

THE BIG PICTURE

Co-ops Go Global

by Patricia Elliott

After your credit union recalls your student loan and the Wheat Pool pushes your hometown elevator into a pit and burns it, it can be hard to get excited about Co-operatives Week.

Co-ops are big business in Saskatchewan, generating \$3.5 billion in revenues annually. As a result, co-ops and credit unions are just another group of faceless corporations, to a generation of young Saskatchewanians.

At the spectrum's other end are the small co-ops your mom and dad used to pass the hat for at church events: the cloth-weavers, nut-pickers and goat-milkers of the world. Where are they today, in this globalized, corporatized new world? Can they compete? Should they? Relevance is something the co-op movement must grapple with, and fast.

Of course, the picture is clearer when you've lived life without co-ops. Anthony Pilgrim of St. Michael, Barbados, has been General Manager of the Barbados Co-operative and Credit Union League for just nine years, but he's considered a veteran. Although co-ops and credit unions have existed in Barbados since the 1940s, they only started expanding and hiring in the 1980s. Before then, foreign financial institutions - including Canadian banks - dominated the economy.

In the mid-80s, Barbadian credit unions successfully replaced their

American-based loans insurer with a home-grown co-operative. They used the resulting savings to create their own general insurance company, offering home and auto insurance.

Other insurers kept their rates high, and brazenly advised the fledgling Co-operative General Insurance Co. to follow suit. When Pilgrim and his colleague asked why, they were told it was because the Caribbean is a hurricane zone.

"But we said, you have to look at Barbados differently, because Barbados itself has not had a hurricane in fifty years," says Pilgrim. The co-op went ahead and set the rates at levels they thought fair.

"We are not subsidized. We are not a charity. All our transactions are based on market conditions."

Denis Garand of Co-operators Insurance served as a consulting actuary during this period. He says the birth of co-operative insurance in Barbados had stunning results. "They cut the cost of owning insurance by twenty-five to thirty percent overall, as other companies started matching their rates. That has had a tremendous economic impact on all the islands. It has

improved people's living standards," says Garand.

Although credit unions have just a ten per cent market share, their very existence is a boon to low-income families. "In housing, for example, our credit unions accept the kind of collateral that commercial banks wouldn't accept," says Pilgrim.

The credit unions placed pressure on unfair interest rates too, by offering a better deal. In the past, the main commercial banks - Canada's Scotia Bank, CIBC, and Royal Bank - charged up to twenty-four per cent on loans, while paying out just one per cent on savings.

CO-OPS WEEK

Oct. 18 - 24

How did they get away with it? Garand says it amounts to pure exploitation of vulnerable nations.

"Most Canadian banks repatriate the profit back to Canada," says Garand. With overseas profits, companies can engage in cut-throat competition at home, he points out.

The co-operative movement can be a powerful force for change.

Fermin Gonzales agrees. His company, Co-op Mutual Benefit Services, is based in Mindanao, Philippines. In some parts of Mindanao, more than half the people live below the poverty line.

"As far as we're concerned, foreign companies are very unfair to locals. They are taking money out of the country. We feel bad about that," says Gonzales.

"People are learning the value of co-operation and are buying co-operative insurance. It has caught the imagination of Filipinos. I am very optimistic we can improve the lot of Filipinos."

Co-ops provide more than consumer alternatives, Gonzales says. With assistance from the Canadian Co-operative Association (CCA), Filipino co-operatives promote health and housing programs in poor communities.

"Through co-ops, people can participate in community-building," he says.

In recent decades, the Philippines and other developing nations have become favoured nesting-grounds for a host of transnational corporations that flood the world with cheaply-produced but highly-priced consumer goods. One wonders how small co-op enterprises can compete.

"Do we want to catch up with transnationals? Is that appropriate?" asks Karen Timoshuk, a development educator for the CCA.

Timoshuk lives in Harris, Saskatchewan, and travels around the province giving presentations about co-ops in other countries. She

likes to talk "rural to rural."

Lately, she's hoping to encourage Saskatchewan retailers to buy from overseas co-ops. "We're just starting. We want to facilitate fair trade between co-ops. That's a slow, very gradual process," she says. But she insists there are some goods, like mangoes, which could be purchased from Central American co-ops right now.

Supply is a big problem, says Federated Co-operative Ltd. board chair Dennis Banda. Federated Co-ops is one of Saskatchewan's largest businesses. Banda says they once talked to a southern co-op about watermelons, but the co-op could ship only one carload - not nearly enough for Federated's 306 retail outlets.

"Co-ops are developing, but we need supplies now."

But Costa Rican co-op advocate Oscar Brown has a message for sceptics: "Don't hesitate to make it public that we have some products that I'm sure we can supply their needs with," he says. For example, he would be happy to ship 30,000 pounds of cashews to Canada.

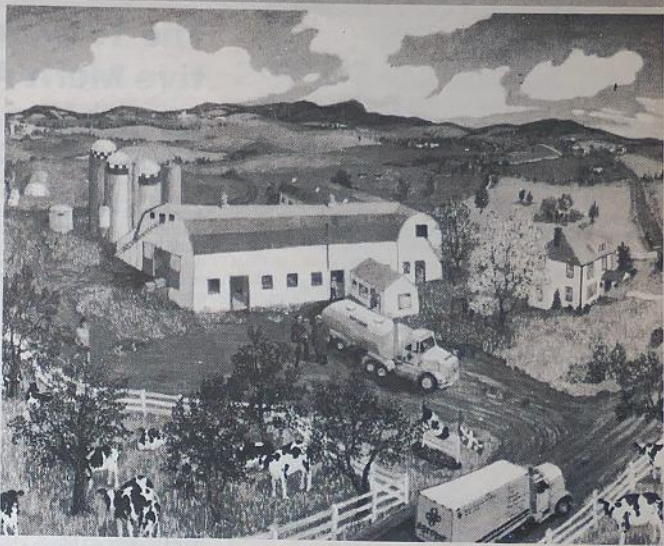
A CCA regional director, Brown helped producer co-ops in Costa Rica form a marketing consortium. They've already sent coffee and nuts to Montreal and Toronto, and have imported beans from Agricore, an Alberta Wheat Pool spin-off. Brown envisions more two-way deals through which farmers can enjoy the benefits of owning the traded goods.

The worldwide co-operative movement has an International Co-operative Alliance (ICA) with 230 member organizations in 100 countries. Combined, they represent 730 million co-op members, nearly one-sixth of the world's population.

Products ready for export include cashews, snow peas, macadamia nuts, lemons, cassava and plantain chips, and coffee.

One thing Brown can't foresee getting into is bananas: "It's impossible to compete with some transnationals."

Foods that are difficult to produce and typically priced higher are unattractive to transnationals,



Saskatoon artist Betty Meyers' series Co-operative Action celebrates people working together for a better future

Brown explains. Concentrating on such products provides a good niche for co-ops.

That's one way co-ops can grow. Governments could stand to step up their support, too.

It worked in Barbados, where tax breaks for credit union savings resulted in a tenfold increase in the whole country reaped the reward of better banking and insurance services. Unfortunately, governments often fail to help, which is counterproductive. "Credit unions and co-ops would do much toward uplifting the economic status of people," points out Gonzales.

Canada's government is stand-offish. Timoshuk's education work was once funded by the federal government, but no more. Foreign aid has been eroded, too, leaving fewer funds for overseas co-operative development.

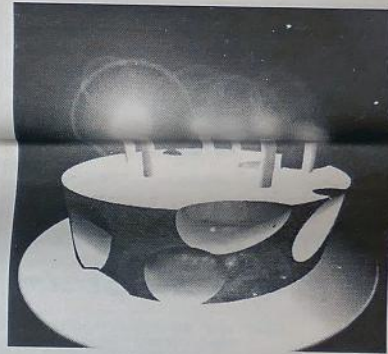
In some countries, co-op meetings attract thousands of people, according to Timoshuk. They're a threat to power. More subtly, the private sector pressures governments to place road-blocks in front of co-ops. They tend to view co-ops as unfair, state-sponsored competitors.

Oscar Brown answers back: "We are not subsidized. We are not a charity. All our transactions are based on market conditions."

Co-ops seem willing and eager to live by the marketplace. In Barbados, it was the credit unions that injected competition into the system, not the "free enterprise" banking and insurance cartels. Pilgrim says they've done so well that private institutions are fighting back with even cheaper deals for consumers. Sometimes you can't win for losing.

Still, joining the race to the bottom isn't in the cards for the co-op movement. What would be the point? Consumers who expect vast

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The Prairie Dog

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quantities of cheap produce year-round from co-ops should think again. And that might be a problem, according to Dennis Banda of Federated Co-ops.

"Our country has a cheap food policy, let's face it," he says. It's not fair to producers, but it's not easy to change. As evidence, he points to fairly-traded coffee that doesn't move off the grocery shelves. Consumer demand rules - and often rules badly.

What does the future hold? The worldwide co-operative

movement's International Co-operative Alliance (ICA) now boasts 230 member organizations in 100 countries. Combined, they represent 730 million co-op members, nearly one-sixth of the world's population.

At the grassroots, though, the global connections are barely there. Everyone is moving slowly, trying to keep things sustainable, trying to keep it fair. That's not easy. Greed is easy. Co-operation takes time.

The 1999 Saskatchewan Co-operative Merit Award Winners

Held annually since 1980, the Saskatchewan Co-operative Merit Awards honour Co-operative and Credit Union members who have made outstanding contributions to co-operative development in this province. Nominations are submitted each year by Co-operatives and Credit Unions throughout Saskatchewan. The winners are selected by representatives of the Canadian Co-operative Association, Saskatchewan region.

The two award categories are: the Saskatchewan Co-operative Order Of Merit Award, which recognizes long, varied and meritorious service by selected individuals, and the Saskatchewan Co-operative Enterprise Award which recognizes innovation, achievement and initiatives in Co-operative development by individuals or companies. This second category was introduced in 1995.

The following individuals are to receive the Co-operative Order Of Merit Award in 1999.

George Cristo (Assiniboia) - Federated Co-operatives Limited. George's long record of co-operative involvement includes service at all levels of the movement. He was a FCL delegate for 29 years in addition to over 30 years of service as a delegate for a wide range of co-operative organizations.

James Wilfred Cinnamon (Carnduff) - Carnduff Co-operative. James was the president of the Carnduff Co-operative for 19 of the 37 years he served on the board. He also served in numerous positions for the Saskatchewan Wheat Pool (SWP) over 20 years.

Bryan Kirk (Melville) - Prairie Co-operative. Bryan served on the board of the retail co-operative for the last 27 years. The co-operative has seen improved financial strength and growth, as well as improvements to the facilities and services to its members. Bryan also served on numerous other committees, delegations and positions with a variety of co-operatives.

Victor Hay (Christopher Lake)

Federated Co-operatives Limited. Victor was the director of the Matador Co-operative Farm, now the Matador Farming Pool. Victor has served in various capacities with other co-operative organizations as well.

Enos Sproat (Kipling) - Kipling Co-operative. Enos helped start the Kipling Co-operative and the Kipling Credit Union. He served for three years with the SWP.

Russell Simpson (Tompkins) Pioneer co-operative. Russell served on the Tompkins Livestock Co-op for 44 years promoting the sheep industry in the southwest. He has also served extensively with the SWP and Federated Co-operatives Limited (FCL).

The following will receive Co-operative Enterprise Awards for 1999.

New Beginnings Housing Co-operative (NBHC) Prince Albert. Since 1996 NBHC has renovated 19 homes for member families. It has provided the opportunity for families who cannot meet the financial requirements to own their own homes. NBHC sponsors two other Prince Albert Co-ops, Innovative Concept Co-operative and Hand In Hand Housing Co-operative.

Beryl Bauer (Lake Lenore) Lake Lenore Grocery Co-operative. Beryl's tremendous community involvement and leadership was a vital key to the establishment of the Lake Lenore Grocery Co-operative in 1996. The Community faced the prospect of having no grocery store before this co-op was established. Beryl is also involved with the SWP and is a board member of the local credit union.

The Award Banquet will be held on Monday, October 18, 1999 at 5:30, at the Delta Regina Hotel at 1919 Saskatchewan Drive. Banquet Tickets are \$25.00 and are available from the Canadian Co-operative Association, (306) 244-3702.

-with files from Marilyn Day

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