

Studies and Reports

Twenty-first in the series

CO-OPERATIVES IN EASTERN & CENTRAL EUROPE

Poland

by Tadeusz Kowalak

Professor Emeritus of Social Policy, Warsaw University
Former Director, Co-operative Research Institute, Warsaw, Poland

(Edited by Margaret Prickett)

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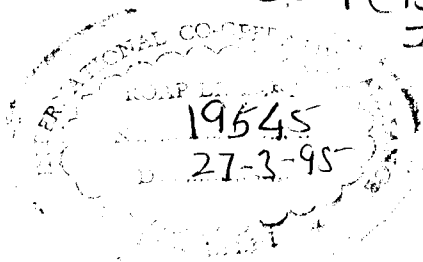
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The results of his work have been published in over 200 articles and nine books published in Poland, Germany, France, Japan and Canada. He has also written extensive reports and studies pertaining to co-operative legislation, agriculture and industrial co-operatives.

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1 Main characteristics of the present co-operative structure

1.1 Brief historical background

In the mid 19th century the first Schulze Delitzsch-type credit co-operatives were established in the territory of today's Poland by small craftsmen and retail traders. Raiffeisen-type rural co-operatives followed shortly. Until the outbreak of the First World War an important network of savings and credit, agricultural supply and marketing, dairy and consumer co-operatives was established. It played an important role in sustaining the Polish nation during more than 120 years of foreign occupation until 1918, when Poland was reinstated as an independent country. In the period between the two World Wars the co-operative movement strengthened its economic and social position. New forms of co-operatives, such as housing and workers' co-operatives, emerged.

The outbreak of the Second World War, and the subsequent occupation of Poland, destroyed the existing co-operative structures, with the exception of consumer co-operatives in the territory of the so-called General Government. These, despite being under the close control of the occupational German authorities, played an important part in the national resistance movement.

During the first two years after the war, active co-operative members, with the support of non-Communist political parties, succeeded in re-establishing a number of the liquidated co-operatives, and in organizing many new ones which, taking advantage of the pre-war legal forms and experiences, helped in the process of economic recovery of the devastated country. These endeavours came to an end with the seizure of political power by the Communist Party.

From 1948 on, co-operatives and their unions were forced to play an instrumental role in the realization of State economic plans within the framework of a centrally-planned economy. This had negative consequences for their development as independent socio-economic organizations, since their purpose was to realize State economic plans rather than to fulfil the needs of their members. Co-operative members lost control over their co-operatives' activities: they participated neither in the financing of co-operative operations, nor in the profits. Consequently, the members' motivation and interest in participation practically ceased to exist.

On the other hand, the instrumental approach to co-operatives by State authorities contributed to an impressive development of the 'socialist co-operative movement'. New forms of co-operative, virtually unknown in previous historical periods, came into being: agricultural production and fishery co-operatives, workers' and disabled persons' co-operatives, and agricultural circles' co-operatives. In the inter-war period, the economic role of co-operative organizations, estimated in terms of the share in Gross National Product (GNP), amounted to some 2%. This grew to 11.6% by the 1980s. (More detailed information about the scope of the co-operative movement in Poland at the end of the Communist era can be found in Table 1 on page 6).

The situation described above changed completely with the introduction, in the second half of 1989 and at the beginning of 1990, of new economic rules. The reforms were based on the principles of legal equality of all enterprises; on their full independence in performing their economic and other activities; on free competition between all enterprises; and on their financial self-responsibility. The new political forces declared that private entrepreneurship was to be promoted and, consequently, introduced tax exemptions for newly-established private enterprises.

Co-operatives were completely unprepared for this sudden change of rules. Having a heavy, bureaucratic organization, very similar to State enterprises, they proved to be unable to adjust their organization and business policy to the new market conditions.

In addition, the Act of Parliament of 20th January 1990 ordered the liquidation of all co-operative unions (see 2.3.1). The old upper level co-operative structure collapsed; the new one, after nearly two years of chaos, has only recently started to emerge.

1.2 Models of co-operatives and their significance in quantitative terms

Co-operatives in Poland were traditionally classified, according to their location, as either rural or urban. With few exceptions, only savings and credit co-operatives operated both in the countryside and in urban areas. The strict organizational division in urban and rural co-operatives was gradually liberalized in the 1980s, and now any kind of co-operative may be established in any area. The statistics relating to the co-operative movement at the end of the Communist era are presented in Table 1.

Because of the liquidation of all secondary and tertiary co-operative organizations at the beginning of 1990 (which will be discussed under 2.3.2 below), the most recent complete statistical data available date from the end of 1988. Table 1 will serve, therefore, rather as a point of reference for the analysis of later developments than as an illustration of the actual dimensions of the movement. This must be estimated on the basis of partial and widely dispersed statistical material, as well as on opinions expressed by leaders of the new co-operative auditing unions.

The Polish Co-operative Movement (as of 31.12.88)

Co-op type	Number	Members	Employees	Significance
Total	15,236	15,286,200	1,996,310	8.9% share of GNP
Rural	8,133	7,963,200	769,066	
Supply & marketing	1,912	3,531,500	434,570	59% of marketing of agricultural products
Dairy	323	1,199,400	112,793	95% of milk processed
Horticultural market	140	372,600	55,519	50% of fruit & veg
Agricultural prod. co-ops	2,086	190,400	697,000	3.6% of arable land
Savings & credit	1,663	2,566,100	31,290	18.5% of population's savings
Agricultural circles	2,006	113,200	154,447	important share in mechanization service
Urban	7,103	7,313,000	1,204,892	
Consumer	397	2,957,500	350,400	75% of food retailing
Housing	3,128	3,515,000	128,037	ca. 65% of new housing
Industrial	2,461	458,100	390,150	7.6% share of sector
Disabled	454	233,500	231,949	employs 180,000 disabled people
Handicraft supply & marketing	562	137,400	18,018	servicing 200,000 handworkers' shops
Other	101	11,500	43,203	mainly printing industry

Source: Spółdzielczosc w liczbach, Warszawa 1989. Statystyka Spółdzielni, Naczelna Rada Spółdzielcza, Warszawa, 1989.

1.2.1 Rural co-operatives

Of Poland's 38 million inhabitants, about 46% live in rural areas and 27% earn their living from work in agriculture. In the period after the Second World War individual farmers never owned less than 75% of the total arable land. This land was owned by between 3.2 (1948) and 2.8 (1990) million private farms, with an average size of about 5 hectares each. This was the reason why, unlike other post-Communist countries, there are many types of co-operatives operating in rural areas of Poland. The great majority of them were, and still are, service-orientated rather than production-orientated.

1.2.1.1 'Peasant self-aid' supply and marketing co-operatives

With the official name of 'Communal Co-operatives of Peasant Self-Aid', these were imposed by the Communist Party between 1945 and 1947 to take over the political control of agricultural supply and marketing co-operatives and rural consumer co-operatives. The above two types of co-operatives were merged to form an immense, monopolistic organization, linking the private farms with the centrally-planned economy. Its main functions were: to supply private farms with agricultural inputs; to market the agricultural products of private farms; to process some agricultural products for mainly local needs; to produce some consumer and production goods; to supply the rural population with consumer commodities and services, as well as productive services; to run catering businesses. The Peasant Self-Aid supply and marketing co-operatives created an important economic infrastructure in rural areas, using for this purpose some of the means accumulated in the process of their economic activity.

They replaced the State in performing several social functions. In 1988, 1,912 Peasant 'Self-Aid' co-operatives had a membership of over 3.5

million and employed 468 thousand persons, of whom about 170 thousand were in retail trade and catering, 68 thousand in the production of goods and services, 17 thousand in the purchasing of agricultural products and 64 thousand in administration.

To perform their economic functions they possessed 71,500 shops, 5,500 restaurants, cafés etc., 36,000 purchasing facilities, 2,100 bakeries, 1,090 butchers' shops, 59 mineral water factories, 226 animal fodder production plants, and 14,300 servicing facilities.

To perform their social functions they ran 340 sports grounds, 2,456 kindergartens, 4,300 rural clubs, and 1,400 libraries. Primary co-operatives enjoyed a monopolistic position in rural retail trade, catering and services (the State sector of economy was absent and the private sector covered not more than 2% of the retail turnover). Peasant Self-Aid co-operatives possessed the monopoly of purchasing the majority of agricultural products from private farms. Their share in the total purchase of agricultural products amounted to 58%.

At the end of 1988, an average communal co-operative of Peasant Self-Aid had 1,941 members, each of whom owned a one thousand zloty co-operative share. Such a co-operative employed 256 persons and normally covered the area of one commune (in Poland at that time there were about 2,500 communes): it ran 39 shops; 22 facilities for the purchase of agricultural products; eight service shops; three industrial plants, mainly bakeries, slaughter houses and mineral water production units; and three cultural units, be it peasants' clubs, libraries, kindergartens or artistic ensembles.

With the introduction of economic reform in 1990 the position of Peasant Self-Aid co-operatives started to diminish dramatically.

As previously mentioned, there are no statistical data available from any source, including the Main Statistical Office, which would cover even

the basic information about the state of any co-operative branch as a whole. The data presented below are based on a questionnaire sent in April 1992 by the Agricultural Trade Business Chamber of Peasant Self-Aid Co-operatives (see 2.4) to over 1,600 primary co-operatives, of which 370 answered.

The analysis of data received indicates that, at the end of 1991, the average Peasant Self-Aid co-operative had 731 members, which equals 40% of the average membership in 1987 and 75.8% of that in 1990. It employed 118 persons, in comparison with 256 in 1987: a decrease of 54%. At the end of 1991 an average co-operative ran 26 retail outlets, three purchasing facilities, two processing plants, two catering units and two servicing shops which, compared with 1987, means a reduction of the number of retail outlets, industrial plants and catering units by one third, of purchasing facilities by 87%, and of servicing shops by 75%.

The above statistical estimate hides a great diversity of developments in individual primary co-operatives. Of six co-operatives in the branch which I visited at the end of May 1992 only one noted an increase in membership. One of them reduced its retail trade to virtually zero; others reported this as their most profitable activity; all of them were developing processing; all reduced both supply of agricultural inputs and marketing of agricultural products to 10 - 20% of their volume in 1987. It may be stated with certainty that the monopolistic position of these co-operatives within the rural market belongs to the past. They have to fight for survival. It is estimated that at the end of June 1992 about 2,000 Peasant Self-Aid primary co-operatives were in operation, which exceeds the number existing in 1987. The main reason for this increase was the division of some co-operatives which covered an area exceeding the territory of one commune.

About 40 primary Peasant Self-Aid co-operatives have either been liquidated or have entered the process of liquidation. Between two and three hundred co-operatives are facing bankruptcy. Their liquidation is imminent.

The comparison between the end of 1991 and the end of 1990 proves that the erosion of the economic and social position of the co-operatives in question has not yet stopped. The decrease in members during this one year period amounted to 24.2%, that of employees to 22%.

These conclusions can be justified if the basis of the above analysis (370 co-operatives out of almost 2,000) is reliable enough to suggest the possible situation of the whole branch. It is probable that those co-operatives which answered the questionnaire are in a better economic condition than those which did not. If so, the general picture may be still worse.

The reasons for the above-described worsening of the economic and social position of primary Peasant Self-Aid co-operatives are: an economic crisis of catastrophic dimensions; the increasing poverty of the population, especially that in rural areas; lack of advisory services, as the higher-level co-operative organizations are wound up; unexpected and enormous increase in interest rates (in January 1990 44% monthly); competition from private enterprises, which enjoy privileged taxation; competition from imported Western commodities, especially foodstuffs; closing of Eastern markets resulting from the changes within the former Soviet Union and in the resultant new countries; and co-operative management bodies' lack of knowledge about rules governing the free market economy. The above also apply to other co-operative branches.

1.2.1.2 Dairy co-operatives

In 1988 there were 383 dairy co-operatives with 1.2 million members and 113 thousand employees. At 9.8 thousand milk assembly points, over 95% of all milk produced in Poland for market purposes by private, State and co-operative farms was purchased. It was then processed by 712 dairies to produce homogenized milk, cream, cheese, yoghurt,

casein, powdered milk etc. Dairy co-operatives supply the retail trade with their products, run a few retail shops of their own and deliver dairy products to recognized foreign trading companies for export.

Beside economic functions, dairy co-operatives have played an important role in improving the quality of cattle and of milk by providing producers with consultation services, carrying out research and organizing training courses and exhibitions. Such socio-educational activities have been subject to severe limitation in the last two years as a result of cost reduction methods.

It is estimated that the numbers of co-operatives, and co-operative members, as well as the economic and technical infrastructure of dairy co-operatives, have not changed very much over the period in question. This is due to the fact that the division of big dairy co-operatives into several smaller ones does not seem to have good prospects because this would entail sizeable new investments which would be difficult to finance and which do not usually promise economic success.

Generally speaking, from 1990 on, new investments in existing co-operatives have been postponed, with the exception of a few dairy co-operatives which set up joint ventures with foreign capital. Those dairy co-operatives which took investment credits in the 1980s, and did not manage to carry out the investments planned, got into serious financial difficulties. Because of the dramatic reduction in demand for dairy products on the home market (amounting to 50%), and the high interest rates which they had to meet, they could not pay adequate prices to their members. This resulted in vigorous and widespread protests by farmers. The nomination of the Plenipotentiary of the Minister of Agriculture for Dairy Co-operatives was one of the results of these protests. His task was to elaborate a policy which would save dairy co-operatives from bankruptcy and the Government from the social and political troubles which would be unavoidable in case of further reduction in demand for milk.

The financial situation of the vast majority of dairy co-operatives is estimated to be bad or very bad. They have, however, maintained their monopoly regarding the purchase of milk produced by individual farms.

The main problems facing dairy co-operatives are the scarcity of credit, the decrease in milk production, the shrinking of the home market for milk products and the tough competition from Western milk products, which are of better quality and greater diversity. The latter are also much more attractive, because of the quality of packaging.

1.2.1.3 Horticultural and apicultural co-operatives

There were 140 horticultural and apicultural co-operatives in 1988. They affiliated 372,600 individual owners of farms producing fruit, vegetables and honey. Some State and co-operative farms were members of these co-operatives, too. Their main function is to market fruit, vegetables and honey produced by their members, and to supply member farms with inputs and special services. They also render consulting services, and organize training courses for members and employees, as well as exhibitions.

In 1988, horticultural co-operatives employed 55,500 persons, and owned and ran 6,500 shops, over 1,100 fruit and vegetable collection points and 210 processing plants. They made a significant contribution to the improvement of the quality of fruit, vegetables and honey produced by member farms. They had a very strong position on the home market (about 50% of the total turnover) and their specialized foreign trade enterprise had a virtual monopoly of the export of fruit, vegetables and honey.

Unlike the multipurpose co-operatives of Peasant Self-Aid, horticultural co-operatives did not establish a national organisation to take over the advisory and other functions from the Central Union which, like all

other national co-operative unions, went into liquidation by order of the Law of 20th January, 1990. There is, therefore, no global statistical information about their situation in 1992.

My talks with the managers of a few co-operatives of the type discussed indicate, however, that their economic situation has become critical. In some cases, where new processing facilities started before 1990 have not been completed, co-operatives, if not already declared bankrupt, are on the verge of bankruptcy. Between half and two thirds of their shops have been closed and partly taken over by private shopkeepers. Retail turnover has shrunk to about 33% of its 1989 level. Membership has also decreased, not as critically, however, as in the case of the Peasant Self-Aid co-operatives.

The main reasons for this decline are: lack of advisory services, high interest rates, reduction of demand by the home market, lack of market opportunities abroad and rather a low level of processing technology.

1.2.1.4 Agricultural production co-operatives

This kind of co-operative organization was not known in Poland until 1949, when they began to be imposed on farmers by the Communist Party and the State authorities. The idea of socialization of private agriculture through agricultural production co-operatives (APCs) collapsed in 1956. Nevertheless, in 1988 there were 2,089 APCs with over 190,000 members, who belonged to over 155,000 families. They cultivated 3.6% of the country's arable land.

In 1990 there was a decrease in land cultivated by APCs to about 662,000 hectares, i.e. to 3.52% of arable land. The number of employees dropped to 155,500, the number of members to 146,000.

Just over half of these co-operatives act only in the sphere of agricultural production. Most of the land they cultivate was assigned to them by the

State; about 90% of members were formerly agricultural workers with no land of their own. A negligible part of the land is legally the property of co-operative members who were, in the past, compelled to give it up for co-operative use. The remaining APCs are specialized co-operatives which started to operate in 1975. They affiliate individual farmers, who remain private owners of their land and cultivate it individually, only producing a minority of products collectively. Since the liberalization of legal regulations in the mid-1970s, several economic activities, not necessarily connected with agriculture, have been performed by both types of APC. This made it possible to use most of the work time which could not otherwise be utilized for productive purposes, thus improving the co-operatives' profitability.

In the period between the end of 1989 and the end of 1991 about 200 APCs went into liquidation. At the end of June, 1992 165 co-operatives lost their credit rating. So far, however, this seems to be connected less with the poor economic viability of this type of co-operative (which is suggested by some agricultural economists) than with the critical situation of Polish agriculture as such.

Increasing levels of collaboration between co-operative members and management, with the aim of sustaining their co-operatives, was noted. The main reason seems to be the fear of losing jobs in case of liquidation. In spite of some pessimism among APC leadership (40% of existing APCs declared their economic situation as bad, and 30% think that bankruptcy is imminent) it seems that agricultural production co-operatives will not disappear from Polish agriculture in the foreseeable future.

1.2.1.5 Agricultural circles' co-operatives

The concept of Agricultural Circles' co-operatives derived from the idea of finding another way to 'socialize' agriculture. The first step in

this direction was the use of collectively-owned agricultural machinery to perform the most arduous tasks connected with land cultivation. This started with the introduction of agricultural machine stations, owned by agricultural circles (a traditional social organization of farmers living in one village) and financed from a special Agricultural Development Fund introduced in 1959.

The main task of these co-operatives during the 1970s was to take over cultivation of the land turned over to the State by elderly farmers, who could no longer cultivate their farms, in exchange for a State pension.

In 1988 there were 1,908 co-operatives of this type, employing 158,000 persons. Their membership, mainly agricultural circles, amounted to 30,757. The co-operatives rendered services such as ploughing, transportation, construction of buildings and the repair of agricultural and horticultural machinery to individual farms. They had 4,360 mechanization plants, 621 repair shops and plants producing building materials, some 1,570 workshops and 350 agricultural farms.

The agricultural circles' co-operatives have proved to be the least stable branch of the co-operative movement. Between 1989 and 1992 about 400 of them entered into liquidation. In 1990 they cultivated about 54,000 hectares of arable land which, in comparison with 273,000 hectares in 1980, means a decrease of more than 80%. Mechanization services rendered to individual farms diminished by about 50%, mainly because of the abolition of State subsidies. Employment dropped from about 220,000 in 1980 to about 100,000 in 1991. According to research carried out in April 1992, based on a questionnaire sent to these co-operatives, 55% of them consider their situation as critical and 40% anticipate imminent liquidation. As agricultural circles' co-operatives are co-operatives of corporate bodies, there is a trend to divide the agricultural machinery which they own and to transfer it to individual agricultural circles: the members of the co-operative. Some cases of illegal distribution of this machinery among farmers were noted.

It seems likely that this kind of co-operative will gradually disappear, its functions being taken over by the agricultural circles themselves, by private enterprise and by simple forms of co-operation.

1.2.1.6 Other types of co-operatives

In addition to the above-described co-operatives there were:

- * 39 construction co-operatives with 859 affiliated corporate bodies (co-operatives and agricultural circles). They performed construction work, mainly investments in the economic infrastructure of affiliated organizations;
- * 42 co-operative farming enterprises with over 3,200 members, including 320 corporate bodies. Their aim was to cultivate land formerly belonging to co-operatives of agricultural circles. Their number decreased by half;
- * two regional co-operatives to supply raw materials, having 58 corporate bodies in membership;
- * the National Union of Regional Co-operatives of Small Livestock Breeders, with a membership of over 9,000.

I did not succeed in collecting any reliable information about the present state of these co-operatives.

1.2.1.7 Financial co-operatives

Co-operative Banks

Until the mid-eighties co-operatives were banned from operating on the financial market. Agricultural banks were an exception, but even these

had very limited independence. They transferred 60 - 70% of deposits to a central body, the Bank of Food Economy (BGZ), with the remaining 30 - 40% available for loans to members. Following the law of 20 January 1990, the BGZ lost its competence as sui generis central co-operative union, but it continues to exist as a central bank for rural banks.

There are 1,660 banking co-operatives with 459 branches and 2,693 cashiers' offices throughout the country. Co-operative banks have 2.5 million members, mainly farmers and small-scale producers of commodities and services, and employ 32,000 persons. Co-operative banks collected 18.5% of the population's total savings in 1988. They grant short- and medium-term credit for production and consumer needs. The structure of loans granted in 1988 indicates that the main task of these co-operatives was to promote agricultural production (67.3% of the total credit granted). In 1988 only 14.9% of loans were granted to handicraft and small private trade and industrial enterprises, 15.4% for housing and only 2.2% for consumption needs.

In 1990 the rural banks started to form regional unions. The first was created by 9 co-operative banks in the region of Greater Poland, which has a strong tradition of co-operative financial institutions. The Economic Bank of Greater Poland, taking advantage of financial and institutional help from the French Crédit Mutuel has quickly developed into a viable alternative to the former apex body, BGZ.

In April, 1991, 130 co-operative banks in 5 regional unions set up the National Co-operative Bank Union (KZBS) with headquarters in Poznan. KZBS organizes funding to support its members' credit facilities, provides training of personnel and represents the interests of its members in negotiations with the central authorities.

In 1990, under the auspices of the Independent Autonomous Trade Union of Individual Farmers 'Solidarnosc' - a joint-stock company, the Bank Unia Gospodarcza (Economic Union Bank) was created by about

100 co-operative banks. In June 1992 117 co-operative banks were affiliated. These owned all its shares.

The majority of existing primary co-operative banks did not cut their economic connections with their former central union. On the other hand the idea of establishing a national union of bank co-operatives is promoted by the World Bank mission and seems to be in the final stage of discussion. Because of controversial interests and ambitions of the institutions involved, it is difficult to predict the final result of these discussions.

After the liquidation of the central co-operative unions two banks were formed out of their assets: 'Spolem' for consumer societies (in December 1990) and 'Samopomoc Chlopska' for agricultural co-operatives.

The inspiration and help of the French Caisse Centrale de Crédit Coopératif assisted the creation of the Bank of Socio-Economic Initiatives (BISE). The Bank registered in March 1990 and became operational in July of the same year. After two years of operation it is recognized as being one of the most dynamic and successful financial institutions in Poland. Since its creation, the BISE has granted 462 loans, with a total value of 95,059 million zlotys. Almost all of these were granted for investment purposes and more than 2,000 new jobs were created.

The BISE works closely with two sister institutions: the Foundation for Socio-Economic Initiatives (FISE) and the Society for Socio-Economic Investment (TISE). The FISE's objective is to provide financial advice to small- and medium-sized enterprises and to assist societies in obtaining credit. The TISE supports the development of small and medium enterprises by contributing to their initial capital.

The TISE invests its funds into carefully chosen enterprises, the main criterium being economic viability and relevance to the local economy.

The BISE offers a large choice of services to foreign investors: legal advice, consultation, representation etc.

Credit unions

Credit unions were reintroduced to Poland in 1989, through the initiative of the trade union NSZZ 'Solidarnosc' leaders. The Foundation for Polish Credit Unions was established in August 1990, with technical help from World Council of Credit Unions. The Foundation works by transforming the loan and savings associations present in every enterprise into credit unions. Ten societies have been registered during 1991/1992 and the first credit union started operation on 30 July 1992. The new movement represents 23,000 members and savings amount to US\$ 3,500,000. The Foundation is also becoming active in the insurance sector.

Co-operative insurance societies

Under communist rule, the insurance sector was the monopoly of the State. In 1987, the Government authorised the formation of co-operative insurance societies and later joint-stock companies. Foreign companies can form joint ventures with Polish societies but are not yet allowed to operate directly on the domestic market. However, the sector is in full expansion, with new companies appearing daily. The minimum capital requirement for starting an insurance company is US\$ 2 million.

Szczecin has seen the birth of Filar AG, joint-stock insurance company of housing co-operatives. The share capital is PLZ 6.6 billion, and operation is scheduled to start by the end of 1992. The company will be catering for the insurance needs of housing societies and their members.

Benefit Sa, Gdynia, is a joint venture life insurance company founded in 1992 by the Foundation of Polish Credit Unions, CUNA Mutual Insurance Society (USA) and CUMIS Insurance Society (Canada). The

share capital is US\$ 1 million, of which the Foundation has a 10% initial holding, with an option to use its yearly surpluses to buy the remainder in stages. The company will offer loan protection and life savings insurance to the members of credit unions.

EURESA, a consortium formed by Macif of France, Unipol of Italy, PS of Belgium, Folksam of Sweden is at the source of one of the most promising insurance projects. Towarzystwo Ubezpieczen Wzajemnych (TUW) is a mutual insurance company registered in 1991, which became operational in March 1992. Its share capital is PLZ 5.7 billion, half owned by EURESA and half by institutional members from Poland. TUW offers the same range of products as the State company PZU.

Besides the bank 'Samopomoc Chlopska' an insurance society was created on the basis of former Central Union of Agricultural Co-operatives in 1991. The society has a premium income of PLZ 120 billion. The company offers general insurance to agricultural co-operatives, providing about 90% of agricultural societies with theft, fire, transport and vehicle insurance services.

1.2.2 Urban co-operatives

Co-operatives in urban areas may be divided into service and producers' co-operatives. Consumer co-operatives belong to the first category and have the longest history, of about one hundred years. Housing and handicraft supply and marketing co-operatives are also service co-operatives. Until the end of 1989 producers' co-operatives, also called industrial or workers' production co-operatives were regarded as the most important part of the small-scale industrial and service sector of the national economy.

1.2.2.1 Consumer co-operatives

At the end of 1988 there were 397 consumer co-operatives operating in towns, with a membership of close to three million persons. They employed 393,500 people in 29,000 shops, 8,800 restaurants, bars and cafés, 1,175 bakeries, 287 slaughter houses, 266 mineral water factories and 8,300 service units. From 1975 onwards, consumer co-operatives were responsible for the retail food trade in urban areas. They also sold some industrial commodities directly connected with household needs. Food represented 80.4% of the retail turnover. They were also involved in the production of groceries. The share of consumer co-operatives in the urban retail trade amounted to over 55% of turnover, leaving about 38% to State enterprises and the rest to private firms. Social and educational activities were provided by two cultural centres, 52 clubs, and 74 community centres. There were 133 artistic ensembles and 154 sports clubs under the auspices of consumer co-operatives. A special network of Centres for Practical Women rendered advisory and training services to female co-operative members.

The introduction of the free market economy, together with the decision to liquidate the Central Union of these co-operatives, was a shock for the whole organization. Between 1989 and 1992 the number of shops and of persons employed by consumer co-operatives dropped by about two thirds, the number of industrial plants by one third.

The number of co-operative members diminished by about 50%. In some cases 1992 membership amounts to only 10% of that of 1988. This is mainly the result of the augmentation of co-operative shares decided by general assemblies but not followed by members, who have therefore been struck off the lists. The updating of membership lists has also played an important role.

The financial situation of a sizeable number of consumer co-operatives is far from satisfactory. It is estimated that between 10 and 20% of them

will go into liquidation before the end of 1992. The main reason for imminent bankruptcies is the very high interest rate payable on loans taken out mainly for investment purposes, before the introduction of the economic reforms of 1990.

Looking at the actual situation from the point of view of members' empowerment, the only positive phenomenon to be noted is the decentralization already carried out through the division of the biggest consumer co-operatives in large conurbations into two or more independent ones.

1.2.2.2 Handicraft supply and marketing co-operatives

During the period of Communist rule the number of privately-owned craftworkers' shops varied between 150 and 250 thousand. After the Second World War this type of co-operative was to act as a link between individual, private craftworkers and the centrally-planned economy. At the end of 1988, 515 co-operatives of this type operated in Poland. Almost 132,000 members - private owners of craftworkers' shops - were affiliated, and the co-operatives employed about 18,000 people. Their main task was to market their members' products (44% of their turnover) and to render manifold production services (41% of their turnover). The supply of raw materials, machines and implements amounted to 15% of their total turnover.

There are no data available to ascertain what changes took place in this co-operative branch between 1988 and 1992.

1.2.2.3 Housing co-operatives

The problem of housing is one of the most important and difficult social problems of post-war Poland. The self-confidence of the Communist

rulers, who believed that the State was able to solve this problem single-handedly, proved to be unjustified. Consequently, responsibility for solving the housing problem was gradually transferred to housing co-operatives, which have been developed into the most important movement of this kind in Central and Eastern Europe.

In the 1980s the traditional strict differentiation between tenants' and owners' co-operatives ceased to play any role. Co-operative members, being owners of their co-operative flats, enjoy the privileges of owners of real estate, with some limitations. They can sell their flats independently, the co-operative being obliged to admit the buyer to co-operative membership. Their flats can also be inherited according to the regulations of the Civil Code. Except for the two above-mentioned rights, the position of members who are only tenants of a co-operative flat is, within the co-operative, the same.

At the end of 1988 there were 3,128 housing co-operatives, three times more than in 1980, with 3,515,000 members and 113,000 employees. They disposed of 2,926,000 flats, i.e. about 27% of the total number of flats in Poland and 42% of flats in urban areas. In 1989, housing co-operatives supplied their members with 90,000 new flats, which amounted to 48% of the total number of new flats constructed in Poland.

Between the end of 1981 and the end of 1990 the number of housing co-operatives increased by 3,190 units to a total of 4,500: i.e. by 343%. The increase during 1990 amounted to 479 units, that is more than the average yearly increase during the whole of the 1980s. Between 1980 and 1990 membership increased by 1,191,200, i.e. by 47.3%, of which 148,800 joined in 1990. Without taking into consideration those housing co-operatives which do not own any flats yet, the number of members amounted to 3,644,500 at the end of 1990.

This enormous increase in both the number of housing co-operatives and in their membership was due to hopes raised by some changes to the

economic system of Communist Poland introduced in 1980 - 82. These hopes did not materialize, due to a lack of capital and of building plots, which stopped the 'new wave' of new housing co-operatives. In 1991 and 1992 practically no new co-operatives of this type have been started. New flat-owning co-operatives have emerged only from the division of large co-operatives into smaller ones, which took place in 1991.

An important number of housing co-operatives, especially those organized after 1982 are called 'co-operatives for the construction of family houses'. They are rather small entities established mainly to organize the technical process of construction. Once the construction is accomplished, they either remain to manage the properties, or are dissolved by their members.

It is estimated that, in the middle of 1992, only 1,500 of the formally-recognized 4,500 housing co-operatives are in operation. The rest, i.e. about 3,000, have not been able to commence operations, mainly because of the reasons previously mentioned. Nevertheless, housing co-operatives noted a relative success in the 1990s. In 1991 they turned over to their members 61.2% of all flats built in Poland, a considerable increase in comparison with 1989, when the figure was only 45%.

It should be mentioned that the total number of new flats built in 1991 was only about half of that built in 1981.

Until the national economy improves there is no hope for a visible change in this respect.

1.2.2.4 Workers' co-operatives

The specific feature of workers' co-operatives is that their members play a dual role of owners and workers, thus, in theory, overcoming the conflict of interest between capital and labour.

At the end of 1988 there was a total of 2,461 workers' co-operatives with 458,100 members and 390,100 employees. Their main role was to produce commodities for sale of the market and to provide various services, mainly in urban areas.

Workers' co-operatives operate in the majority of services and in nearly all industrial branches. In 1988 they owned and ran 17,657 different small- and medium-scale industrial plants, 2,851 shops, 60 restaurants and 2,480 service units. Their share in the volume of national production amounted to 5.4%.

Workers' co-operatives provided employment for people who, for various reasons, could not, or did not want to, work in normal industrial conditions: disabled persons, the elderly, students, part-time farmers, and members of some specialized professions such as architects and artists. They also provided part-time work for doctors, dentists, teachers and others.

A considerable increase in the number of workers' co-operatives between 1982 and 1988 (619 co-operatives, i.e. 32%) continued until the end of 1990, mainly because of the division of a number of existing co-operatives. This process came to an end in 1991.

Information about what kind of changes took place in workers' co-operatives between 1989 and 1992 is very scarce and not very reliable. It is estimated that an important number, about 200, of workers' co-operatives went into liquidation. The number of members and of persons employed decreased to about half of what they were in 1988. A significant decrease in production is noted too.

The main reasons for the above decline are: competition from private enterprise and from goods imported from the West; greatly reduced orders from the army and other important public purchasers of goods; reduction of exports to the former USSR; lack of cheap credit opportunities; and Governmental taxation policy.

Apart from the co-operatives described above, at the end of 1988 there were 422 workers' co-operatives of disabled persons and 32 of the blind, with membership of 216,500 and 17,000 respectively. About 180,000 of these were either disabled or blind persons who not only performed work in their co-operatives but also received the medical and psychiatric treatment necessary for their full social and physical rehabilitation from them. Special consulting institutions owned by co-operatives of disabled persons advised the handicapped as to the kind of work they could do, and designed and produced special implements to ease their work or to enable them to work effectively. Co-operatives of disabled persons were, and to a limited extent still are, promoted by the State as institutions of special social value.

The introduction of the rules of free market economy proved to be the turning point for these co-operatives. In spite of the establishment of the Plenipotentiary of the Ministry of Work and Social Affairs for Co-operatives of Disabled Persons in February 1990, employment diminished from about 260,000 in 1989 to about 120,000 in June 1992. Production decreased accordingly. This is due to the abolition of the State privilege which granted them the monopoly of production of all kinds of brushes, protective work-clothes and shoes, linen for hospitals and various other commodities.

In 1991, 25% of co-operatives of this type closed with losses. The situation of others is deteriorating in spite of some privileged credits granted by special Governmental decisions and of Governmental assistance with the export of commodities produced by them.

1.2.2.5 Other types of urban co-operatives

An important part of the printing industry has been given the co-operative form of enterprise for many, mainly political, reasons. It is generally agreed that 'Robotnicza Spółdzielnia Wydawnicza' (The

Workers' Publishing Co-operative), which edited, printed and diffused the majority of newspapers and periodicals issued in Poland, was a fake co-operative. In 1988 this co-operative employed about 40,000 persons and issued 45 daily newspapers, 231 periodicals and a yearly total of about 850 books. It was liquidated in 1990 by an Act of Parliament and its property was privatized.

Some important publishing houses have preserved their traditional co-operative form adopted before the outbreak of the Second World War. In 1988 they employed about 2,000 persons and published over 280 books each year, their edition being about 11 million copies. Co-operative publishing houses continue their activities and are in satisfactory condition in spite of competition from a great number of privately-owned enterprises which have been established between 1989 and 1992.

There are also two important tourism co-operatives which, in 1988, had some 3,500 members (corporate bodies and individuals) and 3,750 employees. No significant changes are to be noted in their scope and activity. Their original purpose was to organize tourism for the members and employees of all types of co-operatives. They now cater for members of the general public as well.

1.3 Membership relations in existing co-operatives

As indicated in the statistical table (page 6), in 1988 there were over 15 million co-operative members in Poland. This number must be corrected, as it includes double and triple counting. It is estimated that some 8 to 9 million individuals were members of co-operatives, which would amount to about 40% of the adult population. Sociological research indicates that in some consumer and rural supply and marketing co-operatives there was an important number of persons who figured on the lists of members in spite of their either having moved or passed away. Some were not aware of being members.

According to co-operative statistics published until 1988 by each of the central co-operative unions and by the Supreme Co-operative Council, over 170,000 persons were members of co-operative councils, over 50,000 of boards of directors, and over 370,000 of some 91,000 members' committees. Local co-operative members' meetings gathered, according to the type of co-operative, between 10% and 71% of members. There is no way of checking the reliability of this data.

There is no doubt that, from the formal point of view, membership relations within primary co-operatives were correct. Everybody had one vote and could, in theory, be elected to co-operative self-governmental bodies (although this usually occurred only if candidates were recommended by the Party). However, the range of decisions which could be made by the general assemblies, as well as by co-operative councils and boards of directors, during the period of the Communist system was limited to technical questions regarding how to realize the commands of the economic plan imposed from above. General meetings of members or of their representatives were only free to decide how to dispose of 5% of the co-operative's net surplus. The rest was already disposed of according to rules laid down by the central-level co-operative unions.

This situation, which was especially characteristic of co-operatives whose membership exceeded 500, started to change from 1982 onwards, with the liberalization of the State's economic planning system. However, the passive approach of members toward the activities of big co-operatives did not change very much, even after the introduction of economic reform in 1990. The negligible value of members' shares was seen as one of the decisive reasons for this phenomenon.

In all existing co-operatives the share capital amounted to 0.7% of the assets and to 3.2% of reserve funds. This could not create, among members, the feeling of being owners of the co-operatives and did not stimulate them to active participation in co-operative affairs. Their

attitude was of extreme passivity, which resulted in all power being left in the hands of co-operative management.

From 1989 onwards, the general assemblies of many co-operatives, in search of a cheaper source of capital for their operations, decided to increase members' shares. A large proportion of members did not respond to the requests for necessary additional payments. Consequently, they were repaid the value of their shares and struck off the membership lists. This was not the case with members who were employed by the co-operative. In a number of rural supply and marketing cooperatives, in consumer co-operatives, as well as in co-operatives of agricultural circles and in some workers' co-operatives the managerial staff intentionally did what they could to reduce the number of co-operative members in order to strengthen their control over co-operative assets. Thus, in some co-operatives the employees gained control of co-operative elected bodies and in many cases eliminated from power those very persons whom the co-operatives should have benefited.

In the period between 1989 and 1992 it was possible to observe a decrease in the number of co-operative members in all types of co-operatives, with the exception of savings and credit and housing co-operatives. This decrease is due, in part, to the updating of membership lists, but there are also other reasons. In workers' co-operatives many highly-qualified members left their co-operatives and started their own businesses or, in some cases, entered other forms of private enterprise. It is estimated that at the end of June 1992 about 10% of consumer co-operatives and a similar number of Peasant Self-Aid co-operatives were controlled by employees, with negative effects on the realisation of their main purpose promoting the interests of, respectively, farmers and consumers. This trend is on the increase.

The above-described situation was the main reason for conceiving, elaborating and passing the Law on Revaluing of Co-operative Mem-

bers' Shares (see 2.3 below). As the result of the above Law, the value of members' shares has been greatly increased in the last half of 1991 and the first half of 1992, in some cases even 500 times, to sums exceeding 10 million zlotys (which equals four months' average salary). The impact of this change on the behaviour of members seems to be rather discouraging. Maybe even such strong stimuli need more time to become effective.

In small co-operatives, especially in workers' and housing co-operatives, which were established during the 1980s and 1990s, members' shares formed an important part of the co-operative assets. Because of that, as well as the small size of those co-operatives and of the liberalization of rules concerning relations between co-operative unions and primary co-operatives, the position of members in the decision-making process of these co-operatives was much stronger. The same can be said about a number of smaller agricultural production co-operatives and about some workers' and housing co-operatives established earlier. Many of these co-operatives may be classified as being owned and controlled by their members. Their economic role within the co-operative movement was, however, negligible.

1.4 National co-operative organizations, associations & federations

Until the end of January, 1990, primary co-operatives were associated in regional, branch and central co-operative unions. Membership of regional and branch unions was obligatory until 1983, that of central unions until 1987. The councils of the central co-operative unions were elected by congresses, generally held every fifth year. The councils then elected the boards of directors.

All central unions performed economic, social and auditing functions. They linked primary co-operatives with the State's economic plan

through their regional and/or branch unions. They represented affiliated co-operatives in dealings with State authorities; issued obligatory rules concerning the economic and social activities of affiliated co-operatives; served as an intermediary in organizing the supply of centrally-distributed raw materials and commodities; organized the transfer of articles purchased or processed by primary co-operatives and their regional unions to official State enterprises and to other co-operative organizations; accumulated a proportion of primary co-operatives' net surpluses in central funds such as development, housing, training and social funds; granted subsidies and loans for investment and operational purposes to primary co-operatives and ran their own industrial and commercial enterprises, including import/export companies.

The Central Union of Horticultural Co-operatives owned the foreign trading company, HORTEX, which was one of the most important of such companies connected with agriculture. It ran 20 large-scale fruit and vegetable processing factories and exported raw, frozen and processed fruits and vegetables, amounting to 18% of Poland's agricultural export. The Central Union of Peasant Self-Aid Co-operatives owned the foreign trading company, POLCOOP. The Central Union of Workers' Co-operatives owned a similar enterprise, called COOPEXIM.

Some of the central unions, like the Central Union of Peasant Self-Aid Co-operatives, the Central Union of Consumer Co-operatives and the Central Union of Workers' Co-operatives ran and financed vocational co-operative schools at primary and secondary levels (in 1988 they had 224 schools with over 4,500 students), as well as sanatoriums and rest homes. Some unions, such as the Central Union of Dairy Co-operatives, the Central Union of Horticultural Co-operatives and the Central Union of Disabled Persons' Co-operatives had their own research institutes. All central co-operative unions collected and published statistical data about the organizational and economic state of affiliated co-operatives and of their regional and/or branch unions. Central co-operative unions were powerful bodies keeping strict control over their affiliated organi-

zations. Their role gradually lessened with the progressive break-up of the socialist economic system, but their importance, even immediately prior to their liquidation can not be overestimated.

Regional co-operative unions played a role similar to that of the central unions, but were limited to their respective regions, usually the voivodships (Poland is divided into 49 administrative units, known as voivodships).

Three non-co-operative apex organizations were granted the same rights as central co-operative unions. These institutions were not liquidated by the Law of 20th January 1990, but did lose their 'central co-operative union' rights. They were:

The Central Union of Agricultural Circles and Organizations, an association which performed, through its 49 voivodship branch offices, several social and educational functions aiming at the improvement of living conditions in rural areas; the Bank of Food Economy, which was acting as the central bank for savings and credit co-operatives and as their central union. The Bank of Food Economy is a joint State and co-operative bank, 49% of which is owned by the State. It is still an intermediary institution which distributes, through its 49 voivodship branches and through co-operative banks, state credits to individual farmers; the National Chamber of Handicraft was the third non-co-operative institution playing the role of central co-operative union towards handicraft supply and marketing co-operatives.

Some special kinds of co-operatives, like co-operative publishing houses, a huge press co-operative, a film-producing co-operative and all those co-operatives which decided to leave their central co-operative unions, were obliged to affiliate themselves directly to the Supreme Co-operative Council which, in such cases, played the role of a central co-operative union. The Supreme Co-operative Council was the highest level co-operative body of a corporate character. It lacked the power to

make any decisions, except those referring to primary co-operatives directly affiliated to it.

The law governing changes in the organization and operation of the Co-operative Movement (see 2.3.2) abolished the above-described secondary and tertiary co-operative structures. What remained were primary co-operatives at the bottom of the movement and, at its top, the Supreme Co-operative Council, the election, financing and powers of which were radically changed.

The liquidation of the central and regional co-operative unions meant that the industrial plants owned by central unions and by voivodship unions were to be transferred either to companies established by primary co-operatives or to the new workers' co-operatives established by the employees of these plants. Workers' co-operatives were given priority. Because of the incompetence of their leadership, many of the plants went into liquidation after a short period of time.

To avoid the consequences of the liquidation of central co-operative unions, some of their leaders took advantage of legal regulations which provided the possibility to establish so-called 'economic chambers', and foundations.

The 'Peasant Self-Aid' Agricultural Trade Business Chamber was established by 138 primary Peasant Self-Aid co-operatives on the 14th November 1989, in anticipation of the possible liquidation of the Central Union of Peasant Self-Aid Co-operatives. Currently (June 1992), the Chamber has about 1,500 members from about 2,000 existing agricultural supply and marketing co-operatives.

The Chamber sells its members consulting services concerning legal, organizational, economic and financial problems; it organizes training courses for primary co-operatives' personnel, and edits manuals for these. It also acts as a trade agency dealing mainly with wholesale

transactions to supply primary co-operatives with imported fertilizers and pesticides. The Chamber uses the profits from its trade activities to reduce the charges for its advisory services. It has several branch offices throughout the country and, as at the end of June 1992, employed about 300 highly-qualified persons, many of them former auditors at the liquidated Central Union.

During 1990, using the assets of the liquidated Central Union of Peasant Self-Aid Co-operatives, three foundations were established: the Co-operative Fund for Rural Social Development, the Co-operative Rural Educational Fund and the Foundation for Rural Culture, the last existing on paper only due to a lack of funds. Also using the assets of the liquidated Central Union, the Co-operative Development Bank, Ltd. was organized and began operation in June 1992, as well as the 'Self-Aid' Insurance Association, Ltd. The former foreign trade enterprise was transformed into a joint-stock company in 1990, and operates under its old name, POLCOOP.

As a crowning achievement, the Auditing Union of Peasant Self-Aid Co-operatives was established by about 70 primary co-operatives on 30th June 1992. Prior to this, a few regional auditing unions of Peasant Self-Aid co-operatives were re-established. Their significance has yet to be established.

Other new bodies are the National Economic Chamber of Consumer Co-operatives, 'Spolem'; the National Economic Chamber of Agricultural Production Co-operatives, the National Economic Chamber of Agricultural Circles' Co-operatives; the National Chamber of Worker's Co-operatives (which is, as yet, virtually inactive) and the National Chamber of Folk-Art Workers' Co-operatives. These were established during 1991 and played, on a much smaller scale than the Agricultural Trade Business Chamber described above, the role of organizations promoting the development of their affiliated co-operatives in many ways, including economic activities.

The Law of 30th August 1991, regarding the valorisation of members' shares (see 2.3.3 below) changed the existing regulations and allowed primary co-operatives to organize, from the 31st July 1991 onwards, co-operative unions for auditing, advisory and training purposes only.

The first co-operatives which decided to establish a new union of national significance were consumer co-operatives. They accomplished it with the help of the Swedish Co-operative Union/Wholesale Society. The National Auditing Union of Consumer Co-operatives, Spolem, established during a meeting of 122 consumer co-operatives in December 1991 was officially registered on 10th January 1992. At the end of June 1992, 145 consumer co-operatives out of a total of about 300 were affiliated. Affiliated to this Union are: Bank Spolem, established in May 1989 as an institution of financial support to consumer co-operatives, which started its activities in May 1991; a co-operative of corporate bodies, Oswiata, which provides consumer co-operatives with training and educational services; a workers' co-operative having the same aim; a co-operative of home and foreign trade, which affiliates consumer co-operatives and plays the role of a wholesale society; and a co-operative to supply raw materials and technical equipment.

In the two above-described cases it is obvious that an organizational co-operative system has emerged to replace, to some degree, the two liquidated central unions. This is not the case with other co-operative branches.

In November 1991, 49 workers' co-operatives established the nationwide Auditing Union of Workers' Co-operatives. On 26th June 1992 it already had 333 affiliated workers' co-operatives from a total of about 2,000. The Union employs 25 persons, mainly former auditors of the liquidated Central Union of Workers' Co-operatives and has already started to provide consulting services to affiliated co-operatives. The National Auditing Union of Co-operatives of Disabled Persons and the Blind was established by 24 co-operatives on December 6th, 1991. As at the end of June 1992, this union had 62 affiliated co-operatives.

At the beginning of 1992, the Auditing Union of Furniture-Producing Workers' Co-operatives was established. It has not yet started its activities.

About 200 dairy co-operatives organized a National Dairy Alliance registered by the court as an auditing co-operative union which deals with problems connected with foreign aid to that co-operative branch. On 1st July, 1992 the Auditing Union of Agricultural Production Co-operatives was established at a meeting of about 200 co-operatives of this type.

Horticultural co-operatives and co-operatives of agricultural circles have not yet established their own national auditing unions.

An initiative to set up a central organization of housing co-operatives is being undertaken by the Supreme Co-operative Council, which has established a special section to deal with the necessary preparatory work in its office. A number of regional auditing co-operative unions were set up at the end of 1991 and in 1992. Their role has yet to be seen.

1.5 Strengths and weaknesses of the existing co-operative system

To say that there currently exists a co-operative system in Poland would be a risky statement. The only indication that some form of co-operative system is being resurrected is the recent establishment of new national co-operative auditing unions and the presence of the Supreme Co-operative Council. With no new co-operative law in place it is, however, rather an unstable situation. It is not clear what the character of this Council will be: whether it will be an independent, democratically elected, top-level co-operative organization or a Council nominated by the Prime Minister, and therefore a quasi-governmental organization. The very necessity for any apex organization of the co-operative movement may also be questioned.

The main weaknesses of the co-operative movement as a whole are its social and organizational set-up and the critical economic situation previously described.

As far as the social aspects of the situation are concerned, two main issues should be addressed: the strengthening of members' motivation, among other means by furthering the process of privatisation; and the conflict of interests between co-operative members and co-operative employees.

It will take a longer period of time to make the new secondary and tertiary co-operative organizations sufficiently operational to be able to render technical assistance in the fields of training, consulting and auditing to their affiliated co-operatives.

A system of upper-level economic organizations, being the precondition for improving the economic situation of primary co-operatives, has not yet been created.

The main reason for hope may be seen in the fact that primary co-operatives, at least in some branches, have already understood, or are coming to understand, the notion of authentic member-owned and member-controlled organizations. Members of workers' and agricultural production co-operatives have already perceived that only their co-operatives can save them from unemployment. The farmers have started to understand that the main concern of capitalistic enterprises is to multiply profits, not to promote the enterprises of their client-farmers. That, in connection with the existing objective need for a co-operative form of economic activity in several fields of Poland's national economy and social life, can be considered as the potential strength of the movement.

2 The co-operative reform process

2.1 The need for, and the main fields of, co-operative reform

The socialist co-operative system was neither acceptable to the new political forces which took over responsibility for the future of the country, nor to co-operative members who, having been deprived of any meaningful influence on co-operative activities, considered them as alien economic structures exploiting, rather than helping, them. In order to reshape them into genuine co-operatives able to act in the conditions of a free market economy they had to become independent organizations, with equal rights to all other forms of enterprise, promoting their members' interests, and owned and controlled by them; they should become decentralized units, linked with their direct local economic and social environments. The questions of independence from external organizations, of democratic management and of ownership, had to be given the first priority.

The legal and economic reforms already accomplished made a significant contribution to enabling the changes in co-operative structures aiming to realize the above-mentioned goals. At the same time, many serious mistakes were made with detrimental consequences to the whole of the co-operative movement. Whether these can be rectified depends to an important degree on co-operators themselves. The decisive factor, however, is new legal regulations, the target of which should be the introduction of a feeling of legal stability, and the de-centralization of power by leaving as many decisions as possible to be taken at the level of the primary co-operatives.

2.2 Government co-operative policies

From the very moment of the take-over by the anti-communist political forces in August 1989, the attitude of the Government toward the

existing co-operative movement was rather negative. Co-operatives were considered as an economic organization of socialist character, being under full control of the 'nomenclature': in other words, being ruled by the nominees of the Communist Party and serving the interests of the old political regime.

The new Government seemed to believe that the solution to the difficult economic problems Poland was confronted with could be achieved by the mere introduction of a free market economy. Thus, the rules giving equal rights to all enterprises, independently of their legal form and kind of ownership; allowing liberty in the execution of their economic activities; privatizing socialist sectors of the economy; limiting the role of the State to the creation of a legal framework which would be adequate for the needs of the new economic system; and establishing free competition were thought to be sufficient to master the situation.

The Government did not show much interest in what would happen to co-operatives and to their movement in the future. It was said that the free market rules would decide whether the co-operative form were economically efficient. This efficiency would determine its future existence.

During the period between August 1989 and June 1992 no Governmental document concerning its policy toward co-operatives was published or elaborated. The abolition of all co-operative unions (see 2.3.2 below), initiated by the Government, was formally passed as an Act of Parliament. The creation of the post of Plenipotentiary of the Minister of Labour and Social Policy for Co-operatives of Disabled Persons in February 1990 was incidental, and was intended to avoid the imminent bankruptcy of this branch of the co-operative movement, which would have meant redundancy for about 200,000 disabled persons employed in these co-operatives. This would not only have been unacceptable from the humanitarian point of view, but it could also have damaged the image of the Government. The nomination of another Plenipotentiary

of the Minister of Agriculture for Dairy Co-operatives was a product of the Government's fear that the farmers' demonstrations and strikes which took place at the beginning of 1991 would get out of control. In both cases there was no question of protecting or saving co-operatives. The form of enterprises involved made no difference so long as they could resolve the situation.

As a reaction to protests from co-operators, public opinion and some parliamentary groups concerned about the detrimental consequences of the way in which the liquidation of co-operative unions was realized, the Government resolved, in October 1990, to create the Office of the Government's Plenipotentiary for Co-operative Matters. Its aim was to facilitate the liquidation of the co-operative unions and to elaborate the Government's drafting of a new Co-operative Law. The Plenipotentiary for Co-operatives was nominated in March 1991. His office now employs four persons.

The liquidation of co-operative unions is intended to be accomplished by the end of 1992. As there are currently three sections of the new Law on Co-operatives being discussed by a special Parliamentary Commission, the Office of the Plenipotentiary does not work on a Governmental outline of such a Law, but attends the sessions of that Commission. Some parties have expected the Plenipotentiary to elaborate an outline of the Government's co-operative policy, but this is not the case. First, it does not lie within his competence, second, the very unstable political situation makes the elaboration of such a document impossible.

It does not seem that the Government has any intention to establish a special role for co-operatives in the future socio-economic system of the country. Even the interest of the Ministry of Agriculture in rural co-operatives seems to have a transitory character. An indifferent attitude to co-operatives is preponderant. Their potential to play a positive role in helping to solve such acute problems as unemployment, housing, privatization of state enterprises, or rehabilitation of the disabled does

not seem to be appreciated. Governmental policy toward co-operatives may still be defined as 'laissez faire'.

2.3 Co-operative legislation

2.3.1 The co-operative law of 1982

Unlike some other countries in the region, Poland has no complex new co-operative law. The Act of Parliament - Co-operative Law of 1982 is still formally in force. It includes several regulations which no longer have any meaning, as conditions have changed dramatically since 1982. In common with the former Co-operative Law of 1963, its regulations are formally in accordance with the ICA co-operative principles. Important amendments to the Co-operative Law of 1982, which were passed by Parliament following political changes of 1989, will be discussed below.

2.3.2 The law governing changes in the organization and operation of the co-operative movement (20.01.90)

There are four main problems approached by the above Law. First, it dissolved all co-operative unions: regional, branch and central alike. Liquidators nominated and supervised by the Ministry of Finance had to dispose of co-operative unions' assets. Enterprises owned by co-operatives had to be transformed either into workers' co-operatives organized by their employees, or into stock companies or co-operatives of corporate bodies. Enterprises, facilities and other parts of the co-operative unions' assets which were not thus transformed had to be sold. The liquidation process accomplished, any financial means left were to be assigned to the primary co-operatives which were members of the union being liquidated. The Act allowed the establishment of new co-

operative unions on the basis of a new Co-operative Law (not yet in existence), or after 31st July 1991.

Secondly, the law ordered new elections in all primary co-operatives. These were to be held within a period of less than two months, with the threat of going into liquidation if this were not done.

Third, it made it possible to divide existing co-operatives into two or more new co-operatives. This may be done by the decision of general assemblies, at the request of interested groups of members, whose rights and obligations are connected with a separate part of the co-operative.

Fourth, it changed the legal nature and competencies of the Supreme Co-operative Council (SCC). The SCC became a voluntary association of primary co-operatives with the purpose of promoting collaboration and mutual aid among co-operative organizations at home and abroad, and of initiating and organizing co-operative research and publishing. The SCC retained its right of legislative initiative and of expressing its opinion about legislative acts concerning co-operatives. One month after the elections in primary co-operatives, new elections to the SCC had to take place. They were to change the composition of the SCC. Instead of nominees from the central co-operative unions it would consist of members elected by representatives of primary co-operatives, two members for each of the 49 voivodships.

The Act aimed to attain political, structural and economic goals simultaneously. Politically it eliminated, and thus deprived of power over primary co-operatives, the leaders of the co-operative unions, as these were considered to be followers of the Communist regime. The elections at primary level were intended to eliminate those members of co-operative bodies, especially of the boards of directors who, as nominees of the Party, formerly acted more according to orders from above rather than fulfilling co-operative members' needs. This aim was not achieved. About 85% of the members of existing co-operative bodies were reelected.

As far as the structural goal is concerned, the Act cancelled all secondary and tertiary organizations, thus liberating primary co-operatives of all interference from higher levels.

Full independence of action was a total surprise. Practically, no primary co-operative's managing body was prepared to face the new conditions of economic activity. The co-operative unions, which could have become the source of advice, instruction and of eventual financial help, and which were formerly the only way of providing goods or raw materials to co-operative shops, the only channel to market goods whether purchased or produced, were liquidated. The Law did not provide any institution which would substitute for the liquidated unions in activities such as advisory, auditing and training services. This resulted in a chaotic situation which led to a deterioration in the economic situation of the majority of primary co-operatives.

2.3.3 The revalorisation act of 30th August 1991

The worsening situation of co-operatives had a negative impact on the situation of the whole national economy, which, independently, found itself in serious difficulties. It resulted in several legislative initiatives aiming either to amend the Co-operative Law currently in force, or to elaborate a new Co-operative Law. The subject proved to be controversial. As time passed the decision was made to regulate first the most important co-operative problems and, for the time being, to postpone the question of a new Co-operative Law. The question of co-operative ownership or, as desired by some parties, of the privatisation of co-operatives was given priority.

All except housing co-operatives have been authorised by the above Law to revalue members' shares through transferring not more than half of their reserve funds to the share fund. The decision regarding revaluing had to be made by co-operative general assemblies by the end of 1991. Revaluing was to be calculated using the relationship between

the nominal average public-sector salary of 1990 and that of 1950, according to indices published by the President of the Central Statistical Office for use in the calculation of pensions.

There are two other points included in the Law in question which seem to be important. The first allows the restructuring of the enterprises of the former Central Union of Horticultural and Apicultural Co-operatives into limited companies owned by primary horticultural co-operatives - members of the above Union, by employees of these enterprises and by farmers having had delivery contracts with them for at least two years. This regulation ended long controversies between primary co-operatives and their members, and employees of the above enterprises, who insisted on transformation of these enterprises into workers' co-operatives. The realization of their demands would have meant denying the justified property claims of primary horticultural co-operatives which, in the past, indirectly financed several important investments in these enterprises.

The Law in question also contains a regulation giving all co-operatives, from 31st July 1991 onwards, the right to associate themselves in auditing co-operative unions which perform no economic activities other than training and consulting activities. This regulation permitted the reestablishment of upper-level co-operative structures, as reported above (see 1.4).

2.3.4 The new co-operative law

As already mentioned, work on the new Co-operative Law started relatively early. The draft was ready at the end of 1990 and the Lower Chamber of Parliament, after long discussions, passed it on the 19th September 1991. However, the Senate (the Higher Chamber) subsequently made amendments to this Law, and these were neither accepted, nor passed by the Lower Chamber.

The dissolution of Parliament at the end of 1991 and the new Parliamentary elections have meant that the stalemate has continued. At the time of writing (the end of June 1992) the new Co-operative law has still not been passed, and a special Parliamentary Commission is about to deliberate on three separate projects. The debate on the new Co-operative Law is not expected to take place before autumn 1992.

Summing up the changes in co-operative legislation, it can be stated that:

- the question of independence of primary co-operatives from external bodies was legally solved by the Acts of Parliament introducing (from 1st January 1990) economic reform, followed by the Act of 20th January 1990 (see 2.3.2 above);
- as far as the problem of introducing an authentic, democratic control within co-operatives is concerned, this is formally ensured by the Co-operative Law currently in force. The above-mentioned Law of 20th January 1990 created the possibility to change the composition of elected co-operative bodies;
- ownership questions have been partially settled by the Act of 30th August 1991 (see 2.3.3 above). However, several questions still remain, e.g. transforming co-operatives into other forms of enterprise, the division of net co-operative assets after liquidation, or members' and non-members' capital investments;
- the necessary process of decentralization within the co-operative movement was imposed by the provisions of the Act of 20th January 1990. This not only abolished the existing co-operative unions which organized the centralization of co-operatives and their structures, but also promoted the division of big co-operatives into two or more smaller ones.

There are, however, several important problems, some of which are listed above, which should be solved by the new Co-operative Law currently under discussion.

2.4 Changes in the co-operative movement

The political changes of August and September 1989 had no special impact on the behaviour of primary co-operatives.

Important changes have resulted from several Acts of Parliament passed in early 1990 to introduce economic reforms, and from the Law of 20th January 1990 (see 2.3.2). The Laws on economic reform introduced free competition of all existing enterprises, opened the broad possibility of establishing new enterprises and granted tax exemptions to all new private enterprises. Thus, primary co-operatives started to face competition from enterprises which were granted privileges to which they, as established businesses, were not entitled.

The Law of 20th January was an inspiration to many to divide their co-operatives. This creation of new co-operatives, which had already begun in 1982, was the result of acute social needs, e.g. for housing; of the spontaneous division of big co-operatives into smaller ones, especially among housing and workers' co-operatives; and, from 1990 onwards, of the above-mentioned transformations of enterprises previously owned by the co-operative unions into workers' co-operatives.

On the other hand, several co-operatives went into liquidation because their economic weakness and lack of flexibility meant they could not withstand the competition from private enterprise and black marketeering. A considerable increase in the number of co-operatives started, as mentioned, in 1982 and was characteristic of all co-operative branches except savings and credit co-operatives. The number of co-operatives increased between the end of 1981 and the end of 1989 by 3,027 to a total of 15,236. During the following two years a further 4,010 co-operatives were formed, making a total increase of 55% over the two-year period.

It seems that the above trend came to an end in the second half of 1991. The total number of co-operatives dropped by 6 units by the end of the year, and by another 70 units by the end of March 1992. This decrease relates to all co-operatives except savings and credit co-operatives. There are indications from the Supreme Co-operative Council that about 1,400 co-operatives went into liquidation during 1991. In the first quarter of 1992 a further 400 co-operatives decided to do the same.

The important increase in the number of co-operatives between 1982 and 1992 does not mean that the position of the co-operative movement in the national economy grew as well. Data quoted below originate from information supplied by the Central Statistical Office and relate to the situation on 30th September, 1991. The above-mentioned Office does not possess figures concerning particular branches of the co-operative movement. The figures refer to branches of the national economy. It means, for instance, that data concerning the number of retail shops include consumer, rural supply and marketing, workers', horticultural, and dairy co-operatives, as all of these have retail outlets.

Measured in terms of share in Gross National Product (GNP) the role of co-operatives diminished considerably from a high of about 11.6% in 1982 to 9.1% in 1989 and 7.8% in 1990.

The number of persons employed in co-operative organizations decreased from 2,001,592 in 1982 to 1,996,310 in 1988 and 1,519,300 in 1990, i.e. by 24.1%. This decrease was relatively much more important than in the whole of the so-called 'public' sector of the national economy, where it amounted only to 2.2%. In 1990, average employment in co-operative production decreased from 505,500 to 437,400, in the retail trade from 821,600 to 661,600, in transportation from 74,700 to 64,800, and in agricultural production from 150,300 to 134,300. This trend continued in 1991 and seems to be continuing, if a little more slowly, in 1992.

The co-operative share of the industrial production of private and co-operative enterprises taken together amounted to 47.8% in 1989 and decreased to 27.8% in the first half of 1991. This resulted from an abrupt increase in the number and activity of small-scale privately-owned industrial enterprises, which took many qualified personnel from workers' and other co-operatives, and proved to be more flexible in their response to market conditions.

The most critical situation emerged in the retail trade. As mentioned above, rural supply and marketing co-operatives were responsible for about 98% of retail turnover in the countryside, and consumer co-operatives controlled about 75% of that in the towns. In 1988, co-operatives dealing with the retail trade owned 64.8% of existing shops. This share decreased to 21.7% in 1990, although the total number of shops in the country increased by 58% in the same period. In the period under discussion, turnover decreased by 33%, whilst the share of sole traders and retail companies increased from 2.9% to 31.2% of retail turnover and from 19.4% to 74% of the total number of shops. The number of privately-owned restaurants, pubs and bars increased from 16% of the total in 1988 to 67% in 1990. The co-operative share of these units decreased by 40% in 1990.

Changes in the number of co-operative members have already been discussed (see 1.3).

Unlike Hungary, the transformation of co-operatives into limited or joint-stock companies is not allowed by law. Some draft laws were presented to Parliament with a view to permitting this. They were not passed, and the problem awaits its solution in the new Co-operative Law, now under discussion. Despite this, some transformations have taken place. The managerial staff of some co-operatives succeeded in reducing the number of co-operative members, established new enterprises in the form of limited companies and lent these companies the co-operatives' facilities and part of their assets. Thus, the co-operatives

were still formally in existence, but their economic functions and profits were taken over by new private enterprises staffed and controlled by the co-operatives' managers.

Under the pressure of difficult economic conditions created by the introduction of the economic reform, co-operatives ceased to provide their members with the great majority of social services such as organizing training, health care, sport, tourism and entertainment. This was done in order to reduce operating costs and had a detrimental effect on their localities and members. Co-operative clubs, libraries and kindergartens were closed. Many of the dance and singing groups, choirs and orchestras were also wound up. Thus, the social role of co-operatives in their neighbourhoods has been reduced to a minimum.

3 Future options for co-operatives

3.1 The major trends of change

From the second half of 1989 onwards, Polish co-operatives have been subject to a dramatic process of change which is far from being concluded.

From the economic point of view, they are still adjusting their structures and organization to the new environmental conditions created by the introduction of the free market economy. They are reducing or eliminating non-profitable economic activities, in many instances paying no, or inadequate, attention to the fulfilment of their members' needs. They are trying to augment their financial means by raising members' share capital and avoiding bank loans, the interest on which has never fallen below 50% during the last two and a half years. They are also reluctantly reducing the number of persons employed. Some of them are trying to find economic support by affiliation to Economic Chambers or by

embarking upon joint ventures with other co-operatives or private enterprises.

From the social point of view, many co-operatives, especially those operating in rural areas, but also some workers' co-operatives, are confronted with a visible conflict of interests between farmers and co-operative employees, both groups being co-operative members. In many cases the employees are the winners in this conflict, with detrimental effects on the realization of their co-operatives' main purpose to promote the interests of the farmers or craftworkers for whom they were established.

From the organizational point of view, the period of chaos resulting from the liquidation of all co-operative unions seems to be approaching an end. New co-operative auditing unions have been established in all co-operative branches, with the exception of housing, horticultural and agricultural circles' co-operatives. The new co-operative unions are in the initial phase of development work, and will probably deal with auditing, consulting and training only, thus differing very much from the structures of 1989.

The process of members' empowerment and of changing members' attitude to their co-operatives should be one of the most important fields to be taken care of.

Opinion seems to be justified that, in the foreseeable future, all models of co-operatives currently existing in Poland, possibly with the exception of agricultural circles' co-operatives, will continue to operate. However, their number and size, the nature and structure of their activities, as well as their affiliation to upper-level co-operative organizations will be changing over a relatively long period of time until the achievement of a certain stability. Then, the co-operative movement, however important, will certainly play a much smaller economic role than the one it held before the big political change of 1989. Its social importance will depend mainly on co-operators themselves.

Taking the most acute needs of the society as the basis for a forecast of the future of co-operatives in Poland, credit and savings co-operatives in rural areas, and dairy and horticultural co-operatives seem to have good prospects. The same can be said about housing co-operatives, as the supply of housing is extremely short in Poland and the average income is relatively low and unlikely to improve quickly. Unemployment, amounting to over 2.4 million in May 1992, would justify the promotion of workers' co-operatives as one means of coping with this phenomenon. There is, however, lack of adequate Government policy regarding this.

In 1992, the first rural telecommunication co-operative was granted the needed Governmental licence and started to operate. This is a promising field for co-operative activity. Insurance co-operatives, however, do not show similar potential, the first of these have begun to change their legal form to that of joint-stock companies.

The question of enabling primary co-operatives to change their legal form to limited companies will be solved by the regulations of the new Co-operative Law. However, the joint-stock company form has been chosen for the newly-established banks of particular co-operative branches: the Bank of Peasant Self-Aid Co-operatives, and the Bank of Consumer Co-operatives, 'Spolem'. The former central bank for savings and credit co-operatives, Bank of Food Economy, has also become a joint-stock company.

3.2 Need for international assistance

The ICA has observed with great interest the historic, economic and political developments occurring in Poland. In November 1989 it offered its support for restructuring and urged its member organizations to do the same.

The total value of technical assistance projects for the co-operative sector is impossible to assess, as financial resources are routed through different channels and not centralized.

Such assistance is oriented toward the following major areas: support for policy dialogue with public authorities, the restructuring of agricultural and consumer sectors, and the development of the financial sector. Most of the programmes include an educational aspect.

The number of independent agencies makes the assessment of efforts difficult. We have identified several parties playing a role in the development of the co-operative sector. There are large international bodies, non-governmental organizations, national apex bodies and, finally, individual societies. A list of projects is mentioned in Annex 2. When possible, the amount of credit has been indicated.

On the governmental side, several bodies are involved at the national level: e.g. the Ministries of Finance, Agriculture, Education, Foreign Economic Regulations, and Agricultural Marketing.

The lack of institutional partners within the co-operative sector hinders the work of development agencies considerably. Following the introduction of the law of 20th January 1990, one of the most centralized movements in Eastern and Central Europe has splintered into thousands of independent units.

Therefore, it occurs that different projects overlap, thematically or geographically. For example, there are virtually no projects for the management of workers' co-operatives, but numerous ones for those of agricultural societies; for some reason the Eastern and Southern areas are much in favour, whereas projects in the West and North of Poland are scarce.

While the original priorities and choice of themes continue to be valid, the absence of a national strategy for the co-operative sector makes the evaluation of impact or performance of single projects uneasy.

On the other hand, it is possible to cite specific cases of project success in terms of strengthening an institution or introducing an innovative area

of work. Foreign assistance has resulted in a spectacular rise in financial co-operatives and proves that the approach is viable.

Finally, when the potential exists for greater national execution and implementation of the co-operative development projects, progress is not significant. This is due, in part, to the fact that the disbursement of credits granted is very slow.

Because there is no alternative to the Government's transition programme, the co-operative sector should reaffirm its commitment to economic democracy. Technical assistance should be deployed to strengthen the organizational structure of the co-operative movement and its local societies. The principal target would be to develop an institution to help articulate and support the co-operative movement strategy within the framework of the transition programme. For the time being, there is no institution acceptable to all parts of the co-operative movement.

A National Co-operative Council is to be established as a result of the revision of co-operative law. The Council, when established, should initiate work on new a co-operative law in which the co-operatives will be fully recognized as a part of the private sector. Another objective will be the creation of a high-level inter-agency body responsible for the coordination and dissemination of information on foreign technical assistance programmes. Local co-operatives currently lack information about opportunities to participate in development projects.

New foundations created for specific purposes, such as the Foundation for Rural Co-operatives (to develop rural co-operatives) and the Capital Foundation (to assist co-operatives financially) are not able to cover their existing needs for both technical and economic assistance. In addition to the introduction of new technology and new methods of management, what is badly needed is training for the members of co-operative elected bodies and for co-operative managers, and consultancy services on organizational, legal, marketing, financial and accountancy problems.

Annex 1

List of contact organizations

Bank Gospodarki Zywnosciowej (Bank of Food Economy)

President: Jan Cichosz

Address: 00-123 Warszawa, Grzybowska 4

Phone: 20-65-65

Fax: 206565

Telex: 825198

Bank Unii Gospodarczej S.A. (Bank of Economic Union)

President: Roman Rak

Address: 00-057 Warszawa, Plac Dabrowskiego 3

Phone: 26-33-49

Fax: 26-33-49

Telex: 815766 BUG SA pl.

Gospodarczy Bank Wielkopolski S.A. (Economic Bank of Wielkopolska)

President: Kazimierz Grzeskowiak

Address: 61-725 Poznan, Mielzynskiego 22

Phone: 52-95-11, 52-91-12

Fax: 522730

Telex: 0413242

Krajowe Porozumienie Spółdzielni Mleczarskich - Związek Rewizyjny (National Alliance of Dairy Co-operatives - Auditing Union)

Vice-President: Marcin Strzelecki

Address: 00-013 Warszawa, Hoza

Phone: 29-82-53

Krajowy Związek Lustracyjny Rolniczych Spółdzielni Produkcyjnych (National Auditing Union of Agricultural Productive Co-operatives)

President: None elected yet

Contact person: Deputy director Zdzeslaw Kaczmarczyk

Address: 02-325 Warszawa, Krakowskie Przedmiescie 6

Phone: 27-75-91; 26-27-68

**Krajowy Związek Rewizyjny Spółdzielni Inwalidów i Spółdzielni Niewidomych
(National Auditing Union of Disabled and Blind Persons Workers' Co-ops)**

President: Kazimierz Kuc
Address: 00-362 Warszawa, Galczynskiego 4
Phone: 27-86-80
Telex: 813292

**Krajowy Związek Rewizyjny Spółdzielni Spozywców 'Spolem'
National Auditing Union of Consumer Co-operatives 'Spolem')**

President: Bogdan Bubak
Vice-president: Stanislaw Sosnowski
Address: 02-548 Warszawa, Grazyny 13
Phone: 45-26-08
Fax: 452581
Telex: 813717, 813306, 815547

**Krajowy Związek Rolników, Kólek i Organizacji Rolniczych
(National Association of Farmers, Agricultural Circles and Organizations)**

President: Deputy Director (responsible for co-operative matters): Krzysztof Kokoszkiewicz
Address: 00-013 Warszawa, Szkolna 2/4
Phone: 26-14-28
Fax: 273001
Telex: 812347

Naczelna Rada Spółdzielcza (Supreme Co-operative Council)

Vice-president: Wojciech Grabalowski
Address: 00-013 Warszawa, Jasna 1
Phone: 27-13-16
Fax: 274321
Telex: 813622 NRS

**Rolniczo-Handlowa Izba Gospodarcza 'Samopomoc Chlopska'
(Agricultural Trade Business Chamber 'Samopomoc Chlopska')**

President: Jan Witkowski
Address: 00-950 Warszawa, Kopernika 30
Phone: 27-19-99, 26-43-53
Fax: 2371610
Telex: 816101

**Spółdzielcza Rolnicza Izba Gospodarcza
(Agricultural Co-operative Chamber of Trade)**

President: Wienczyslaw Sadowski

Vice-president: Jerzy Górski

Address: 00-325 Warszawa, Krakowskie Przedmiescie 6

Phone: 26-75-91, 26-27-68

Fax: 2371610; Telex: 816101

Spółdzielczy Bank Rozwoju S.A. (Co-operative Development Bank)

President: Józef Koziol

Address: 00-950 Warszawa, Kopernika 30

Phone: 26-43-64, 26-27-10

Fax: 271604; Telex: 815203

Związek Lustracyjny Spółdzielni Meblarskich (Auditing Union of Furniture-producing Workers' Co-operatives)

President: Adam Blajer

Address: 00-013 Warszawa, Nowogrodzka 14

Phone: 29-61-41

Związek Lustracyjny Spółdzielni Pracy (Auditing Union of Workers' Co-operatives)

President: Jakub Janiak

Address: 00-013 Warszawa, Zurawia 47, p.314

Phone: 628-27-63

**Związek Rewizyjny Spółdzielni Mieszkaniowych (w organizacji)
(Auditing Union of Housing Co-operatives - initial phase)**

Director: Ryszard Jajszczyk

Address: c/o Naczelna Rada Spółdzielcza 00-013 Warszawa, Jasna 1

Phone: 26-72-21

Fax: 274321; Telex: 813622 NRS

**Związek Rewizyjny Spółdzielni Mieszkaniowych 'Samopomoc Chlopska'
(Auditing Union of 'Peasant Self-Aid' Co-operatives)**

President of the Council: Andrzej Anulewicz

President of the Board: Stanislaw Sledziwski

Contact person: Henryk Dalecki

Address: 00-950 Warszawa, Kopernika 30

Phone: 26-43-53

Fax: 2371610; Telex: 816101

Annex 2

List of technical assistance programmes

- * Fact-finding mission by Plunkett Foundation (UK) followed by a project on agricultural sector development and training: November 1989. Project financed by British 'Know-How' Fund.
- * Grant from Swedish Government to the Ministry of Education to develop vocational education including consumer co-operatives: January 1990 - recipient - KF Project Centre AB: 3 year educational programme on consumer co-operatives: 1st series of seminars September 1990 - May 1991 with Educational Co-operative 'Spolem' in Konstancin-Jeziorna. Budget 2 million SEK.
- * Agreement on the development of vocational education in the agricultural co-operative sector between 'Fonds d'Assurance formation des salariés de la Coopération Agricole' (FAFCA) (France) and the trade union of small-scale farmers NSZZ 'Solidarnosc' RI: March 1990.
- * Registration of the Banque d'Initiatives Sociales et Economiques in Warsaw: November 1990.
- * Exchange programme for young farmers, established by Det Kooperative Faellesforbund, Denmark: ongoing.
- * ACDI (USA): Farmer-to-Farmer Programme: ongoing.
- * VOCA office opened in Warsaw: March 1991: 50 projects to assist agricultural co-operatives in process of restructuring: ongoing 1992.

- * National Telephone Cooperative Association (USA): development of a telephone system in rural areas: ongoing 1991.
- * CERP Rouen (France): opening of pharmaceutical wholesaler's in Krakow: December 1990.
- * Exchange programme for farmers: CUMA (France): 1991.
- * Danish Co-operative Centre: establishing co-operation with Polish consumer co-operatives: February 1991.
- * SCC Sweden training programme for co-operative officials: ongoing 1991.
- * Afro-Asian Institute: seminar on market economy for East and Central European movement: Israel, April, 1991. Two participants from Supreme Co-operative Council.
- * Crédit Mutuel (France): agreement on collaboration with National Committee of Co-operative Banks: Poznan, March 1991.
- * World Bank sets up Foundation for Rural Co-operatives: Warsaw, October 1991.
- * Folksam/MACIF/Prévoyance Sociale/UNIPOL mission to Poland, Co-op Insurance Society TUW registered March 1992.
- * WOCCU - Establishment of the Polish Foundation of Credit Unions, Gdansk: June 1991. Funding approved, August 1992.
- * Land O'Lakes (USA) office opened in Warsaw: August 1991.
- * Co-operative Housing Foundation (USA) programme of assistance to housing co-operatives: 5 million grant approved in December 1991.

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- No. 20. **Co-operative In Eastern & Central Europe - Hungary by Dr. János Juhász**
This study covers the recent evolution of the main co-operative sectors, the reforms undertaken since 1989 and the new co-operative law and gives an insight to future options for the movement. The text is accompanied by recent statistics.
Published 1992, 62 pp., price CHF 12.00 Order No: ICAHO/029

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