



## Our economy needs a new vision and direction based on ‘home economics’

In a joint statement issued on Tuesday, some of the nation’s peak business groups including the Australian Chamber of Commerce and Industry, Business Council of Australia and the Australian Industry Group, sent our political leaders a stark message about the effects of inaction over economic reforms. In short the statement warned that the period of unprecedented economic growth and prosperity which Australians have enjoyed is now in jeopardy unless our leaders summon the courage of their convictions to bring about the economic restructuring we are told we need, however unpopular these reforms are in the short term. What is less clear in the statement is what reforms are we talking about, and who government should be prepared to be unpopular with? There is no question of a narrative divide opening between the reforms that sit on the ‘income’ side of the equation such as the mooted changes to superannuation tax concessions and the crackdown on multinational profit shifting and those reforms on the ‘expenditure’ side such as cuts to welfare and social care spending and deregulation of higher education fees. It follows that these two areas of reform are also likely to find unpopularity with different stakeholder groups.

We need business leadership and we need conviction politicians, but let’s not forget the role of ordinary Australians in all of this. What can we do to unleash the entrepreneurial energy of the nation for example? After all, it is the nation’s small and medium businesses which are the largest employer group in Australia, providing work for 5 million or 63 per cent of the Australian workforce.

Australians have a long and successful history of sharing the risks and rewards of business in mutual aid activities for the long term benefit of the community and the Australian economy. From the founding days of our society, Australians pioneered mutuals and friendly societies and by the eve of the First World War, around 400,000 friendly society members helped to fund benefits for over one million Australians. These traditions of self-help continue and can provide answers to our current economic malaise. Today there are 13 million plus members of co-operative and mutually owned businesses, with these businesses contributing 7 per cent of our GDP.

If we want to develop a resilient and strong economy that does not repeat the mistake of placing all of our eggs in one basket (as we are now experiencing with the plummeting fortunes of mineral commodities) we need our leaders to be the champions of diversity in the economy and encourage and enable a mix of ownership models.

Leaders need look no further than the co-operative and mutual business models for a prudent and dependable approach to economic management, summed up by these four principles:

1. Take a long term view and not just focus on small term profit
2. Hedge your bets and invest for the future taking into account social, economic and environmental factors
3. Ensure rewards and risks of enterprise are shared fairly
4. Reinvest all profits at home for the benefit of Australians

The approach that mutuals take to business is level headed and effective and is the main reason behind the global renaissance of member-owned businesses since the global financial crisis. In any future economic plan, our political leaders should promote and support these mutual principles for all Australians to enjoy an equal say and a fair share of the pie.

**Melina Morrison is the CEO of the Business Council of Co-operatives and Mutuals (BCCM), the national peak body representing the co-operative and mutual models of enterprise in Australia.**