crew to sail a yacht for a week from Ohaniye. I am very much looking forward to coming back and to spending time sailing in your beautiful azure seas.

I am pleased to see that Turkey's economy is growing again, despite the challenges facing the global economy. Turkey has also shown its compassion in providing refuge to those fleeing the conflict in neighbouring Syria which sadly spilled over your borders last weekend. There is no greater political tragedy than when a state, such as Syria, turns murderously against its own people. Your prime minister, Mr Erdogan, has made sterling efforts to try to find a peaceful solution to the Syrian crisis. I admire his efforts, your country's compassion in this crisis and efforts for peace, your culture and your people. You are right to be proud of your place in the family of democratic nations.

ICA Housing is the global housing sector organisation of the International Co-operative Alliance which represents housing co-operatives in over 30 countries of the world. I have the

honour to be elected as President of ICA Housing and to serve with Mehmet on the ICA Housing Board.

As you know from the title of the first session of this spring seminar, the United Nations has declared this year, 2012, to be the United Nations International Year of Co-operatives with the 'strap-line' or slogan for the year: **“Co-operative Enterprises Build a Better World”**

Other speakers later this morning will explain in more detail the importance of this UN International Year of Co-operatives, but I wish to explain why the United Nations considers Co-operative forms of enterprise important enough to declare this the UN International Year of Co-operatives.

The scale of Co-operative enterprise and its importance in the global economy is often not appreciated. Key facts are as follows:

- Over 900 million individual members worldwide are members of Co-operatives affiliated to the International Co-operative Alliance: that is 155 million more members than there are Facebook users
- The largest 300 Co-operatives – the Global 300 – have an annual turnover of \$US 1.6 trillion – a turnover equal to the world's 9th largest economy, Canada.
- Co-operatives provide more than 100 million jobs worldwide.
- Financial co-operatives, credit unions and banks, serve over 857 million people – 13% of the world's population and are growing rapidly in the wake of the global financial crisis.
- In Europe, and here I am not talking just about the European Union, but the European Region of the International Co-operative Alliance which includes Turkey, Co-operatives represent a force for economic and social change. In ICA Europe there are:
 - 160,000 co-operative enterprises,
 - with 123 million members,
 - which have created 5.4 million jobs,
 - with a combined turnover of €300 billion per annum.
- In my country, the United Kingdom, there are:
 - 5,450 jointly owned, democratically controlled co-operative and mutual businesses, owned by more than 12.8 million members = 1 in 5 of the British population,

- which have created and sustained more than 236,000 jobs,
- and contribute £33.2 billion in turnover to the UK economy.

The Co-operative sector of the UK economy, which includes our co-operative bank and credit unions, agriculture, manufacturing, consumer-own retail food stores and supermarkets, green energy co-operatives and of course housing, has outperformed the rest of the UK economy. The same is true in Spain, where in the last quarter of 2011 according to the Spanish Ministry for Employment, employment in the Co-operative sector of the Spanish economy rose by 7.2%; 19,000 new jobs, at a time when employment in other sectors of the Spanish economy was falling.

As the United Nations recognised in its background paper for United Nations World Summit on Social Development, in Copenhagen in 1995, if you include the members, employees and dependents of Co-operatives “***Co-operatives contribute directly to improve the standards of living of half the World’s population***”.

Of course there is a role in a mature and open free market economy for all types of business enterprises:

- investor owned businesses owned by shareholders and investment funds with enough risk capital to speculate on dividend returns and equity values.
- Private individual or family owned businesses.
- State owned corporations
- Partnerships
- As well as Co-operatives and other forms of mutual enterprises.

And all businesses need appropriate regulation to ensure that the free market is genuinely free and fair for all types of enterprise. Lack of regulation of the banks was a prime cause of the global financial crisis.

Of course, the best form of regulation is not state control but rather open, transparent and accountable ‘co-regulation’ in which businesses participate with government to ensure that the markets in which they operate are genuinely free and fair, do not create monopolies or unfair competition and do not favour one type of business enterprise over another. It is particularly important that state governments, regional and local government and government agencies recognise the distinct nature of Co-operative enterprises and encourage their development and operation.

What distinguishes Co-operatives from other types of business enterprises is that they are member, not investor, owned. They operate in accordance with the Co-operative Principles and Values agreed internationally by Co-operatives that are members of the International Co-operative Alliance. They are a distinct alternative form of business enterprise that, in my opinion on the evidence I have seen around the world, are simply a better way of doing business that is:

- good for people,
- good for society and
- good for the planet because they create wealth for the many not the few.

That is why the United Nations sees them as vitally important to the world economy and important enough to declare this year to be the International Year of Co-operatives.

But it is not just the International Co-operative Alliance and the United Nations that recognises the distinctive nature and value of Co-operatives and the contribution they can make to economic growth and prosperity. The International Labour Organisation, which as you heard from the Director of ILO Turkey, Mr EFENDIOĞLU, Turkey is a member of and has been since 1932, in 2002 – ten years ago this year - passed ILO Recommendation 193 on the Promotion of Co-operatives. ILO 193 calls on all member states to recognise the importance of cooperatives in job creation, mobilizing resources, generating investment and also that cooperatives in their various forms promote the fullest participation in the economic and social development of all people. The International Labour Organisation is not a left wing or even left of centre international organisation. It was founded by the Treaty of Versailles in 1919, in the aftermath of the devastating conflict of the First World War, to pursue a vision based on the premise that universal and lasting peace can be established only if it is based on social justice. That premise remains as valid today as it was in 1919 and one which all member governments should strive to realise and uphold.

I was pleased when I was in Istanbul last year to have the honour of meeting Professor Hüseyin Polat, now at the University of Ankara I believe, who while he worked at the ILO in Geneva was responsible for the process which led to the drafting and passing of ILO Recommendation 193. Turkey should be proud of his contribution to this global ILO recommendation.

What is important about ILO Recommendation 193 is that it is an international framework recommendation of what governments of member states should do to enable and support

the development of Co-operative enterprises. In short, member governments should ensure that it is as easy to set up, manage, administer and finance a Co-operative enterprise as it is to establish and run any other type of business.

While I was Vice Chair of Governors of the UK 's national Co-operative College, the college was commissioned by the ILO to produce a guide to ILO Recommendation 193. The guide is still available on the Co-operative College's website at www.co-op.ac.uk . It is a useful guide for your negotiations with your government on the law, the administrative arrangements and the regulations under which co-operatives should operate.

The International Labour Organisation also commissioned two academics, a good friend of mine in the UK, Professor Johnston Birchall from Stirling University in Scotland and a Canadian Colleague, Lou Hammond Kettilson, the Director of Co-operative Studies at the University of Saskatchewan, to produce a report on the impact of the global economic crisis on co-operative enterprises. Called "The Resilience of the Cooperative Business Model in Times of Crisis" shows that co-operative enterprises around the world are resilient at times of global financial and economic crisis. Financial co-operatives and co-operative banks remain sound and are growing, consumer co-operatives report increased turnover and worker co-operatives are seeing growth as people choose the co-operative form of enterprise in response to new economic realities. This report enables you to make a very strong case to the Turkish government during this International Year that co-operatives are an essential part of a vibrant Turkish economy and should be enabled by government and encouraged to flourish.

I now turn to housing and to what ICA Housing is doing to raise the profile of housing co-operatives during this UN International Year of Co-operatives 2012. We have four main projects which we are encouraging all our member housing co-operatives around the world to participate in.

Our first project is a simple one. It is to encourage member co-operatives to hang banners with the IYC 2012 slogan, "Co-operative Enterprises build a better world" on their housing co-operative buildings to raise awareness about the Co-operatives and the UN International Year among the general public.

Our second project, in partnership with the Forestry Stewardship Council, to encourage all our housing co-operative members to commit only to use timber and other forest products in construction and maintenance of housing that is certified as being sourced from sustainably

managed forest resources. This will help protect forests and combat global warming. It also links this International Year 2012 with the two previous UN international years, the UN year of forests and the year of biodiversity.

Our third initiative is a joint publication with CECODHAS Housing Europe of profiles of the housing co-operative movements in ICA Housing member countries, including Turkey. This will make comparative information about the history, legal and financial arrangements for housing co-operatives readily available for those wishing to adapt relevant experience in other countries to set up housing co-operatives as a means of meeting housing needs.

Our final initiative is our "Good Governance" project. The aim of this project is to promote internationally the principles of sound, open, transparent and accountable democratic governance in housing co-operatives. It is being led by ICA Housing's Vice President, Mr Nick Gazzard, the Executive Director of the Co-operative Housing Federation of Canada, and a working group of ICA Housing Board members from Austria, Egypt, Poland, Pakistan. I am pleased to say, Mr Mehmet Aksoy from TURKKENT is a member of this project group. Our aim is to produce a global democratic governance code which our members can apply to ensure sound democratic governance of their housing co-operatives.

I now turn to my most challenging diplomatic task. I think you will be disappointed in me if I do not address it. From what I learned when I was in Istanbul last year and met representatives of national, regional and local government, what observations do I have about the housing co-operative movement in Turkey and its future? I say observations rather than advice because I consider that:

- a friend is a person who gives advice when you face the difficulties and challenges like the ones you are facing, but
- a good friend is one who walks a difficult road with you, who makes observations that help you to see challenges in a new, more reflective light, and supports and aids your efforts to find the right path.

ICA Housing is a good friend of TURKKENT that makes observations rather than presumes to give advice.

My first observation is that you are right to be proud of your co-operative housing history and past achievements. But equally, there clearly has been a breakdown of trust between co-operatives and the current Turkish government which, perhaps, sees co-operative housing in

the light of your association with its political opponents in the past. As I said in Istanbul, I consider that breakdown of trust to be damaging for both parties. It needs to be rebuilt, which is a joint endeavour. Part of that rebuilding is for you to consider how to renew your democratic governance and to show that you will be, open, transparent and accountable in the way you contribute to your skills and capacity to solve the need for decent, affordable, earthquake resistant, homes for the citizens of Turkey. Mehmet's participation in our IYC Good Governance Project will enable you to demonstrate that commitment.

My second observation is that you should not fear proper and appropriate regulation. There is a world of difference between state control of your activities, which is unacceptable, and proper and appropriate regulation. Good regulation is to your advantage as it will help rebuild trust and show your commitment to open, transparent accountable governance and ethical business dealings. These are the watchwords of sound co-operative business enterprise. I put forward for your consideration, as an exemplar system of regulation and accountability to an elected national government, the Co-operative Housing Agency in Canada which was established by the Co-operative Housing Movement and which regulates and monitors housing co-operatives under contract with the Canadian Government.

Thirdly, I suggest that you consider the importance of embracing democratic renewal. Ask what you can do to ensure that your members are actively involved in the participatory democracy of your co-operative housing movement at all levels. It will refresh your movement and help root democracy firmly in the fabric of civil society in Turkey. There is an old saying that; **“the future of any democratic organisation rests in the hands of the next generation of members and leaders”**.

My final observation is this. Your great co-operative housing movement in Turkey has an immense amount to offer your government and your people. I understand the urgency of replacing unsuitable Gececondus, that are not earthquake resistant, and increasing housing supply to meet the needs of your growing population. Your government, through its housing agency TOKKI, is taking a mass supply approach to provision in partnership, not with you, but with private sector house builders. A similar 'mass housing' approach was taken in the UK in the 1960's and 1970's and it largely failed because the communities that were built were not economically, socially or environmentally sustainable. Co-operatives have a unique capacity to create housing communities that are sustainable. The report **'Bringing Democracy Home'** from the Co-operative and Mutual Housing Commission in the UK, backed by similar research in Germany, including the example of Freiburg which you saw at our ICA Housing Symposium in Istanbul last year shows that the co-operative and

community led approach to creating vibrant, sustainable, housing communities is by far the best. I am confident that you can demonstrate to and persuade your government of the important contribution you can make to achieve its housing policy objectives.

I make these observations as a true friend and I offer you ICA Housing's continued support.

Mehmet, distinguished guests, fellow Co-operators, thank you for the honour of inviting me to address you today.

David A Rodgers

PRESIDENT
ICA Housing
13 April 2012

www.icahousing.coop