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REPORT OF THE

44th International Co-operative Seminar
Budapest, Hungary

CO-OPERATIVE PROGRESS
IN A CHANGING WORLD

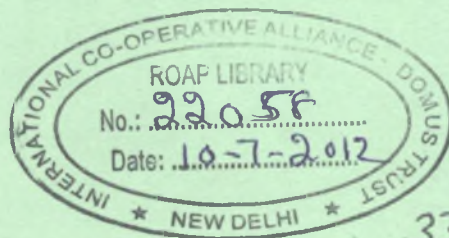
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I INTRODUCTION

1. Venue and Arrangements

The Seminar was held in Budapest at the kind invitation of the National Co-operative Council of Hungary on which all types of co-operatives are represented. The host organisation was responsible for all organisational arrangements. The facilities and hospitality provided were excellent in every respect and contributed largely to the smooth running of the Seminar. A total of sixty-one persons, including representatives from nineteen countries and resource persons and supporting staff, attended.

2. Theme

The theme of the Seminar was "Cooperative Progress in a Changing World". It was intended to provide a forum to consider some of the significant elements of challenge confronting the international co-operative movements in the years ahead with special focus on two main sub-themes:

- (a) Collaboration between Co-operatives
- (b) The Co-operative Role in a New Economic Order

3. Programme and Organisation

The framework for this important exercise was a programme of papers, case studies and discussions which consisted of three elements:

- (a) First, a study of the general situation concerning the environment within which co-operatives had to operate and the particular challenges to which they would have to respond in the years ahead. The principal contributions here were by Mr T N Bottomley, Mr V Maslennikov, Mr H Watzlawick and Professor Dr S Zsarnoczai.
- (b) Second, a series of case studies illustrated, by reference to particular movements and international organisations, some lessons and experience which might offer useful guidelines for future action. These included contributions by Mr G Alder, Mr I O Hansen, Dr F Molnar, Mr Jh Veverka and Mr D L Wilkinson.
- (c) Finally, through the medium of group and plenary sessions, participants were able to explore in greater detail the prospects for effective response to the challenges presented.

Edited versions of the papers and case studies are included in Part III of this report and a detailed outline of the programme is given in Appendix (2).

The host organisation arranged a programme of study visits to a variety of co-operative enterprises taking account of:-

- (a) The trend of development of the consumer co-operative societies and collaboration between the different co-operative sectors; and
- (b) The trend of development of the industrial and agricultural co-operatives and collaboration between different co-operative sectors.

4. Documentation

In addition to the papers and case studies, the documentation for the Seminar included two articles, ie. "Social Purposes of a New World Economic Order" by Francis Blanchard, Director General of the ILO; and "Co-operative Self-help in Changing Times" by W P Watkins which had been published in the ICA Review of International Co-operation, No 1 1977.

5. Acknowledgements

The ICA gratefully acknowledges the very high standard of the facilities and hospitality provided. Opportunity was taken during the course of the Seminar to convey warm thanks and appreciation on behalf of participants, sponsoring organisations and the ICA to:-

The Vice-President of the Council and the Municipal Authorities of the City of Budapest

National Co-operative Council of Hungary

National Council of Consumers' Co-operative Societies (SZOVOSZ)

National Council of Industrial Co-operatives (OKISZ)

National Council of Agricultural Co-operatives (TOT)

II OPENING OF THE SEMINAR

The official opening of the 44th International Co-operative Seminar took place in the presence of a number of distinguished guests - Mr G Karoly Garamvolgi, Deputy Minister of Education; Mr Karoly Molnar, Deputy Minister of Home Trade; Mr Barna Sarkadi Nagy of the Foreign Department of the Hungarian Socialist Workers' Party's Central Committee; Dr Gabor Sos, Secretary of State, Ministry of Agriculture and Catering Trade; and Dr György Szep, Deputy Chief of Section of the Ministry of Justice.

Mr T N Bottomley, Co-Director of the Seminar and ICA Secretary for Education, in his opening address conveyed to the Hungarian hosts and the participants the greetings of the Director of the ICA, Dr S K Saxena, who was unable to attend due to illness, and also extended the Director's best wishes for a successful Seminar.

Over the years the Annual Seminar had become a very important function in the calendar of ICA events. It gave co-operators an opportunity to consider and study important topics, such as "Co-operative Progress in a Changing World" which was the subject chosen for discussion during the coming week.

The Executive of the ICA had expressed the hope that the work of the Seminar would be fruitful and productive. Mr Bottomley felt sure that the debates and discussions supported by the guidelines set out in the programme would result in vigorous and informed exchanges on the topic, thus contributing towards the aims envisaged by the ICA Executive.

The ICA had been delighted to accept the generous and kind invitation from the National Co-operative Council of Hungary to bring the 44th ICA Seminar to Budapest. Here, in this delightful venue, it would be possible for all to carry out their work well.

Dr F Molnar, President of the National Council of Co-operatives welcomed the participants to the 44th Seminar on behalf of the entire Hungarian Co-operative Movement and extended the best wishes for a successful Seminar from the leaders of the country. The Hungarian Co-operative Movement was inspired by the international co-operative movement and had many common objectives with other co-operative movements, particularly those of the socialist countries.

The Hungarian Co-operative Movement had played host to a number of international co-operative events in recent years, the most important of which had been the meeting of the ICA Central Committee held in 1973. The first meeting of the Advisory Group for International Training of Co-operators (AGITCOOP), a Working Party of the ICA, had also taken place in Budapest in the same year. The Working Party on the Co-operative Press met in Budapest in 1974 and the Women's Committee of the ICA in 1971.

As their contribution to the Co-operative Development Decade the Hungarian Co-operative Movement had earmarked a sum of 1,000,000 forints.

The Helsinki Conference on European Security and Co-operation had brought about closer collaboration amongst the participating nations. This should be further manifested in the forthcoming Conference to be held in Belgrade and its objectives, so far as the co-operative world was concerned, would, no doubt, be reflected in the work and outcome of this seminar.

Professor Dr S Zsarnoczai, Co-Director of the Seminar, thanked Dr Molnar for his opening address.

III PAPERS AND CASE STUDIES

(The following are edited versions of papers and case studies distributed to participants.)

1. The Hungarian Co-operative Movement and Collaboration between Co-operatives - A Country Study
Dr F Molnar, National Council of Co-operatives, Hungary

The Hungarian co-operative movement is an organic part of the international co-operative movement. As a founder member of the International Co-operative Alliance it continues to play its part within the ICA and today it participates to an even larger extent in its activities. The Hungarian co-operative movement collaborates closely with co-operative movements in the socialist countries. It is also expanding its ties with co-operative movements of developing countries, and its social and economic relations with co-operative movements in capitalist countries.

The 26th ICA Congress held in 1976 dealt with the promotion of collaboration between co-operatives. Such collaboration could contribute towards making the best possible use of the experience of the international co-operative movement and the Hungarian co-operative movement would be pleased to make its experience available to others.

The significance of the co-operative movement in Hungary is well borne out by the following: Today about half of the economic enterprises are co-operatives. They employ one third of total manpower, and account for nearly 25 per cent of the national income.

At the end of 1976, there were 4,631 co-operatives with a total membership of 4,295,000. If dual or multiple membership is excluded, then there were over two million co-operative members, ie. 20 per cent of the population.

Agricultural co-operatives

Of the various co-operative branches, the agricultural co-operatives play the most significant social and economic role. There are three types: the producers' co-operatives, the specialised co-operatives and the fishing co-operatives. These co-operatives provide regular work for 623,000 people. Their activities directly influence 300,000 families (two million people) but indirectly, they influence the whole of society.

Their economic potential is quite significant, for they are the most dynamically developing media within agriculture of the country. Cultivating six million hectares of land their produce values 110,000 million forints. The plots of the agricultural co-operatives account for 70 per cent of agricultural produce which means that they play a determining role in Hungarian agricultural output. They produce 12 per cent of the national income. The agricultural co-operatives farm 63 per cent of the country's arable land. They also own 54 per cent of all agricultural fixed assets.

In the past five years their output has increased by 23 per cent. The rise in plant cultivation was 25 per cent, and in stock-keeping 19 per cent.

As a result of the advance in mechanisation and the use of chemical fertilisers, there has also been a significant decline in the manual work required to care for crops. Mechanical plant protection has become the general method in co-operatives. Fertilisation and spraying by aircraft is on the increase. The improvement in techniques is helping to step up the output. The specialisation of co-operatives is increasing and their organisation is advancing.

The role of the co-operatives is also significant in the human and professional development of their members. Great advances have been made in technical training and the education of workers and members.

Industrial Co-operatives

In 1976 there were 977 industrial co-operatives in operation with a membership of about 300,000. Originally, these co-operatives were intended to raise the production level of craftsmen, but they have now established up-to-date medium sized factories.

In addition to serving their members, the industrial co-operatives play a most important role in the national economy. They augment state-owned industry, increasing the selection of commodities, help to advance the services demanded by the population, and raise the tradition of Hungarian handicrafts and artisanship to a higher level, while they also share in satisfying the rising housing demands of the population.

The output of the industrial co-operatives (excluding the food industry) was close to 49,000 million forints, or over 7 per cent of the total output of industry. In the past five years their output has increased by an annual average of 7.4 per cent, which is a higher rate than that of state-owned industry. They produce one third of the total industrial exports.

They play a significant role in light industry, where they account for one sixth of the total production value of 104,000 million forints. Of the 457,000 people employed in this branch, 141,000 work in co-operative industry. But co-operatives play the largest part in the handicrafts and artisanal industries. 67 per cent of total production comes from co-operatives. Their share of the production value of the textile garment industry is 37 per cent, of the leather, fur and shoe industry 23 per cent, and of the furniture industry 23 per cent. Within the building industry, they play an outstanding role in housing construction. In 1976 they built 6,000 homes, almost 3 per cent of total housing construction.

There are 69 co-operatives operating in the service industries, with a membership of 22,000. Industrial co-operatives account for over 50 per cent of the services to the population. Within the engineering industry, co-operatives produce 6 - 6.5 per cent of the total value of production.

Consumer co-operatives

The consumer co-operatives grouped within the framework of the National Council of Co-operatives play an important role in satisfying consumer demands. They engage in small scale agricultural production, in the building of homes and in the promotion of savings. The activities of the consumer co-operatives involve about 5.3 million people, ie. over half of the population.

The 306 general consumer, wholesale and sales co-operatives (AFESZ) with a membership of a million and a half have a 30.2 per cent share in retail turnover, and a 36 per cent share in the turnover of the catering industry.

Of the 55,525 shops and catering establishments in the country, 26,354 are operated by the co-operative movement. The commercial and catering network of the AFESZ is expanding. It is also becoming increasingly specialised and modernised.

The AFESZ co-operatives also conduct significant industrial activities. They operate 797 mineral water and soft drinks factories, 301 distilleries, 13 preserving plants, 51 plant bakeries, 7 pasta production plants and also 228 slaughterhouses and meat processing plants with a total production value of over 200 million forints.

The 347 savings co-operatives have 1,215,000 members. Their operational area extends to 39 per cent of the inhabited area of the country. During the last five years savings accounts in the co-operatives have increased by over two and a half times. The savings co-operatives are endeavouring to satisfy increasingly the demands of their members for various financial services within their local communities; these include insurance transfers and foreign exchange.

The establishment and rapid development of housing co-operatives was made both possible and necessary in order to assist the 15-year housing construction programme and to satisfy demand. The housing co-operatives are one of the more recent branches of co-operative activity in Hungary.

The number of housing maintenance co-operatives rose from 461 in 1970 to 361 in late 1976 and the number of units under their supervision rose from 58,414 to 138,039 in that same period. 159 co-operatives look after clubs, libraries, playing fields, parks and playgrounds and in certain areas they also operate a network of child-care centres.

In the Hungarian People's Republic all co-operative branches play a significant role in the national economy, and their work constitutes an important factor in socialist development.

Although there is no unemployment in Hungary, and in many areas there is even a shortage of manpower, the co-operatives play an important role in employment, and particularly in the employment of women and young people. Thus they are endeavouring to achieve one of the objectives to promote the equality of women and the security of a livelihood for young people.

The co-operatives contribute to improving living conditions and to raising the general welfare level in many other ways too. The agricultural co-operatives and the AFESZ co-operatives make an effective contribution towards raising the food supply level. The advance of co-operative farms also means a rise in the incomes of the farm members. All types of co-operatives are raising the standard of services and they endeavour to satisfy demands on increasingly high levels.

The social activities of the co-operatives are significant, both with respect to active members and retired people. The co-operatives maintain improved working conditions for their employees. They devote particular care to large families, mothers of small children, and to others in need of support, such as pensioners. They provide the latter with plots, agricultural produce and regular support in other ways. The co-operatives devote nearly 1,000 million forints to cultural activities and welfare.

Collaboration between co-operatives

Now turning our attention to the subject of collaboration between co-operatives, I wish to refer to the position taken by the 26th Congress of the International Co-operative Alliance. The point emphasised on that occasion was that the term "collaboration" was to be interpreted in all its aspects and the broadest possible sense. This would include collaboration not only between co-operatives of the same and different types, among the co-operatives and their unions, but also, and no less important, among all similar and related movements and organisations and institutions. In addition to collaboration at national level actions must also be taken to advance collaboration between co-operatives in various countries and on an international level. The development of the co-operative movement depends on such collaboration which constitutes the very essence of Co-operation as a democratic mass organisation set up for mutual aid and relations among individuals. A co-operative organisation can only be effective if it combines within its activities the interests and the aims of the individual with the interests and aims of society as a whole.

Economic collaboration between co-operatives

Today most of the co-operatives are small or medium sized enterprises, even following concentration into larger units. Intensive economic development, the application of advanced techniques, capital requirements, specialisation and efficient operation require certain forms of collaboration. The various forms of economic collaboration have developed among co-operatives operating within the same branch and those operating in differing ones. The most frequent manifestation of economic collaboration is the system of direct trade between co-operatives. For instance, in the agricultural co-operatives, with the advance of specialisation and the increased collaboration in production, there has also been a rapid growth in trade between the large scale farms. In five years trade between the co-operative farms has increased by about two and one-half times.

The AFESZ co-operatives have set up over 80 associations, 24 county-wide co-operative ventures and 7 national joint ventures. In addition, there are 3 national enterprises operating under the jurisdiction of the National Council of Co-operatives to handle tasks which can only be undertaken on a nation-wide scale. There is also a growth in associations which realise various large scale investments, eg. to establish joint department stores. Of the 24 county co-operative federations, 4 operate department stores, 12 help to procure and market commodities, 5 handle data processing and 3 conduct other activities.

Almost half of the units in the field of housing construction are being built by building co-operatives. Some of the produce of the agricultural co-operatives (fruit and vegetables) are being purchased by the AFESZ co-operatives. From the point of view of the food supply, the meat processing plants founded by the agricultural co-operatives and the AFESZ co-operatives are of particular importance. The SKALA department store in Budapest and the HUNGAROCOOP Foreign Trading Company founded by the National Council of Co-operatives and the National Council of Industrial Co-operatives are establishments of national importance.

Recently a number of joint ventures have been established in the food industry by co-operatives and state owned enterprises in the form of associations without establishing autonomous legal entities. In connection with the advance of the country's agricultural pattern, co-operatives and state owned enterprises have established several agro-industrial enterprises.

Mutual Support and Joint Development Funds

This form of collaboration, based on mutual support, has been particularly developed in the AFESZ co-operatives, the industrial, the savings and the housing co-operatives. The agricultural co-operative movement is also in the process of promoting such assistance.

The purpose of these funds is to help co-operatives in the case of damage caused by bad weather, or damage or losses caused by other factors. They can make larger contributions towards assistance than could be made by an individual co-operative.

Cultural Collaboration

Increasing collaboration is developing among the various co-operative branches and among co-operatives within the different branches in undertaking certain cultural activities. In certain areas, for instance, the celebrations of International Co-operative Day and other activities have been organised jointly. The Hungarian co-operatives often participate in the activities of the Patriotic People's Front, The Hungarian Peace Council and other similar organisations.

In recent years it has become quite common for co-operatives to collaborate in maintaining community centres, libraries, nurseries, day care centres and local sports associations, and to provide the finances needed for their development.

National Co-operative Councils

These Councils promote the development of co-operatives and the advance of their social roles in an efficient manner as well as collaboration between co-operatives. The agricultural co-operatives founded the National Council of Agricultural Co-operatives (TOT), while the industrial co-operatives established the National Council of Industrial Co-operatives (OKISZ). The National Council of Consumers' Co-operatives (SZOVOSZ) was founded by the consumer co-operatives which satisfy consumer needs and engage in wholesaling, savings and housing activities. The national councils represent the various co-operative movements and they operate as legal entities. They submit opinions on legal matters affecting the co-operatives. Without their agreement no state decree on co-operatives can be passed. In this respect they also have the right of veto.

The major task of the councils on both national and regional levels is the protection of co-operative interests, political, educational and organisational work, and the provision of a variety of services to assist the successful operation of co-operatives.

The National Council of Co-operatives is the advisory body for the entire co-operative movement, founded by the three co-operative branches. It promotes the expansion of international relations. The office of chairman of the National Council of Co-operatives is held consecutively by the chairmen of the three national councils for one year only.

Other important regional organs engaged in the promotion of collaboration between the three branches of co-operative activity are the county co-operative co-ordinating committees. In the beginning the operation of the committees was aimed at jointly solving social and other issues. In the past two years, however, numerous endeavours on a national scale have been made to assist in the solution of economic tasks of common interest. The county co-ordination committees jointly publish co-operative newspapers.

The Socialist System and Co-operation

The foundation for the dynamic development of the co-operative movement is the co-operative policy laid down in the documents of the Hungarian Socialist Workers' Party and the Constitution of the Hungarian People's Republic, as well as in other co-operative regulations. This has made it possible for co-operatives to operate in all walks of life, and to develop even today in those areas where demands for them arise.

The Hungarian Socialist Workers' Party appreciates greatly the results attained by co-operatives, and is counting on them to assist in advancing socialism. The resolution of the last Congress states "Co-operative ownership plays an important role in agriculture, in industrial production and in many branches of service industries, in commerce and in the whole national economy". And the resolution goes on: "Our party is continuing its Leninist co-operative policy which has proved to be successful. It supports the activities of the agricultural, industrial, consumer and service co-operatives which contribute to solving economic and social tasks, while the socialist features gain in strength".

The advances of recent years, the social re-stratification, the acceleration in production, the increases in turnover of co-operatives and their specialisation and concentration have made it necessary to alter the laws and regulations relating to the operation of co-operatives, to bring them into line with changed circumstances. Amendments to legislation were made, and the new co-operative law and amendments to the appropriate decrees took effect on 1st July, 1977.

The economic regulators of the fifth Five-Year Plan have also taken account of this. This has created favourable conditions for the efficient operation of co-operatives and for their further advance. To use but one example to illustrate this fact, mention should be made of the fact that according to the present Five-Year Plan, 400,000 square metres of the total of 900,000 allotted to new shops will be developed by the AFESZ co-operatives.

This shows that the Hungarian co-operatives manage their affairs in a favourable social and economic environment. The activities of the co-operatives which serve the interests of their members, are conducted in such a manner that they also serve the advance of society.

One of the most important tasks facing the co-operative movement today is the further advance of broad scale collaboration between co-operatives, making use of the guidelines established by the 26th Congress of the ICA. This will no doubt be a new source of strength in bringing about greater achievements by the Hungarian co-operatives.

2. Co-operatives in a Changing World Mr T N Bottomley, Secretary for Education, ICA

This paper is intended as an introduction to the main theme of the Seminar Co-operatives in a Changing World - with special reference to collaboration between co-operatives and the need for a new world economic order.

These are topics of the highest importance and very appropriate to the Seminar. They are not new - discussions go on in many places - but here we engage in domestic discussions, seeking to shape and formulate our policies on these great issues. Traditionally we are an educational movement with responsibilities both internal and external. Internally, we use educational techniques to promote the discussion, the clash, and exchange of ideas necessary to lively, participative democracy. Externally, having formulated our co-operative response to the challenges presented by the world in which we live, we expound and advocate these to others, and seek to demonstrate the strength and wisdom of the co-operative way by practical work and achievement in our various organisations. It is a great strength of the co-operative argument that we are not merely philosophers expounding what might be - we are practitioners engaged in the practical realities of social and economic organisation.

Mr Watkins, in a recent issue of the ICA Review of International Co-operation, offered his own reflections on the influence of co-operatives in a changing world. He argued that the co-operative movement had developed as a direct response to the challenge of hostile and inequitable environments and that its success in confronting the injustices it sought to remedy arose from the twin concepts of co-operative action - self-help and mutual aid. It is because co-operative self-help is not individualistic but essentially concerned with social objectives directed to the common good of all that it was and is successful. Co-operators seek a better world founded on the principles of equity, democracy and social justice and are engaged in a direct and practical way in applying these principles in their co-operative institutions; and in advocating their application to all forms of human organisation. As Mr Watkins reminds us, the ICA Commission on Co-operative Principles in 1966 said: "Co-operation at its best aims at something beyond promotion of the interests of the individual members who compose a co-operative at any time. Its object is rather to promote the progress and welfare of humanity."

In the papers being presented and in our discussions this week we shall discern much evidence of that approach. A concern for what we are doing, and how we are doing it, and how we might be doing better - but always with our sights lifted to the wider horizons of mankind as a whole, and our responsibilities in a world beset with problems of poverty and hunger and deprivation.

Let us turn now to a discussion on the nature of some of the changes taking place which shape and condition the environment within which co-operatives have to operate.

In the area of world economy and trade

- we see continuing imbalance in distribution, ownership and consumption of natural resources, particularly food and energy.

We see both these essential resources used as instruments of power and self-interest.

- despite the massive development effort of the past 25 years the divide between rich and poor nations widens. There has not yet been, let us face it, the realisation of the high ideals and great aspirations so boldly proclaimed a quarter of a century ago. A great development industry has been created, highly paid, but few would yet be satisfied with the results of its efforts.

- there is a growing awareness of the need for radical change in the economic order to the advantage of poorer countries, and a growing demand that change there must be. Mr Watzlawick and Mr Maslennikov will discuss the elements of that demand and the co-operative response to it.
- without wishing to anticipate their contributions, perhaps I could comment on just two aspects of special concern to co-operators. There is first the question of national self-interest - the natural tendency for nations and groups to look first to their own interests, the improvement of their own standards or pursuit of their own objectives. How can co-operators influence their own national policies to make them more responsive to the need for change? This is one question to which we might address ourselves.
- Then there is the growing power and influence of the great multi-national companies, and particularly the sources of capital available to them. To attack the policies of these organisations is easy, our concern should be not only to propose but to demonstrate the practicable and efficient alternatives. What can co-operatives do to encourage and promote more equitable world trade is another question we should be looking at this week.

We as co-operators have to take a lead in advocating and seeking change - even though this may sometimes mean altering the terms of trade in favour of primary producers at the expense of our own members. There are clearly here opportunities for more co-operation between co-operatives which I shall refer to later.

Within the context of national economic systems there are also both internal and external pressures influencing change.

In the industrialised countries there are growing consumption levels based on access to world markets; and with the need to exploit full productive capacity there is severe competition in world markets and strenuous attempts to expand into new markets. This situation has obvious, though sometimes somewhat different implications for co-operatives since each is part of its own national economic system, and has to operate within the requirements and restrictions of that system.

In developing countries poverty, as we have seen, remains a besetting problem and, to be frank, the ability of co-operatives to contribute to its solution is being exposed to criticism and challenge. In Tanzania, for example, we watch the development of a new and as yet unproved approach to the search for sustained rural development. We wish it well - but should recognise that it was devised because it was thought that co-operatives were not the most suitable agency for the purpose.

The ICA has recently held a special conference on "Co-operatives and the Poor" and Mr Alder will refer to this later in the week.

The general implications for co-operative progress and development which we could note at this time, so far as national economic systems are concerned, are first the extent to which the state, by legislation or otherwise, may encourage or inhibit co-operative development. Second, the extent to which, in confronting its competitors, a co-operative movement may begin to copy their practices. There is in some places much government control and in others a move towards the practice and philosophy of private trade. Both can be a denial of the true co-operative democracy based upon self-help and mutual aid.

Perhaps the most spectacular changes in our world are those arising from our increasing knowledge in the field of science and technology and this continues apace. Research, which is the source of innovation, is an essential prerequisite of technological advance and this is the prerogative of the richer nations. There is an important role here for the United Nations in ensuring that the advantages of new techniques are put to the benefit of mankind as a whole.

There are far-reaching consequences for society as a whole concerned with the allocation and use of scarce resources, the purpose and motivations of the use of new knowledge, and the influence on social, economic and cultural life.

For co-operators there are many implications including the need for co-operative movements to be able to have access to and properly apply new techniques and knowledge; to influence their use in socially desirable ways; and to bring them to bear on problems inhibiting co-operative progress and development.

There are also political and cultural changes taking place which have an impact upon co-operative development. Mankind continues in its search for forms of political organisation which appear to satisfy their aspirations for adequate life sustaining provision and for security. This search itself produces tensions which frequently lead to conflict. As co-operators, we maintain our traditional concern for peace and emphasise the need for co-operation as opposed to competition.

There are questions which arise concerning the relationships between economic growth and the well-being of the individual. These not only concern the adverse effects of growth such as environmental pollution but also, more fundamentally, social and cultural relationships.

The mechanics of the highly organised industrial society can give rise to feelings of alienation, of being subject to pressures beyond the control of the individual, just as extreme poverty or economic weakness can create conditions of apathy and helplessness.

There is a great need for people to have the ability to influence their own destinies, to build a secure and significant life and to establish creative relationships with others. This is a truly co-operative objective which reaches beyond mere participation in a political system of government.

All this is only a limited and inadequate review of some of the changes taking place in our world. And now we should reflect on what kind of response we make as co-operators to these changing conditions.

3. Housing in Tanzania - A Co-operative Contribution towards solving the Housing Problem
Mr I O Hansen, A/L Norske Boligbyggeklags Landsforbund, Norway

According to the 1967 Census the population of Tanzania was just under 12 million. Today it is about 14.7 million, a growth rate of about 3% per year. Of the 1967 population, 11,280,900 lived in rural areas and 677,700 in urban areas. In 1975 the urban population passed the million mark, a growth of around 6.5% per year.

In 1967 91% of the population of working age were engaged in agriculture while 8% were engaged in manufacturing, commerce and services in urban areas. Only 2.8% of the total population were wage earners. The average growth rate in wage earners between 1966 and 1971 was around 4.6% per year.

In 1972 the average income per capita of those living in the rural areas was estimated to be a mere £4 per month and in the urban areas £16. Although the minimum wage for those in the urban area is now £26 and £16 for the rural areas, the majority of workers are not wage earners and therefore they might not even receive this amount.

The Household Budget Survey of 1969 showed that those earning less than £34 spent on average 10% of their income on housing. This suggested that the vast majority of those living in either the urban or the rural areas were only able to spend less than £3.50 per month on housing.

The majority of houses in Tanzania have been built in the last five years and only 13% were found to be over 20 years old in 1969. It is likely that the picture is little changed today, except that the recent increased efforts to move people into planned villages and the increasing rate of rural-urban migration would suggest that the proportion of dwellings less than five years old is probably increasing.

In 1969 80% of all houses in Tanzania cost less than £34. This figure refers in the main to houses constructed from local materials and without the use of hired labour. In a recent survey of some squatter areas in Dar es Salaam, only 4.2% of the houseowners claimed that their houses cost less than £68. In fact, 43% claimed that they cost more than £340. However, these figures only constitute a very small fraction of the total housing stock of the country (4.4% in 1969). In the vast majority of houses, walls were made of mud and pole or pole and grass (78%), and some 70% still had grass or makuti roofs (palm leaf). 90% of the houses had no foundations or floor, 50% had no toilet or latrine and 75% no bath. Only 8% had the use of piped water and 2% had electricity and of those with either of these amenities the majority were found in the towns.

It has been estimated that the average life span for an urban house is about 20 years, whereas the average life span for a rural house is only six or seven. This means that some 400,000 dwellings in the rural areas and some 5,000-10,000 dwellings in the urban areas need to be replaced annually. If one adds to this the number of dwellings that need to be built to house the increased population then you get an annual house building requirement of about half a million.

Tanzania is among the 25 poorest countries in the world. To illustrate what that means, if they invested £1,000 in each of the houses to be built, it would require 42% of their gross national income for that sector alone.

National Housing Policy

The Second Five Year Plan singled out housing as among the most important objectives of the plan, and stated six aims.

- i to plan for the need of the fast growing population with particular emphasis on the needs of the low income group;
- ii to encourage more desirable rural settlements, such as the Ujamaa village to minimise rural-urban migration;

- iii to develop an efficient building material and construction industry to emphasise the use of suitable local materials for low cost housing;
- iv to mobilise self-help, through the encouragement of housing co-operatives;
- v to ensure a proper and balanced use of land;
- vi to mobilise savings for capital formation for (a) financing housing projects, and (b) subsidising housing expenses.

The main agencies to carry out this plan are the Ministry of Lands, Housing and Urban Development (Ardhi) in charge of overall planning and strategy which promotes the use of local building materials through its Building Research Unit; the Registrar of Buildings, mainly concerned with the State; the National Housing Corporation, the main house-building agency of the Government concerned with building middle and low cost housing in the urban areas; and the Tanzania Housing Bank whose task includes not only the financing of house building in both the rural and urban areas, but also the mobilisation of savings.

Urban Housing Policy

A Ministry estimate for the urban areas put the annual demand for housing to be in the region of 21,000 and 23,000 units per annum. 67% of these should be suitable for those with incomes of £35 per month or less. The main public agency for providing these houses is the NHC. The Second FYP proposed that 2,000 units of low cost housing per annum should be built, a fraction of the total need. Between 1969 and 1973 on average 1523 units a year were built. In 1974/75 only 600 low cost units were planned. In 1973/74 the average cost of the houses built by the National Housing Corporation with money from the Tanzania Housing Bank was just under £1,350 and by 1974 it had risen to nearly £2,000. Obviously, the economic rent of about £13.50 or more a month for such buildings would be beyond the means of all but around 10% of the urban population. This highlights the dilemma of the public housing agencies which aim at providing houses at minimal cost.

The second major source of public involvement is the Tanzania Housing Bank. This bank was established by Act of Parliament in 1972, and started operations on 1st January 1973. The aim of the THB is to provide mainly loans for low cost housing in urban and rural areas.

In its first year it loaned £600,000 for low cost housing. The average loan was about £800. In 1974, the amount increased to £830,000 though the number of units fell to 633 at an average price of £1,200. The reason for the higher price is that the people or bodies who received the loans built their units with the help of contractors. The housing co-operatives received loans of £225,000 and £150,000 for the two years respectively and financed the building of 444 and 222 units during that time at an average price of £520 and £670 respectively. At 1974 prices it was estimated that the cost of building materials for a full urban house built in brick was £560. Such a five-room house would enable the owner to let two or more of the rooms, thereby increasing his income by £3.50 or more a month. Even if his income was less than £35 per month, with this addition he could probably afford a loan of £800 at 5% interest.

The main problem for the THB is how to raise the necessary finance to provide the loans. In 1974 the Workers and Farmers Housing Development Fund was established to provide cheap loans by using money from the levy imposed on all employers with ten or more employees who have to contribute 2% of their wage bill. Other money for low cost housing comes from loans and grants given by foreign agencies, usually for specific purposes, for example the World Bank Loan for the Sites and Services Project which also included a loan for the THB to finance building and improvement work in Sites and Services areas. The problem with the reliance on such special funds is that they tend to provide a rather unbalanced distribution of resources if strictly adhered to in times of low liquidity.

Rural Housing Policy

The THB has specific responsibility for the financing of rural projects as well as urban and the conditions attached to the loans are similar for both types of area. Recent policy aims at increasing the availability of funds for low cost housing. Since October of last year, the maximum period for repayment has been increased to 25 years. At the same time a special improvement loan was introduced to provide up to £350 for house improvements to people who are in regular employment or are members of a housing co-operative to get such loans if they are associated with either an existing producers co-operative or are an employment-based housing co-operative.

The Second Five Year Plan has five objectives for rural housing: to improve designs of houses; to improve construction; to achieve a proper use of local materials; to develop more desirable local settlements; and to encourage self-help and reliance. Until the THB became involved in the financing of rural housing, there was no agency with responsibility for financing such work.

Greater interest is now being shown in the problem of rural housing. Various organisations have been given the specific responsibility to assist in achieving the goals already specified. The Building Research Unit has, amongst other things, got the task of helping to produce better designs for rural housing. It is also doing invaluable work in the use and adaptation of local building materials such as bricks and soil cement. Rural Construction Units have been established in most districts to assist and supervise the construction work in the villages. With an estimated demand for rural housing being 400,000 for replacement and about 60,000 for natural population expansion, making a total of nearly 460,000 a year, the task is beyond the resources of any financial institution in Tanzania, even with the 1973 estimated cost of building materials being about 135/-per unit for a three room unit with earth or hand-made brick walls. To provide an even higher standard would be even more inconceivable. Consequently, self-help is essential to meet the demand in the rural areas.

It is clear from the size of the problem in both the urban and the rural areas and the limited resources available through the formal agencies to remove the expanding housing deficit, that the only hope of a solution lies in the maximum utilisation of the natural resources and talents of the people themselves.

The Ministry of Land together with the Prime Minister's Office is working on a ten-year programme which should increase the number of improved houses in rural areas from 15% to 50%. This programme, Nyumba Bora, is an extension of the work of the Rural Construction Units in helping the villagers to build improved model houses in their villages so that they may learn how to use the improved techniques for their own houses. Where necessary, it hopes to increase the use of the special improvement grants available under the Workers' and Farmers' Development Fund to purchase any necessary materials available locally. The programme will also start a Better Housing Campaign aimed at educating the rural dweller in how to achieve the best results. This will be done at Rural Training Centres in conjunction with the Rural Construction Units and the Institute of Adult Education. It is clear then from what has been stated that the only way Tanzania can hope to produce a sufficient number of decent houses is through self-help. It is also clear that the only way such an approach can hope to utilise the limited but essential help needed to raise the general standard of self-built housing is through effective organisations, ie housing co-operatives.

Co-operative Housing

Although the co-operative movement in Tanzania has a relatively long history (1932) which includes most wings of co-operative activities, housing co-operatives were introduced only some six years ago. The first was a pilot project, Mwenge Housing Co-operative Society in Kijitonyama near Dar es Salaam. This project developed out of a proposal from a conference in Addis Ababa held in 1969, where delegates from 24 African countries in one of the main recommendations requested the UN/Economic Commission for Africa to establish a housing co-operative pilot project in an African country with bilateral and/or multilateral assistance.

The society has about 400 members, and most of the construction work is now completed. The lessons learned from this project are various. They cover areas of administration and management, building techniques, planning, as well as departmental back-stopping. The main lessons to be learned, however, is that it is not possible to transfer a pattern of organisation and by-laws from one part of the world to another without making reference to the local conditions in the recipient country.

On the basis of the national housing policy and in view of the experience from the Mwenge Housing Co-operative Society, the general outlines for co-operative housing in Tanzania were drawn up by a seminar held at the end of 1975. The seminar considered housing co-operatives as one of the chief strategies for socialist development. It expressed the view that any meaningful solution to the housing problem could only be realised through mobilising the efforts of the people themselves to build their own houses through self-help. Those responsible had the task to mobilise people with housing needs in urban areas to start housing co-operatives, not only to solve their housing problems, but also for the sake of development of the nation. In rural areas, co-operative housing under the sponsorship of the villages should be one of the major solutions for improvement of their housing condition. In order to make the strategy an effective one, the following recommendations were made:

The seminar recommended that the Ministry of Co-operatives should take the initiative to form a committee made up of the Tanu-Party, the Ministries of Co-operatives and Housing, the Tanzania Housing Bank and other directly concerned institutions to coordinate and promote the work of forming housing co-operatives in the country. This committee should be formed immediately and should look into the following matters:-

1. Suitable model by-laws for housing co-operatives which also take into consideration that the urban housing co-operative should be the basis for development towards urban Ujamaa living.
2. Rules and regulations whereby rural housing co-operative schemes can be carried out under the sponsorship of the village.
3. Consider whether the minimum number of members to start a housing co-operative society should be raised to 50.
4. Revise the application for registration of housing co-operatives, ie members should have plans for the development of their society in fields other than housing.
5. Fulfilling the Decentralisation Policy in the field of land allocation and issuing of certificates of long-term right of occupancy of land; these functions should be decentralised to the regional level.
6. The possibility of providing loans to housing co-operatives whose members do not have a formal income. A Five Year Development Plan of the housing co-operative society approved by the District Development Council should be considered as an assessment of the ability to repay the loan to the Tanzania Housing Bank.
7. Examine the distribution system of building materials in the regions. The committee should consider the establishment of a better system of distribution of essential building materials based on Distribution Committees at national, regional and district levels.
8. The possibility of exempting housing co-operatives from the legal fees for registration of such societies, the fees for land registration and survey, and the fees for mortgage of land.
9. Consider a change in the Co-operative Societies Act of 1968 as it affects those convicted of a criminal offence. It is the opinion of the seminar that in the light of the present accepted role of prisons as places of rehabilitation, it is considered that the automatic expulsion from co-operative societies of those convicted of a criminal offence is likely to have a detrimental effect on the rehabilitative process and possibly even encourage these people to continue their life of crime.

By April 1976, ten housing co-operatives were registered in Tanzania with a total membership of 2,100 members. Approximately 600 houses had been completed.

Collaboration between Co-operatives - A Country Study, The United Kingdom
Mr D L Wilkinson, Co-operative Union Ltd.

Co-operatives in the United Kingdom

The Background

The Rochdale Pioneers formed a consumer co-operative from which the British Movement developed. Today, it is still dominated by the consumer societies, although in the intervening years other forms have been born, developed, lapsed and died.

Producer co-operatives have waxed and waned; Agricultural co-operatives thrive, but have not generally considered themselves to be a part of the Co-operative Movement.

Today the "Co-op" is the shop down the street, the department store in the town centre, and increasingly the hypermarket or superstore in an out of town or edge of town location.

The "Co-op" is the country's largest retail business with more than £2600 million annual turnover, over 10 million members, 215 retail societies, and over 12500 shops and stores. It is responsible for 7.3% of total national retail trade, about 16% of food sales, one third of total milk sales, and one third of all funeral services.

The Movement has two national federations: The Co-operative Union which is the central policy making and advisory body, responsible for advice in the non-trading areas, and for representing the Movement in relations with Government etc and the Co-operative; The Wholesale Society which is the central production, procurement and wholesaling organisation, responsible for co-ordinating the marketing policies of societies, advice on trading matters, etc.

The Co-operative Bank and the Co-operative Insurance Society are both subsidiaries of the CWS. They operate on a national basis and have close operational links with retail societies.

There are in addition: Local Federal Societies which are formed by groups of retail societies, to provide specific services eg dairies, bakeries, grocery warehousing etc; Productive Societies which are small in number and are mainly involved in the clothing and footwear industries, supplying their products only on a limited scale to the consumer movement; A small number of other miscellaneous societies eg printing works, taxi operators, which maintain links with the established Movement at both local and national level.

The structure today is illustrated on pages 22 and 23. These may appear somewhat complex, but it does show the inter-relationship between the members of the primary societies and the apex organisations through the various functional committees.

The structure of the British Movement has been continually changing since its foundation. However, for the purposes of this paper reference is only made to the principal events which have influenced the structure to a greater or lesser extent over the last 20 years.

A former General Secretary of the Co-operative Union, J C Gray, is often quoted for a statement which he made in 1906, that the Movement should form a national society. Many people have since said that this must be the eventual answer, but many more have contested the premise. However looking back on events, this clearly has been the direction in which the British Movement has been moving. Mergers and amalgamations have brought fewer societies, fewer national bodies, and the various investigations and surveys which have been made, have all been looking in this direction, even if not accepting that one national organisation was the ultimate requirement for the Movement.

The last 20 years

1957 is generally acknowledged as being the peak year of development for consumer co-operatives in the UK - in terms of membership, trading and capital. The share of the retail market was approximately 12%. All the published statistics will be seen to support a picture of a gradual growth which reached a peak in 1957, and then there followed a long period of decline, which in trading terms was arrested only some four or five years ago.

The same year saw the appointment by the Co-operative Congress of the Independent Commission, a high powered inquiry into the Movement with a remit to chart directions for the future. It was chaired by Hugh Gaitskell, Labour Party leader and one time Prime Minister; and its Secretary was Anthony Crosland who died earlier this year whilst serving as Foreign Secretary in the present Labour Government.

The Commission reported to a special Congress in 1958 and made a series of recommendations, which in broad terms can be summed up in one word 'rationalisation'. But the Movement took very little notice and it has been frequently said since, that had the Movement acted on the recommendations, it would have been in a much stronger position today.

It did lead to the Co-operative Union establishing an Amalgamation Survey. This was a thorough going exercise to recommend ways of merging societies to form larger units. At the time there were some 800 retail societies, and the result of the survey was a proposal to reduce that number to about 250. These proposals published in 1960 formed the basis of Co-operative Union policy for the next 8 years, although the mergers that did take place, at the average rate of 30 each year, were nearly all because of the force of economic circumstances, rather than because of a will to merge in accordance with the recommendations.

1964 saw the formation of another Special Committee to endeavour to find ways of bringing together into one organisation the Co-operative Union (CU), the Co-operative Wholesale Society (CWS), and the Scottish Co-operative Wholesale Society (SCWS). CU membership covered the whole of the UK, but the co-operative wholesale activities were divided between the CWS and SCWS. The SCWS was opposed to the idea of a link with the CWS, and consequently this attempt to unite the national federations failed.

However the following year saw the establishment of a joint Re-organisation Committee to look into the operations and organisation of the CWS. This ultimately led to changes which have had a considerable influence in changing the Movement's fortunes in the last few years. Arising from the JRC report, the CWS became a professionally managed organisation, the full-time elected Board being replaced by a larger part-time Board, which in turn appointed a Chief Executive to manage the business. The report also made recommendations relating to the trading relationships with member-societies, but it has not proved possible to put these into effect. However the CWS did become a marketing oriented society, and its promotional work undertaken in consultation along with societies, has been very effective in re-establishing co-operatives in the eye of the general public.

1968 saw the publication by the Co-operative Union of the Regional Plan, which was adopted by Congress as official policy. The basis was to group societies on a larger regional scale, and to encourage them to merge to form larger units, in order to survive the increasingly difficult economic conditions. The Plan proposed the formation of some 50 societies by merger of the then existing 630 societies. Many mergers took place over the following four years - not because of acceptance of the proposals - but again because of the force of economic circumstances. By 1972 the number of societies had reduced to about 280.

Further attempts to bring together the CU/CWS/SCWS were made in 1969/1970, when discussions again took place between the three organisations. The outcome was an agreement to transfer certain trade advisory services from the CU to the CWS. The aim was to concentrate all trading matters within the CWS in view of the changes which were taking place within the society relative to its marketing operations. The SCWS had participated in the discussions at their commencement, but later withdrew.

Certain changes had been taking place within the SCWS. It too had appointed a Chief Executive, but had retained a full-time Board. It had had retail operations in the remoter parts of Scotland for many years, but established a further retail division to which a number of independent societies transferred their activities. Because of this its name was changed in 1972 to the Scottish Co-operative Society. However, difficulties arose as a result of transactions undertaken by its banking department, and it was forced to merge with the CWS in the middle of that year. Again economic circumstances brought about a situation, which many years of effort had failed to achieve.

Whilst this development created one national co-operative wholesale/manufacturing procurement organisation for the Movement, it also brought with it many problems, many of which still remain unresolved even today. The financial problems of the Bank has imposed severe pressures on the CWS, and the integration of Scottish operations, particularly those concerned with retailing have taken up a disproportionate amount of time and effort of the officials concerned.

Regional Plan 2 was approved by Congress in 1974, and was a further development of the Plan 1 proposals. It envisaged even larger groups, with some 26 societies ultimately covering the whole of the UK. On its publication there were 240 retail societies in existence. Today there are 210, so that whilst the number is gradually reducing, there is still a long way to go. There have been however in the last year or so, a small number of significant mergers, of mergers from strength, rather than from weakness, and on the kind of scale as envisaged in the second regional plan. However, the much improved trading and financial performance of societies over the past few years has strengthened their base, and consequently progress with mergers had been very limited.

The 1975 Congress saw yet a further attempt to bring the national federations together, with the establishment of a Special Committee to enquire into the advisability of one national federation. Interim reports were submitted to the 1976 and 1977 Congresses, and the latter set out a possible form of Single National Federation, on which member-societies were asked to express a view. This has subsequently been the subject of a referendum of the whole Movement, and at the time of preparing this paper the outcome is not known.*

The Achievements

The UK consumer movement today is a much more effective retail operation. It has a modern image, and is in the forefront of new developments - hypermarkets for example.

* Since publication of this paper, the plan to merge the Co-operative Union and the Co-operative Wholesale Society was defeated by the referendum.

Much of this impact has been achieved through the operations of the CWS, its promotional activities, the development of marketing strategies in consultation with retail societies, ie collaboration between co-operatives.

The share of total retail trade having fallen to as low as 7% is now improving and latest figures indicate a 7.3% share. Co-operative food sales are 16% of total national food sales.

Changes have been brought about by a process of evolution rather than revolution - perhaps not fast enough for some, but enabling societies to deal with all the problems which arise for example in a merger situation, in an understanding manner for all concerned.

There is an acknowledgement that co-operatives are not just another retail organisation; that their primary objective is not profit, but that they are a consumer organisation, with the interests of their members and customers being paramount.

The scale of operations of the larger retail societies is now such that they are able to attract and retain young employees with future management potential.

The Future

There are still many unresolved issues centering around the trading relationships of the CWS and retail societies, and the functions of the Co-operative Union relative to the operations of the CWS.

Retail Societies are independent, autonomous bodies, subject to control from their own elected board of directors. The extent to which their authority is divested, if at all, to a national body is bound to be an issue as the number of societies is reduced and they become more powerful, relative to the national bodies. The largest 50 societies now undertake over 80% of total co-operative trade.

Some elements within the Movement look to a single national federation, ie embracing the CU and CWS, exercising a degree of authority over its member-retail societies. This issue will undoubtedly be an important topic, even if the present single national federal proposals fall.

There is an increasing interest in other forms of co-operation, and the established movement will ignore these at its peril. The structure at national level will need to be adapted to encourage and accommodate new co-operatives.

CONSUMER MEMBERS

England & Wales 9.5 million
Scotland & Ireland 1.3 million

220 RETAIL SOCIETIES

Annual Sales £2,100m
England & Wales 150 Societies
Scotland & Ireland 70 Societies—
Annual Sales £1,800m Annual Sales £300m

Co-op Press
Annual Sales £3m

National
Co-op Chemists
Annual Sales £6m

Shoe Fayre
Annual Sales £5m

23 Local Federations
Annual Sales £78m

4 Miscellaneous
Societies
Annual Sales £9m

17 Productive Societies
Annual Sales £7m

Co-op Productive
Federation
(Advisory Services)

Irish Agric. Wholesale
Society
Annual Sales £32m

C. W. S.

C.R.S.
Annual Sales £300m

ASSOCIATED ORGANISATIONS

Co-operative Insurance Society
Co-operative Bank
Travco Hotels
Co-op Travel
Cascade Motors
Scottish Retail Division

CO-OPERATIVE UNION

GENERAL SERVICES

CO-OPERATIVE UNION

Legal

Finance

Taxation

Publications

Labour

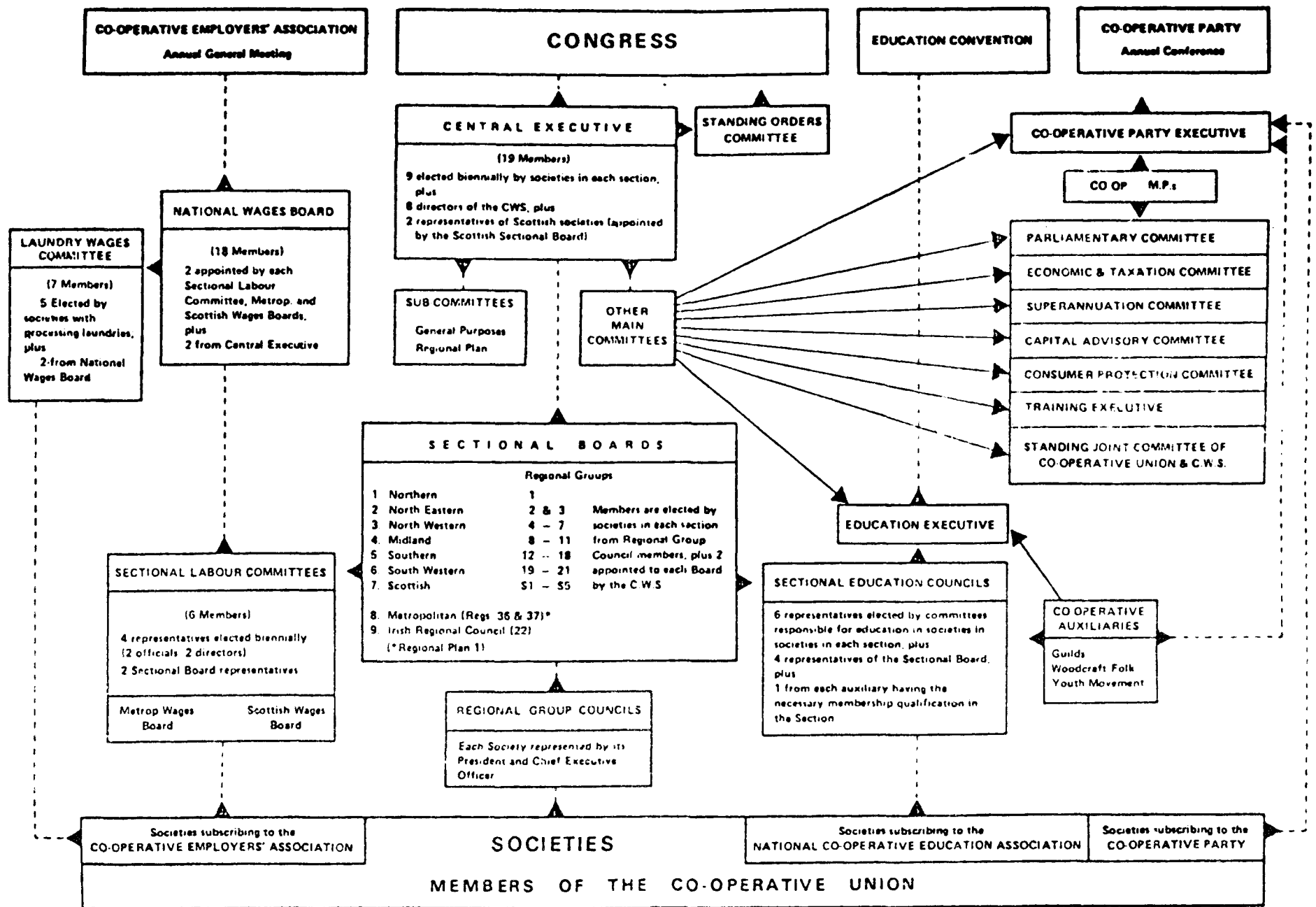
Economic
and Research

Parliamentary Office

Co-operative Party

Education Department
and Co-operative College

CO-OPERATIVE UNION STRUCTURE



5. INTER-COOP - A Case Study of an International Co-operative
Oh Veverka, Chairman, INTER-COOP

I Background

Foundation

INTER-COOP - the International Organisation for Co-operative Distributive Trades - was established as a result of the merger of the Co-operative Wholesale Committee and the Committee on Retail Distribution. It started operations in Hamburg on 1st January, 1971. INTER-COOP is an auxiliary committee of the International Co-operative Alliance.

Aims

The basic aims of INTER-COOP are to further the economic collaboration between members and thus to increase the competitive power of the consumer co-operative movements at national and international levels.

Members

Membership consists of 28 consumer co-operative central organisations in 19 countries, ie Austria, Belgium, Bulgaria, Czechoslovakia, Denmark, Finland, France, Federal Republic of Germany, Hungary, Iceland, Israel, Italy, Japan, Norway, Poland, Sweden, Switzerland, United Kingdom and Yugoslavia.

Authorities

The authorities of INTER-COOP are the Board and the Members' Meeting. The Board consists of 11 members, including the Chairman and two Vice-Chairmen, who are elected for a two-year period. The Board usually meets twice a year and the Members' Meeting once a year in order to discuss the results achieved and to make decisions concerning the future work programme and budget.

Financing

The financial resources for the INTER-COOP secretariat, which moved to Copenhagen on 1st January, 1976, come from subscriptions by member organisations based on turnover. The costs for the meetings, which take place in various countries, are borne by the member organisation which acts as host.

II The INTER-COOP Member Organisations

Before giving detailed information about the work programme and methods, it might be useful to give a short survey of the strength and structure of the 28 INTER-COOP member organisations and their affiliated consumer co-operative societies.

The figures present a picture of the economic strength of the member organisations.

- More than 11,000 consumer co-operative societies were affiliated to INTER-COOP members at the end of 1975: 4,320 of them were in Western Europe.
- About 44 million households were members of these societies: 24 million of them were in Western Europe.
- The retail turnover of co-operative societies amounted to 34 billion dollars in 1975, of which Western Europe had a share of 65 per cent.
- In Western Europe co-operative societies have a market share of about 10 per cent in the food sector and about 6 per cent in the entire retail trade.
- About 70 per cent of the retail turnover is achieved in food and about 30 per cent in non-food. However, the sale and market share in non-food is increasing steadily because of modernisation and restructuring of the network of co-op stores.
- The number of stores of INTER-COOP members totalled 135,000 units by the end of 1975: 40,000 of them in Western Europe.
- The tendency towards rationalisation within the retail sector in Western Europe has had an effect on the co-operative network. In 1975, 2,100 small shops were closed down, while the number of hypermarkets, large-scale supermarkets and small food discount stores with very limited assortments increased.
- The turnover of the co-operative wholesale societies amounted to 14 billion dollars in 1975. Their own productions (exclusive of local bakeries, etc) amounted to 3.5 billion dollars.
- Food processing is the most important area of co-operative production, but wholesale societies in Sweden, Finland and the United Kingdom are also engaged in non-food production.
- The total number of employees within the INTER-COOP member organisations amounted to 1.36 million.

III Work Programme and Procedure

The work programme approved by INTER-COOP members comprises the following main areas: (a) the promotion of joint purchasing of food and non-food products; (b) the promotion of mutual exchange of own production and collaboration in production; and (c) the exchange of experience and information in matters relating to retail and wholesale trade and other technical and commercial matters.

(a) Joint Purchasing

The promotion of joint purchasing is one of the most important tasks within INTER-COOP. Through joint purchasing it is possible to achieve the following advantages, especially for non-food:

- Improved buying terms and better deliveries. Through joint purchasing it is possible to achieve lower prices. The smaller member organisations derive the biggest advantages, as larger organisations can place considerable orders themselves. Deliveries are more secure because even if the suppliers have problems with deliveries they could not afford to lose the custom of INTER-COOP and its members.
- Another reason for joint purchasing is the possibility of influencing quality and design of the products to be purchased. The supplier is only prepared to manufacture articles based on specifications made by buyers if he places sufficiently large orders. It is also possible for organisations intending to place orders to make use of the test laboratories owned by some of the larger member organisations before making their final decisions.
- This kind of collaboration gives buyers the advantage of exchanging market information. This is very important as buyers are not in a position (a) to oversee the continually changing conditions of the international markets, (b) to watch out for the establishment of new efficient production units around the world, and (c) to examine the many tenders submitted for new articles.

Collaboration in joint purchasing is carried out through buying groups, each one dealing with a special commodity. The buying groups consist of buyers and specialists from member organisations who are interested in the joint purchasing of special commodities. Some of the buying groups have set up regional buying groups which work in the same way as the international groups, but they only have a limited number of participating organisations.

At present there are buying/specialist groups dealing with the following:

<u>Non-Food</u>	<u>Food</u>
	<u>International</u>
Ready made garments and knitwear	Fresh fruit and vegetables
Children's wear	Canned fruit and vegetables
Underwear, hosiery, etc	Dried fruit and nuts
Linen goods	Chocolate and confectionery
Footwear	Biscuits and bread
Camping and sports equipment	Wine and spirits
Toys	Tea
Garden implements	Coffee
Clocks and optical instruments	Cheese
Household goods	
Jar accessories	

<u>Regional</u>
Ladies' hosiery
Ladies' underwear
Household goods
Glass and chinaware
Winter sport articles
Fishing gear
Domestic electrical equipment (2 groups)
Raw materials for textile factories

The buying groups meet once or twice a year to discuss purchases. The meetings are held at such times which are most suitable for purchasing the different commodities.

Because of the great differences in the systems of purchasing of food and non-food, the methods of collaboration for these two sectors vary considerably within INTER-COOP. However, the basic principles are the same. As collaboration within the non-food sector is the most developed, a description of the methods employed has been concentrated on this sector.

Non-Food Sector

The work of the buying groups for non-food (11 international and 9 regional groups) is controlled by the INTER-COOP Non-Food Committee. This consists of directors of non-food departments of member organisations. It meets once a year to discuss the results achieved, to consider the formation of new buying groups and to discuss the future work programme.

Based on experience special guidelines on "Working Procedure within the Non-Food Sector" have been worked out. These have been distributed to all the members of the various buying groups. In order to give a detailed picture of the organisation of the work of these groups, an extract of the guidelines is presented below.

Guidelines for the Work of the Buying Groups

1. The buying groups shall attempt to buy the same products, preferably from the same suppliers. This implies that the groups shall try to present a joint assortment, in order that considerable quantities of one product can be obtained from one supplier, if at all possible.
2. Information on turnovers with each supplier can also be used as guidelines for the choice of supplier. The groups should try to conclude international bonus agreements with these suppliers.

Bonus agreements should only be concluded when member organisations cannot agree on the same products or when suppliers have agents/subsidiaries which make direct international purchases on equal terms impossible.

Bonus negotiations on behalf of INTER-COOP should be conducted by a representative appointed by the buying group. The Secretariat must be kept informed of all such negotiations.

3. The buying groups shall work according to a positive policy, ie they shall try to influence the design, quality, etc of the products in accordance with their own joint specifications which shall be stated to the suppliers.

Where possible, the co-operative test-laboratories shall be used to examine whether the products correspond to the demands for quality, technical specifications, etc.

4. The "appointed specialists" are responsible for obtaining quotations and samples before each meeting. All group members are asked to suggest new articles and tenders which could be of common interest.

The appointed specialists should meet before the main meeting to consider the quotations obtained and to select the articles they intend to recommend during the meeting as suitable for joint purchases.

5. Before the presentation of quotations the appointed specialists should give reports on the general situation and the development of the specific market.
6. During the meetings members must state quantities which are binding "with a limit on prices" on the quotations presented. The meetings also appoint one or more representatives to be responsible for the final negotiations.

Final confirmation must be obtained by the buyers from the individual member organisations unless other special agreements have been made.

7. Visits to suppliers ought to be co-ordinated between the group members as far as this is possible.
3. All information on prices, quantities etc is to be regarded as confidential.

Food Sector

The work of the groups dealing with food is not as formalised as that of the non-food buying groups. One of the main reasons is that there are several international and national regulations impeding the possibilities of joint purchasing in the food sector. The groups dealing with food are therefore mainly based on an exchange of know-how of (a) the market and supply situation; (b) market activities, such as prices, quantities, etc; and (c) distribution and packaging.

Furthermore, these groups are based on the utilisation of each others buying offices which purchase fresh fruit and vegetables, dried fruit, coffee and canned meat. These buying offices can be used by all member organisations. The groups are also engaged in purchasing products manufactured by member organisations, such as sweets and chocolate, wine and spirits, biscuits, tinned vegetables and other articles, such as soap and detergents; and they collaborate through special agreements with international suppliers.

(b) Exchange of Own Production

At present there are two working groups dealing mainly with the exchange of own production and collaboration in production (one group is buying raw materials for the 14 co-operative textile factories in the Nordic countries and the other deals with technical matters for the same factories).

As the main part of own production of INTER-COOP member organisations consists of food products, all groups dealing with food discuss questions relating to own production and the possibilities of buying from each other. Some of the food groups have been split up into specialists groups, one of which deals with commercial problems and the other with technical problems which relate to own production.

In recent years special "fairs" of products manufactured by member organisations have been held. At these fairs co-operative factories displayed articles suitable for export to the buyers of participating organisations. This method has proved very successful and has led to a considerable increase in the turnover of products manufactured by member organisations.

Within the non-food sector, member organisations, especially in the United Kingdom, Finland and Sweden, have important manufacturing plants. They produce not only consumer goods, such as textiles, shoes, china and furniture, but also warehousing equipment, means of transport, car tyres, cash registers, paper, packaging and building materials.

(c) Exchange of Know-How

INTER-COOP members are engaged in a continuous and intensive exchange of experience in the fields of wholesaling, retailing and distribution and consider this of great importance in solving their own problems. The exchange of know-how in wholesaling and manufacturing is mainly carried out by some of the buying groups as described earlier.

Three working groups have been established in the retailing and distributive sector dealing with "Department Stores and Shopping Centres", "Food Stores", and "Warehousing and Distribution". These groups which consist of leading specialists in these fields meet once in order to discuss subjects of topical interest such as assortment policy, sales and price policy, specialist shops within shops, mail order business, discount stores, etc. Reports for these meetings are prepared by the member organisations which have the widest experience in the matters under discussion.

Another way of promoting the exchange of know-how is through arranging ad hoc meetings or conferences about subjects of common interest. Such meetings have dealt with "Hypermarkets", "Warehousing and Distribution of Food", "Financing", and "Collaboration between Wholesale Organisations and Retail Societies in Buying, Selling and Marketing of Non-Food".

Mention should also be made that INTER-COOP publishes a bulletin entitled "INTER-COOP Information" eight times a year. This reports on interesting changes and developments which have taken place within the various member organisations.

Results Achieved

It is, of course, impossible to measure the real value of collaboration, particularly as far as the exchange of know-how is concerned. In the field of joint purchasing, the turnover of these at least gives an indication of the importance of such collaboration.

Turnover achieved in 1976:

	Million US Dollars	
	Food	Non-Food
Joint purchases from private firms		
(a) international buying groups	15	110
(b) regional buying groups	-	50
(c) bilateral	1	5
Purchases from firms with which INTER-COOP has bonus agreements	15	20
Export to other INTER-COOP member organisations (mainly own productions)	20	65
	approx 51	approx 250

Since 1966 collaboration within the different international buying groups for non-food and food has increased in many fields. Although the turnover of joint purchases is quite considerable, it is not of great importance compared with the total turnover of the participating organisations. In the non-food sector, for example, the turnover is only 5 per cent of the total turnover of member organisations. However, it must be borne in mind that joint purchases only include some commodity groups and only articles which have a very large turnover.

Price reductions obtained through the pooling of orders are between 5 per cent and 15 per cent. If one takes the average of 10 per cent then it can be said that savings of about 15 million dollars have been achieved in 1976.

Amongst the orders placed in 1976 were 1 million camping chairs, 3 million pairs of sandals and sports shoes, 5 million pairs of men's socks and 50,000 television sets.

The positive effects of collaboration can also be seen in the exchange of know-how where member organisations can save development costs. An example to illustrate this is that the system of ordering goods by food stores from warehouses which has been developed by Kooperativa Förbundet in Sweden, is now in operation in other Nordic member organisations.

Restrictions hampering Collaboration

The advantages of international collaboration between consumer co-operatives have already been mentioned. Even though these advantages are obvious to all, the questions must be asked why only a portion of international purchases made by member organisations are channelled through INTER-COOP.

The reasons are as follows: (a) internal restrictions and (b) external restrictions.

The internal restrictions are due to the marketing policies of member organisations and some facets in the practical accomplishment of collaboration. The marketing policy is determined in accordance with the national market situation relating to competition, consumer preferences, store network and market shares of member organisations. The extent of the assortment is determined by these factors. Joint buying on an international level limits the assortment and this in turn limits collaboration.

Differences in quality and price policy are other obstacles to collaboration. In some countries consumers prefer high quality goods and are willing to pay the price for such goods, while in other countries the price competition lowers the standard of quality. Tradition and consumer taste also play a very big part.

In the food sector, members' own production can influence collaboration, because all member organisations obviously prefer their own products. The same thing applies to products sold under own labels of member organisations. In this case the particular member might have a very good arrangement with a private firm manufacturing these goods and he will therefore be rather reluctant to end the agreement in order to start new arrangements with suppliers who are not known to him.

Other factors which can create problems are the appropriate time to purchase, such as seasonal goods, and the purchasing structure. In some cases member organisations have to consult with their co-operative society members before they can make a definite decision about purchasing certain articles. Tenders for joint purchasing are made for certain quantities of a special item. If one of the members cannot obtain acceptance from his customers after the decision for joint purchasing has been taken, then the quantity has to be reduced, which means that the manufacturer can either cancel the offer made or make another one. A further meeting on the basis of the changed circumstances must then take place which causes a lot of trouble, time and expense. In addition, the various languages spoken by the representatives of member organisations can cause misunderstandings.

It is quite obvious that international collaboration can only take place if such collaboration is profitable and of mutual benefit to all parties concerned.

External restrictions relate to outside factors, such as legal provisions and policies pursued by national or supranational governments and authorities. The main problems for international collaboration in the food sector are the national and international agricultural policies (EEC, EFTA). The agricultural policy within the Common Market is in many ways very restrictive with its high customs duties and variable import duties for products from countries outside the EEC.

The regulations relating to quantities are another obstacle causing problems not only for food products, but also for textiles and shoes. EEC agreements with other countries contain export restrictions on textiles. In many cases producers in these countries have only export quotas for their products to a limited number of EEC countries thus making joint purchasing quite impossible.

Food legislation in different countries varies to a great extent. In many cases it does not only protect consumers but also local producers. Food regulations together with other trade barriers are of increasing importance as customs duties are being reduced through international negotiations in GATT and other international bodies.

Prospects for the Future

Although great advantages can obviously be achieved through close collaboration in the various fields, several obstacles hamper the development of such collaboration. However, the long-term trend seems to indicate that external and internal obstacles to improve collaboration are gradually diminishing. The external obstacles, such as import licenses, quotas and customs duties have been reduced to a large extent during the last decade. Because of the difficult economic situation in most European countries at present, there have been some protectionist signs, but the long-term trend towards a freer trade will probably continue.

The general increase in trade and collaboration across frontiers has also influenced various types of regulations, such as safety regulations for electrical and other goods and regulations for labelling of food products. The examples mentioned indicate that harmonisation in legislation and regulations is taking place between certain European countries. Travelling and television are also contributing to the harmonisation of habits and buying patterns of consumers, which should give better possibilities for international collaboration.

Another factor which has increased the importance of closer collaboration between consumer co-operatives is the development of multinational companies. Today a large number of such companies exist with whom co-operative organisations come in contact either as suppliers or as competitors in the retailing sector. Even if a co-operative organisation has a strong position in its own country, it is rather difficult for the co-operative to reach appropriate agreements with multinational suppliers and to compete with multinational retail companies. If consumer co-operatives want to deal with multinationals on the same level, then they must join their own resources and jointly act against the multinationals.

Collaboration within INTER-COOP makes this possible. During recent years international negotiations with some important multinational food and non-food suppliers have taken place. The results have been positive and have proved that co-operatives can together achieve advantages when dealing with multinationals which they would not have been able to achieve had they acted on their own.

In the Nordic countries, where collaboration between consumer co-operatives is probably most highly developed, some jointly owned manufacturing enterprises have been established (Nordchoklad producing chocolates and sweets; and Nordtend producing soap, detergents, etc., both of which have factories in various Nordic countries). The reason for the establishment of these enterprises has mainly been the increasing competition which makes further rationalisation of production necessary. However, this can only be done in places where there is a large market which provides the opportunity for specialisation and long production runs.

In conclusion it can be said that the collaboration which has developed between consumer co-operatives, members of INTER-COOP, has reached economic importance. The contacts made and the knowledge gained through collaboration will continue to be of great value, because in the years to come the present obstacles to extended collaboration will have diminished and at the same time the need for economic advantages through closer collaboration will have increased.

6. Basic Needs and Social Change - The Role of Co-operatives
H Watzlawick, International Labour Office

Towards a Basic Needs Strategy

In the discussion on international and national strategies to achieve a New World Economic Order a major aspect has been the eradication of mass poverty. If we consider that this is a matter of basic human rights, we have to admit that no true New World Economic Order is possible which does not bring substantial progress to the hundreds of millions of human beings who do not benefit today from the results of economic growth and development. Every year adds to this rapidly growing number of disadvantaged people, while the so-called "trickle-down" process of economic growth and the many attempts at employment creation on traditional lines do not seem to provide the right answer. At the same time, the social pressures increase continuously and the demands for rapid change and new approaches take on an alarming urgency.

The special field of work of the International Labour Organisation, and its longstanding mandate in the field of social development, has led the ILO already some years ago to the formulation of policies which widen the concept of the New World Economic Order to comprise also social objectives as they cannot and must not be separated from purely economic considerations.

A key event in the discussions on a New Economic Order was the ILO World Employment Conference held in June, 1976 which adopted a Declaration of Principles and Programme of Action related to a New World Economic and Social Order. It was at this Conference that new proposals were formulated which differ significantly from the traditional growth-orientated development models, proposals for a so-called "Basic Needs Strategy".

"Basic Needs" are defined as the minimum living standards which society owes its poorest members, and comprise two main elements:

- minimum requirements of a family for private consumption (ie food, shelter, clothing, basic equipment and furniture)
- essential services (safe drinking water, transport, health, sanitation, educational and cultural facilities)

Satisfaction of these basic needs is closely linked to the promotion of employment, both as a means of income and of self-fulfilment. It is further linked to the participation of the people concerned in the decisions affecting them, through institutions of their own choice.

Any strategy to achieve satisfaction of basic needs has to be specifically oriented towards the national economic and social context of the countries concerned. At the same time, the success of such specific national strategies will often depend - and this is particularly true of the developing world - on new patterns of international economic co-operation. Progress on both levels is indispensable if this strategy should become more than an expression of pious hopes.

If we look at the concept of a Basic Needs Strategy from the point of view of the co-operative movements then we are particularly concerned with the implications of these policies within a national context. This does not mean that the international co-operative movement is, or should be, less concerned with these problems; quite on the contrary, it has an important contribution to make as recent developments within the ICA clearly show. Those aspects of the Basic Needs Strategy, however, which would be of immediate concern to co-operative movements, and call for their active participation in carrying out relevant development policies, concern first and foremost efforts within the countries concerned.

In those countries where problems of mass poverty and unemployment are most pressing, viz the countries of the Third World, basic needs can only be satisfied if overall economic growth continues, while the patterns of growth change in favour of the lowest income groups. This will involve, in many cases, a redistribution of productive resources and of incomes, in other words a transformation of social structures.

More specifically, a national Basic Needs Strategy would imply the adoption of policies to:

- increase the volume of work in order to increase income opportunities of lowest income groups;
- increase resources for investments to achieve diversification of employment and of technological progress;
- strengthen systems of production and distribution of essential goods and services corresponding to new demand patterns within the countries themselves;
- reform price mechanisms to achieve a more equitable income distribution, particularly for small producers;
- promote self-reliant economic development and lessen dependence on external aid by appropriate credit, fiscal and trade policies, and particularly by guiding private and public sectors towards the satisfaction of basic needs;
- develop human resources through education and vocational training.

Co-operatives and the Basic Needs Strategy

The World Employment Conference has recognised that such national policies and measures can only be carried out if governments are fully committed to them, and if they can count on the active support of organised groups, of popular institutions by which the people directly concerned can actively participate in the development process. In the Programme of Action adopted by the Conference, the role of co-operatives is emphasised in the context of rural development, a field to which priority should be given by governments as it is directly related to the living standards of the vast majority of the population in developing countries. It is specifically recommended that more emphasis should be placed on the development of co-operatives in national policies, especially when they can involve the lowest income groups. The important role of co-operatives as a means of improving the use of land, equipment and credit, to provide services in the fields of transportation, storage, marketing, distribution, processing and in other sectors is also emphasised.

There is no doubt that as far as the traditional patterns of economic and social development are concerned, co-operatives play a vital role in improving the situation of disadvantaged groups. Their historic contribution to the social and economic advancement of urban workers, small farmers, artisans, and other professions in many countries needs no specific emphasis. There is no point in drawing the attention of a "co-operative" audience to the role of co-operative movements in building up an infrastructure of enterprises combining economic and social purposes, vast networks of organisations through which people can solve their own problems and participate in the benefits of overall developments. The co-operative system of pooling resources of people with limited means who can achieve equitable benefits through joint action has stood the test of time. The success of old-established co-operative movements in countries with very different social and economic systems should be sufficient proof for the least convinced.

The question raised in the context of the Basic Needs Strategy, and its call for Social Change opens, however, another issue which goes far beyond our traditional view on co-operatives as a means of economic and social advancement for people with limited resources. It raises a very difficult issue, indeed, if we look at the role co-operatives can play by themselves, with their own resources, in achieving the aims of such a strategy.

The Social Reforms, which are called for, concern not only the improvement in the situation of people with limited means, but imply a gradual integration of the poorest groups in the general development process, and a redirection of policies to cater for the needs of these groups.

The potential of co-operatives to help people with a minimum of resources is not questioned here. But what is the situation with regard to the large numbers of people below this minimum resource level, the landless, the unemployed in rural and urban areas, the many millions who cannot hope to reach a stage at which they can become active members in an organisation based on the principles of self-help and of pooling resources? This is the question which has been at the centre of recent debates on the ability or inability of the co-operative movement to respond to the high hopes placed in them by various UN bodies. This is also the question raised in the discussion on ways and means of helping the rural poor. It is a question which deserves the most careful consideration if one wants to counter the criticism and doubts expressed regarding the usefulness of co-operative action in dealing effectively with these problems.

Professor Munkner of Marburg University has recently dealt with this issue in an article entitled "Co-operatives for the Rich or for the Poor". He has addressed himself mainly to misunderstandings of the very concept of co-operatives, which we find, for instance, in a series of studies published by the United Nations Research Institute for Social Development (UNRISD) on the role of co-operatives as agents of social change. In his paper he stresses the minimum requirements for successful co-operative action and points out, as Gunnar Myrdal has done already many years ago, that co-operatives are instruments for evolution, not revolution.

Co-operatives can reach far down in the social scale, and bring benefits to people with very limited resources. In countries where people in the lowest income groups are still in a position to grow produce, to work as craftsmen, or to find at least seasonal employment, co-operatives can, and do, reach the "poorest" in these societies. It is in countries, in which we find many millions of people below the minimum level of economic activities required for organised self-help that co-operatives find limitations to their role of defenders of the weak; it is the situation in these countries, where co-operatives can reach sometimes only a minority of people, which forms the background for the criticism mentioned before.

The widespread hopes that co-operatives, by their very existence, could help to solve the problem of the poor, have been encouraged by a series of resolutions passed by various UN bodies. In view of the high expectations placed in the co-operative movement by governments and public opinion, there is now an urgent need to look for ways and means of providing some degree of active response. One could, of course, argue that in many countries the problems of social injustice, of unfair income distribution, of neglect of the interests of the poorest groups is one that can only be solved by social reforms undertaken at the highest level, if not by social revolution. Both would be beyond the means and scope of the co-operative movements in these countries. Gunnar Myrdal remarked that co-operatives should not be blamed for the absence of general reforms which are the tasks of governments.

Such replies - though justified in many cases - would, however, have rather negative effects on public opinion and on the policy planners in governments who look for effective allies in the struggle for development.

One has to seek a positive approach to this question which has become a kind of "test" for the credibility of the effectiveness of the co-operative movement, regardless of its achievements in other fields.

Co-operative Action and Social Change

The areas in which co-operatives could make a contribution to a Basic Needs Strategy for the eradication of mass poverty which merit further discussion are as follows:

- (a) the role co-operatives can play in integrating, by their own means, people without resources in their system of self-help;
- (b) the means by which co-operatives can contribute within their communities to an income redistribution in favour of the poor;
- (c) the role co-operatives can play by orienting policy makers at the national level towards a Basic Needs Strategy implying social reforms.

A few remarks might be made here with regard to each of these three areas:

- (a) The integration of people without sufficient resources into existing co-operatives (eg co-operatives concerned with marketing of produce; supply of farm inputs) could be approached in two ways:
 - i) by helping them to obtain the minimum level of resources required for active participation in the co-operatives. This may imply that entry qualifications, such as minimum production or turnover have to be adjusted in such a way that they do not become an insurmountable barrier for people with very limited resources. It could further imply that the co-operative credit system, where it exists, should make a conscious effort directed at improving the productive capacity of people with very limited resources, so that they can reach a level of economic activity permitting them to participate fully in the operations of co-operatives. Such "directed" credit operations would only be successful if based on a flexible and pragmatic concept of "creditworthiness" (instead of the formal security which can be offered by the better-off members of a co-operative);

ii) external factors (eg lack of land) may make it impossible to increase the membership of co-operatives of primary producers, if they exclude the provision - through co-operative action - of the required additional productive capacity for the poorer members of the community. In these cases, the only contribution these poorer groups may be able to make remains their capacity to work. In such situations, existing co-operatives should analyse carefully the possibilities of creating employment opportunities for the underprivileged people in their area of operation. There is a vast range of opportunities, as co-operatives in many countries have already demonstrated. Local employment creation for the poor is probably one of the most promising fields in which co-operatives can make an important contribution to the eradication of mass poverty.

(b) Apart from helping poorer groups to acquire productive capacity or to find employment, co-operatives can also contribute to a Basic Needs Strategy by spreading the benefits of their operations beyond the circle of their immediate membership, in other words, by seeking some degree of income redistribution at the local level, in favour of the poorer members of the community (non-members of the co-operatives). This could be achieved by using a certain part of the annual surplus for activities or investments which benefit the local community as a whole, and not only the members of the co-operative.

Examples in some countries show that such "social" behaviour of the co-operatives has not only had a beneficial impact on the general living conditions of the communities concerned, but has also strengthened considerably the standing and reputation of the co-operative movement, and contributed to its further expansion. Needless to say that this "social" orientation of local co-operatives requires certain prerequisites:

- availability of surplus;

- a liberal attitude regarding the collective use of the surplus for the community as a whole.

(c) In many cases, co-operative movements may simply not have sufficient resources, may be too vulnerable, too weak, or facing considerable problems of their own, which would prevent them from adopting such active policies of bringing about social change for the poorer members of their communities. There are situations well known to all of us which do not call for small local remedies provided by co-operatives, but for decisive government reform policies carried out at the highest level; situations where co-operatives can only be a useful ally for strong government action eg land reform, public works schemes, regional development programmes, but never the main agents themselves.

What co-operatives can do in such circumstances is little more than adding their voice to those of all other members of the public in calling for wide-reaching social reforms. Many co-operative movements have already successfully influenced government policies with regard to helping their traditional membership, and have been able at the same time to convince the authorities in the respective countries that reform measures should be implemented through the co-operative network. Often, co-operatives have become very important vehicles for large-scale development or reform schemes.

With regard to the objectives of a Basic Needs Strategy, however, co-operatives would have to go beyond the immediate concern of their present or potential membership, and present demands also on behalf of those remaining far below the minimum level of economic activity required for co-operative action.

The willingness for comprehensive social reforms which would upset existing income structures, destroy privileges, bring new political forces into play, is not easy to create among policy planners and authorities who may be afraid of such large-scale "experiments". A considerable education and information process from below is needed to change their views, and the co-operative movement is well placed to participate actively in this process.

Some constraints

So far, a co-operative contribution to Social Change has been envisaged from the point of view of action within the countries concerned, or - to be more precise - at the local as well as the national level. Before discussing briefly some aspects of relevant co-operative action at the international level, mention should be made of some constraints on any contribution which co-operatives might make in the framework of a Basic Needs Strategy.

One constraint may be found in the unwillingness of the local membership to widen their circle and to accept also people without the means for full participation in the work of the co-operatives. This attitude would also militate against any attempts to provide local employment opportunities out of the surplus created by the existing membership, or against a redistribution of part of the surplus for the benefit of the entire community. It is an attitude **which has brought about** the frequently expressed view that co-operatives are instruments of existing rural elites, that they are "closed" for lower classes of people, that they help to perpetuate an unhealthy social stratification, etc.

It would be an important task for national co-operative organisations to "educate" the local leadership in what could be termed "social responsibility" for their communities as a whole.

Another constraint may be encountered in the paternalistic attitudes which government services concerned with co-operative or rural development adopt frequently with regard to the decision-making process at the local level. This is a problem closely related to the questions of government intervention in co-operative affairs, or government aid to co-operative movements in developing countries.

One of the more obvious results of such paternalistic attitudes has been, and will always be, a corresponding lack of initiative by people working at the local level, a certain apathy of the local co-operative leadership. One can easily understand that an excess of paternalism in institutions renders any hopes for an active co-operative contribution towards social reform rather tenuous.

It is necessary to draw continuously the attention of responsible leaders in government service to the negative results of such attitudes, which may considerably reduce any impact of large-scale rural or co-operative development programmes because of the lack of active participation of the local populations. National co-operative organisations as well as other appropriate bodies have a role to play in bringing this view forcefully to the attention of policy planners and government officers directly concerned.

Support by International Co-operative Movement

The ICA has been actively involved in the discussions of the World Employment Conference, and in the formulation of the Basic Needs Strategy, particularly as regards the recommendations of the Conference for a co-operative contribution towards effective rural development programmes. Other developments within the ICA, such as the discussions and consultations on the problem of the Rural Poor, also show the existing commitment of the international co-operative movement to play an active role in this field.

There are of course the so-called "international" elements of the Basic Needs Strategy, which are parallel to, or identical with proposals made in the context of the Resolutions concerning a New World Economic Order.

The international co-operative movement has already at an early stage added its voice to those calling for a more equitable income distribution in a global context. Certain highly developed co-operative movements have also given ample proof of their willingness to share the benefits of their work with less fortunate, less advanced co-operative movements in developing countries.

Continued strong support to these demands for new patterns of international economic co-operation would remain a most useful contribution which the international co-operative movement could make in the present struggle for the eradication of mass poverty and unemployment. This would concern particularly any influence on the public opinion in the industrialised countries, which - because of unfavourable economic developments in the recent past - shows presently little enthusiasm for a global redistribution of wealth resulting perhaps in loss of workplaces in their own countries.

But apart from giving active support to these "international" elements of the Basic Needs Strategy or the New World Economic Order, the international co-operative movement can also play an important role by encouraging and supporting its member organisations in developing countries to adopt and carry out relevant policies at the national level. The ICA and its various bodies could be key factors in the "education" process required to popularise the idea of a co-operative contribution to social reforms involving millions of people presently outside the co-operative movement, and unable to benefit from its advantages. The international co-operative movement could become the platform for the promotion of new policies which would call for a new, a wider concept of solidarity.

7. The Role of Co-operatives in the Establishment of a New Economic Order V P Maslennikov, Co-operative Institute, USSR

At present the problem of restructuring international economic relations is assuming particular significance. The interest of the world in the economic contacts of developing countries from Asia, Africa and Latin America with capitalist states is not diminishing. On the contrary, it is constantly growing.

Co-operative organisations of different countries are giving more and more attention to the problem. For this reason the ICA was quite right in initiating the discussion of the problem of restructuring international economic relations and the role of co-operative organisations in accomplishing tasks relating to the establishment of a New World Economic Order at the Seminar.

Co-operators in the USSR express their solidarity with the Statement of the Soviet Government "On the restructuring of international economic relations", which was forwarded to the UN in October, 1976. This document pointed out that the present character of international economic relations plays into the hands of the imperialist monopolies and runs counter to the interests of the overwhelming majority of countries.

The tremendous achievements of the peoples of the socialist community in strengthening their economic potentials, raising the living standards of the people, culture, education, development of democracy are coupled with the expansion and the deepening of external economic relations with different countries of the globe based on mutual benefits and complete equality of rights.

It is a well-known fact, however, that some capitalist countries are doing their best to preserve the discriminating and inequitable relations with the peoples that have been until recently dependent on the imperialist states. They seek to retain the established capitalist system of international labour division and economic ties which has come into conflict with the interests of the developing nations and the contemporary international situation. Thus, in 1973-1975 the West squeezed out of more than one hundred developing countries about 50 billion dollars as net profit on private capital investments and as interest on state loans, the sum exceeding the joint national incomes of Indonesia, Nigeria and Ecuador.

According to data supplied by the International Bank for Reconstruction and Development, liabilities of 36 developing countries on state loans equalled 119 million dollars by the end of 1973.

Taking into account the rate of their growth and the aggravation of many problems facing the newly liberated states in the conditions of the economic crisis which has affected the capitalist world, some economists estimate that these debts are now in the region of 160-170 billion dollars. Besides, the developing countries owe roughly 50 billion dollars to Western private banks.

The overcoming of the inequitable character of economic ties between developed capitalist countries and developing states becomes possible only through the development of close collaboration of the latter with the Soviet Union and other socialist states. Those changes in economic relations on which the liberated nations insist, in most cases are of an anti-imperialist nature and being such they lay down the foundations for joint actions of socialist and developing countries.

In his speech at the Plenary Session of the CPSU Central Committee in October, 1976, Mr Brezhnev, General Secretary of the CPSU Central Committee said "Active steps are being taken on our part in support of the just demands by the developing countries of Asia, Africa and Latin America for the restructuring of international economic relations on the basis of equality for removing all forms of exploitation by capitalist states of weaker partners.

In this sphere, like many others, the interests of socialist and developing countries coincide."

The programme of establishing a New World Economic Order brought forward by the newly-liberated states reflects their actual legitimate aspirations which are as follows:-

- to spread the process of liquidation of colonialism to the economic sphere;
- to do away with exploitation by the Western industrially developed countries;
- to provide favourable conditions for the developing countries to overcome their economic backwardness.

With the above aims in view they fight for the establishment of a more equitable balance of prices for raw materials and industrial goods on a worldwide scale, for the creation of an international mechanism to lower the sharp fluctuations of prices of raw materials, the setting up of a special fund for financing this mechanism, the expansion of the transfer of advanced technology to developing nations, the implementing of reforms in the world currency and credits system, and the restriction of the spheres of action of world monopolies.

"The Soviet Union approaches the comprehensive programme of steps reflecting vital and lasting aspirations of the developing countries with due understanding, supports its principal orientation", as is written in the above mentioned Statement of the Soviet Government on the restructuring of international economic relations.

It is known that the Soviet Union and other socialist countries are not responsible for the economic backwardness of the developing countries; along with political support of the legitimate demands of countries from Asia, Africa and Latin America they assist the latter in solving their economic problems, creating national industries for developing countries as the foundation of their economic independence.

The Soviet Union is making a notable contribution towards the training of national cadres. Up until now, as many as half a million specialists and skilled workers from the developing countries have been trained by the Soviet Union and this process is going on.

There are many examples which convince developing countries that the assistance and support from socialist countries help them to solve complex socio-economic problems, make capitalist countries resort to policy of force and dictation to a lesser degree compelling them to agree to economic relations more acceptable to the newly-liberated countries.

Valuable and varied assistance to developing countries has been channelled by socialist countries through co-operative organisations. Co-operative unions of socialist countries are helping the national co-operative organisations of developing countries in the following aspects:-

- In sharing experience and knowledge of the advance of co-operation under socialism and their multipurpose performance. With this aim in view co-operative organisations of socialist countries initiate the holding of international seminars and conferences, send experts abroad at the request of the national co-operative unions, exchange delegations etc. The dissemination of the experience of co-operative organisations of socialist countries is facilitated by the publication of books, magazines and reference books in different languages.
- In the training of cadres and improving the skills of those engaged in the management of co-operative organisations.

This work is carried out through the training of foreign co-operators in various specialised educational institutions; by granting scholarships, acquainting them with the experience and performance of co-operative organisations under the conditions of socialism and by sending co-operative specialists and teachers to organise training centres and classes in the newly sovereign states.

In the Moscow Co-operative Institute alone, nearly 200 representatives from co-operative organisations of Asian, African and Latin American countries are annually enrolled, and all the expenses of transportation, training, and providing them with warm clothes are met by the Centrosoyuz. The annual expenditure of Centrosoyuz for training personnel from these countries amounts to over 500 000 rubles.

- In acquainting co-operators with the scientific and technical know-how being used by co-operative organisations of socialist countries in the process of production of various kinds of goods, in the construction of co-operative enterprise, in the organisation of trade and transport facilities.

- In establishing and maintaining mutually beneficial commercial contacts.

In 1965 the Soviet Government revoked unilaterally import duties on goods from newly sovereign states. Foreign trade with developing countries is undertaken on the basis of barter. Due to this developing countries are able to carry out the exchange of commodities without spending their freely convertible currencies and precious metals. It is difficult to estimate the positive significance of these terms of trade for developing countries.

- In rendering financial aid to co-operative organisations in developing countries through the International Co-operative Alliance or in connection with emergencies arising in a country on account of natural calamities, wars or other similar reasons.

The state authorities of the USSR and other countries of the socialist community grant credits on favourable terms (2%-3% per annum) over a long period of time (for 12 or more years).

- By exerting influence on international organisations, such as the ICA, ILO, UNESCO, FAO to render assistance and aid to co-operative movements of developing countries. The help given by the ICA to co-operatives of developing countries is well known. AGITCOOP, a new ICA body founded in 1973, proclaimed its willingness to help co-operators of newly sovereign states to increase the effectiveness of their training programmes. There is no doubt that further encouragement in the training of highly skilled co-operative specialists will also assist in the restructuring of international economic relations.

The tremendous all-round aid given by the Soviet Union and other socialist countries favours the advance of co-operative movements in developing countries, the growth of their scope and the consolidation of their progressive orientation in the interests of the working people of these countries and promotes the progressive economic transformation of these countries. Such aid also consolidates the position of co-operative movements in these countries in their struggle for a New World Economic Order.

The problem of restructuring foreign economic relations and founding a New World Economic Order should not be divorced from the problem of implementing domestic economic and social transformations in developing countries. The advantages which are gained by developing countries from restructuring foreign economic links and the additional resources that are obtained by them as a result of this process cannot replace internal factors of development.

The restructuring of international economic relations, provided it is aimed at the progressive development and real upsurge of the national economy, should go hand in hand with the implementation of radical domestic socio-economic transformations. Without these there arises a real danger of misusing new additional resources from abroad for enriching the ruling elite and the further growth of social inequality in a number of developing countries.

In this connection one should not underestimate the role of co-operatives which can and in many cases do play an important role in carrying out socio-economic transformations in developing countries. There are reasons to say that the success of the struggle for establishment of a New World Economic Order can depend, to a certain extent, on the scope, political orientation and class character of co-operative movements in some countries and in the co-ordination of the actions of developing countries, as in the co-operative field.

We believe that the most general conditions for restructuring international economic relations are these: (we should like to emphasise the role of co-operatives and their national organisations in conformity with the topic under discussion).

- to strengthen the solidarity among developing countries, resisting every attempt of imperialism to divide them into new spheres of influence. In this connection solidarity of co-operative movements in developing countries and their consistent participation in anti-imperialist struggle would be of great importance.
- to further improve the programme of actions of newly-liberated countries with an indication of the forces impeding the restructuring of international economic relations. In this programme a particular role should be played by co-operative organisations of developing countries which are assigned to assist in creating more favourable domestic economic and social conditions in order to make the struggle for a New World Economic Order more effective.
- to establish and develop more versatile and stable ties with socialist countries leading to the founding of new forms of international labour division, which would be a test for the progressive system of international economic relations. Every kind of development of the system might produce a notable impact upon the system of relations between newly-liberated countries and developed capitalist states, and it would speed up the restructuring of economic ties.

In this respect much depends on the establishment of stable economic commercial and other contacts between co-operative organisations of socialist and developing countries.

Co-operatives of developing countries purchase from the USSR and other socialist states agricultural machines, fertilizers, which help them to strengthen the material basis of co-operative organisations, to carry out extended cultivation of farm produce, and thus contribute much to the improvement of the economies of their countries.

The establishment of stable and equitable trade relations between co-operative organisations of socialist and those of developing countries favours the production of goods, subject to export in newly-liberated states, ensures reliable outlets and facilitates conditions for mutual settlements. Due to commercial collaboration of co-operative organisations there is ample opportunity to render tangible aid to co-operatives of developing countries in construction of trade enterprises, co-operative processing plants and the like.

Practical experience shows that establishment of stable foreign economic contacts between government bodies and co-operative organisations of socialist and developing countries is instrumental in abolishing economic dependence of Afro-Asian countries on the capitalist system of the world economy, on destructive influences of currency and financial disasters, competition, anarchy of production and other negative phenomena inherent in capitalism.

One more important problem that is worth mentioning is the relationship between the arms race and the prospects for establishing a New World Economic Order. Today the annual military budget in the world stands at 300 billion dollars, according to the UNO data.

Despite the efforts of the USSR and other socialist countries, their numerous proposals on arms reduction and disarmament, there is now a tendency of growing military expenditure, of producing new, more destructive, more expensive weapons of mass annihilation and new types of weapons. Recently, the whole world was alarmed and indignant when it learned of the intention of the USA to begin the manufacture of the neutron bomb, which destroys organic life on a vast scale. This kind of step would advance the arms race to a new, more dangerous sphere. The end of the arms race in the present conditions would signify not only the relaxation of the menace of war on a world scale, but also release part of the resources which are wasted at present and which might be used for solving the most pressing economic problems of today, including the problem of economic development of new sovereign states.

Soviet co-operators, jointly with the entire Soviet people supported the proposal of the Soviet Government to the United Nations on the reduction of military expenditure by all states by 10%. Mention should be made that the International Co-operative Alliance also backed the Soviet proposal, which testifies the broad support of our proposal on disarmament and detente by co-operators from many countries of the world.

This November the 60th anniversary of Soviet power will be marked in our country and abroad. The achievements of the USSR over these years have proved to the whole world that socialism envisaged unprecedented rates of progress in all spheres of life. The national income in 1976 increased 65-fold as compared to the pre-revolutionary level. The immense progress was made in spite of the fact that out of the 60 years nearly twenty years have been spent fighting wars imposed on the Soviet people, and the subsequent rehabilitation of the national economy. Before the revolution our country contributed 4% or so to the world industrial output, and nowadays this contribution is one-fifth. The Soviet Union tops the list in the production of pig iron, steel, oil, manganese and chrome ores, coal and coke, cement, tractors, diesel and electric locomotives, cotton, flax, mineral fertilisers and many other kinds of produce.

The broad nationwide discussion of the Draft of the New Soviet Constitution is going to be completed shortly. The adoption of the Soviet Constitution of full-fledged socialism, the Constitution of communism which is being constructed by the Soviet people will be a history-making event not only for our country alone, but it will be also an event of tremendous international significance. The realisation of this Constitution will exercise a deep and lasting influence far beyond the boundaries of the USSR. It will produce a favourable impact upon the process of developing mutually beneficial and equitable relations among countries of different social systems.

8. Co-operatives in a Changing World - Food and Agriculture
Professor S Zsarnoczai, National Co-operative Council, Hungary

Barely a century and a half has gone by since the 20 weavers in Rochdale formed a co-operative and prepared a charter to establish their intentions. The "seed" sown in 1844 gradually grew into such an enormous co-operative "tree" that the 26th ICA Congress in Paris in 1976 had the authority to report on the situation of the co-operative movement in the names of 163 organisations in 64 countries with a total membership of 332,355, 154. The period since 1844 has clearly shown that the viability of the co-operative movement lies in more than its ability to meet changing demands. Part of the secret is its talent to constantly advance the principles of Co-operation, thus making it possible to unfold new and different forms, stemming from the differences in the way of life and development of the various countries. Today the 300 million strong family of co-operators extends to all the continents and all ideologies, social systems and forms of government. It receives its strength from the fact that it is capable of not only considering the general principles of Co-operation, but also of enforcing the different requirements inherent in the various kinds of co-operative forms.

The great historical challenge of our time when the world population is increasing rapidly, is to solve the present day problem of food supplies and to overcome hunger, the evil spirit which has been haunting human society over centuries. Today hundreds of millions of people are seeking a way to overcome hunger and eliminate poverty within independent national boundaries. An increasing number of their leaders have recognised that hunger and poverty are not some kind of supernatural force but that they stem from social injustices. These problems must be resolved within society and one of the possibilities is the advancement of Co-operation.

At the UNCTAD conference in April, 1972, the then President of Mexico called for the establishment of a "charter of economic rights and obligations of the states" and that the most important task of the charter would be the development of a New World Economic Order. The 27th United Nations' General Assembly approved this proposal and a working group consisting of delegates of 40 countries was commissioned to prepare the charter. The 29th UN General Assembly approved the proposal made by the working group with a majority vote. The 6th Extraordinary session of the United Nations approved a declaration and programme of action for the creation of a New World Economic Order. "We, the members of the United Nations Organisation ceremoniously declare our common determination to strive untiringly to create a New International Economic Order based on equal rights, equal sovereignty, mutual dependency, common interest, and co-operation among the states, irrespectively of economic and social orders, aimed at alleviating inequality, eliminating injustice, at making it possible for reducing the steadily growing gap between

developed and developing countries and at guaranteeing the acceleration of economic development among the conditions of peace and justice for present and future achievements." In the name of its 330 million co-operative members, the ICA has accepted the UN declaration and is doing everything in its power to see that co-operatives contribute to the elimination of hunger and to the reduction or elimination of economic inequalities between people.

Food and People

One of the great historical challenges of our time is the vivid realisation of the continued existence of hunger. The endeavour of the United Nations to turn the struggle against hunger into a global programme is more than justified.

In most countries of the Third World agricultural production is insufficient to guarantee their populations a satisfactory level of nourishment. According to UN data, instead of the daily 3000 calories which would be desirable, the populations of the countries of Africa consume 1600-2100 calories, those of the Asian continent consume 1300-2200 calories, and with respect to South America the intake varies between 1200 and 3140 calories. At the same time, the rate of growth of the population in these areas is significant.

One way of solving the world food problem would be to cultivate the soil which is not used for agricultural purposes at present, but could nevertheless be made fertile. The other most obvious way of expanding sources of food would be to increase average yields.

Following the efforts of the governments of various countries and the joint endeavours of the UN in the past two decades, the development rate for the countries of the Third World has been greater than the global average. In the past two years the peasants of the Punjab in India and the farmers of America produced more food than the amount required for consumption.

In comparison with the crisis years of 1973 and 1974 the world's food situation had improved significantly in 1976. According to an FAO estimate the global grain output of 1976 was 8% over 1975, which had also been counted as a good year. There were indications of rises in yields in all larger agricultural zones, with the exception of Western Europe. However, rice production, which is one sixth of world grain output, and is the most significant foodstuff in many poor countries, declined by one per cent.

The FAO report issued at the end of 1976 pointed out that the first rise in global grain reserves in the past three years was during 1975-1976. The 11 per cent rise meant that reserves totalled 119 million tons at the end of this time. The FAO estimates that the 1976-1977 season can lead to an additional 19 per cent increase. With that world food reserves will rise to about 140 million tons, which will still be less than the 154 million tons of 1961, when there were 1,000 million people less who had to be protected against the consequences of poor yields.

Those agricultural experts who are thinking in world scale dimensions and who have been looking beyond the present situation continue to state that the long-term global food situation is by no means encouraging. They fear that the sudden favourable weather which is the most important factor from the point of view of achieving a good yield could suddenly turn unfavourable. Nutrition experts say that although famine is not threatening at this moment, chronic under-nourishment is just as serious a problem today as it has been in the past.

According to agricultural experts, principally those working in the developing countries, the impediments to increasing food production are not to be sought in a lack of abilities on the part of the peasants, or in their disinterest. According to Norman Borlaug who received the Nobel Prize for his high-yield wheat, the major difficulties of the "green revolution" are to be sought among the politicians and economists. They influence the credit given to the farmers, the circumstances which determine the extent to which it is profitable to produce surpluses. They determine market relations and the distribution of foodstuffs. Mr Borlaug and many others are of the opinion that the peasants would apply advanced methods if they had the money to buy fertilisers and to introduce irrigation etc. They are also of the opinion that there is a lack of political willingness to advance agriculture and to provide satisfactory means to the poor farmers of the developing countries to enable them to advance.

Food Exports and Aid

The picture would not be complete if, in addition to global production, we would not also consider world trade. In 1976 the volume of wheat and unrefined grain exported globally was about 129 million tons compared with the 133 million tons of 1975, half of which went to the developing countries and the rest to Western and Eastern Europe.

Food aid programmes play a significant role in food turnover. The role they play in reducing hunger cannot be assessed. But another point is that countries where at one time the fundamental source of nutrition had been rice, other grain or root crops are now being consumed because food aid has changed eating habits. In addition, the food aid received over decades led many developing countries to neglect their own agriculture. After a time the countries supplying aid reduced it and increased their commercial exports. The motto was no longer "food for peace" but "food for cash". This limit on aid was a particular blow to the poorest countries. It was a high price which had to be paid by most of the developing countries for having neglected their own agriculture, partly because of the food aid they had been receiving.

An important position on this issue was taken by the World Demographic and World Food Conference of Rome in 1974, where special attention was given to the role of the developing countries in implementing their strategies. The World Council of Food, created by the World Food Conference as the "supreme body within the UN on world food issues" endeavoured to give prime importance to food production in the developing countries. The World Council of Food recognised that the developing countries viewed the new institutions created on their own initiative principally as means to achieve an increased and in so far as possible "automatic" transfer of resources.

A global food policy is in the process of developing. The economically advanced countries have undertaken the obligation to supply at least 10 million tons of food in aid per annum. An early alarm system operating under the auspices of the FAO has been established to indicate uncertainties in weather, harvest prospects and the levels of undernourishment. The new International Agricultural Development Fund maintained jointly by Western Europe and OPEC has been established. The result of the bilateral and multilateral programmes approved is that the cause of long-term agricultural development is being taken more seriously. Although all of this is still insufficient to remove the threat of hunger for ever, it is sufficient to achieve recognition of the fact that starvation is not a consequence of objective natural laws but is a social problem which can be solved by applying present-day knowledge of social development and scientific information to food production.

Another factor deserving attention is that there is a clear increase in the ratio of populations approximating the state of satisfactory nourishment. This factor is all the more interesting since it is taking place in opposition to the trend towards increasing differentiation in the general level of economic development. It indicates that food is the one area of international economic processes which is the most tangible element in the elimination of economic inequality.

Manpower and Employment

The ratio of those employed in agriculture in comparison to the total population of a country not only shows the level of food production and the forces of production as a whole, but also the part played by solutions to social and political problems and the use of technical and agronomic possibilities in solving food problems. The ratio of those employed in agriculture shows for instance that Africa is a peasant continent. Ninety per cent of its population lives in the villages and is engaged in agriculture. Today, agricultural policy and the peasant issues are the most interesting political features of these countries, since a policy applied with the help of the peasants who make up the majority of the total population is the most important factor in determining the political life of these countries. This is why the way in which the peasant question and the agricultural reforms are viewed and judged is so important to these countries.

It is generally known that in the developing countries a mixed economy is the characteristic feature of economic and social life. On the one hand there is a modern (but comparatively narrow) capitalist or state-capitalist sector and on the other hand there is a natural-traditional (and most extensive) peasant sector. With regard to the former, it produces principally for export, and is dependent on world market trends. At the same time the peasant sector is a vestige of the ancient land community (possibly in some revived way), introvert, distinct from one another and the national economy, an isolated, local world. The strata between these sectors is made up of small scale producers (peasant manufacturers, craftsmen) which is differing in size and scope, depending on the historical trends in the different developing countries. The transitional social forms include the peasant masses which have left the villages for the towns either in destitution or because of war damage, and who cannot be absorbed into the labour force and are thus condemned to permanent unemployment and misery. The advance of industry in the towns in the developing countries is slower than its rapidly rising populations. In the Third World the decline in the ratio of the agricultural populations is not counterbalanced by a satisfactory rise in the population employed in urban industry and therefore the decline in the agricultural population cannot be considered as a sign of advance.

In the developing countries the majority of the agricultural population lives in traditional conditions, in ancient large-family or tribal, clan community settlements, in villages or in some revived or vestigeous form of the tribe.

The serious and basic economic problem of the developing countries is the oppressing presence of the traditional economy and its dominance among the agricultural population, who in turn make up the majority of the people. Generally the peasants living among the ancient, tribal and land communal vestiges are not sellers of commodities, nor are they buyers. Therefore, there is no internal market for industry, which is essential for the development of a national processing industry. At the same time an internal national market is necessary if these countries are to develop into nations.

Working in a natural economy, for a single family, using primitive means of production provides no incentive to achieve surplus production or surplus work. The natural peasant farm requires an average of 100-120 days of work per annum or one third of the working year. This means that two thirds of peasant manpower is lost to production. This is one of the causes for the low living and cultural standards in the villages. Added to this must be those tens of millions of peasants who have lost their land, who are the "workers" on the semi-feudal plantations or who work for payment in kind, living their lives in uncertainty, and working even less than 100 days a year. This enormous hidden rural unemployment drives millions of peasant families to the urban slums year after year, where they become the true and completely unemployed.

This discouraging picture, which cannot be changed simply by spelling out some "magic words" indicates that with agricultural reform, simple methods of agrotechniques, and with satisfactory incentives, it should be possible to advance agricultural production comparatively rapidly, ie by using internal resources it should be possible to reduce or eliminate hunger.

The development in the Third World countries is similar to that which took place in Europe between the 17th and the 19th centuries, with the dissolution of the feudal peasantry, driving the peasants off their land and forcing them to leave the villages. The process is similar but not identical. In Europe the peasants estranged from their land were absorbed by the capitalist crafts and later by the factories in the cities. Where this was not possible, mass emigration and work in America was the solution. (At the turn of the 20th century nearly two million people of working age emigrated from Hungary to North America.) In the developing countries capitalist industry is not undertaking this task, because it is neither suitable for it nor capable of doing so. It would appear that capital in the developing lands is no longer able to meet this one-time historical task. At the same time it is thought-provoking that in many of the countries of Latin America, poor in industry though the urban areas may be, the urban population ratio is already higher than in the advanced industrial countries. For instance, in the industrially advanced United States the ratio of the urban population is 73.5 per cent while in Venezuela it is 75.7 per cent. Almost 60 per cent of the population of Mexico and Brazil live in cities, and the larger part of the population of Uruguay, which even today is agricultural in nature, lives in a single city, in Montevideo. But a similar danger of urbanisation can be found in India, Pakistan, the Arab countries, Ghana or Nigeria, etc. And this inflow to the cities is an increasing trend. At the World Conference on Development organised in Budapest one of the speakers emphasised that "At present we are being threatened by the danger that by 1985 there will be 147 cities in the developing world with populations of over one million and no or hardly any industry". This problem threatening the developing countries must be solved, but this is no longer possible using the traditional, capitalist method. The capitalist road, as history is bearing out, is too slow to cope with this galloping rise in populations, and in particular, in urban populations. It is obvious that the central problem of development is the natural village with its hundreds of millions of unused working years. History has shown that the only road leading to a rise from natural unit production is that of rural commodity production, which, in the beginning, is small scale peasant commodity production. Literature dealing with economic history has shown that on a certain level of development artisanship becomes distinct from agriculture, thus creating a society-wide division of labour which brings about an exchange of products, meaning that both commodities and the internal consumption markets come into existence. Thus, the one-time scattered natural village becomes a small scale commodity producer, and adjusts to a national economy, both as producer and consumer.

However, the first step which must be taken here is towards land reform which places the land in the ownership of those who cultivate it. In most of the developing countries, this democratic agricultural transformation is yet to take place. The land reform to be introduced must be one which does not reinforce the monocultural plantation system left as a remnant of big capital, but one which will increase the number of small-scale commodity producers cultivating their own land. This is also the key to raising the supply level of food. As to how this is done depends on the conditions of a particular country. Either of two roads can be taken to realise agricultural reforms. Either small farms can be established through a democratic agricultural reform, or co-operatives. The advance of the forces of production depends on which of these roads has been chosen.

Role of Co-operatives

It is obvious from what has been said before that co-operatives are not simply one possible solution among the many to reduce food problems or possibly to solve them, but they are the most important socio-economic forms in existence. If it becomes possible for co-operatives to become the means of assisting the millions of peasants in the developing countries, then they will not only be tolerated by the government of the nations but they will receive their active support. Mr T N Bottomley in his paper on "Co-operatives in a Changing World" gave us a convincing analysis of the role of co-operatives. In continuing his train of thought and limiting matters to the subject of the food problem, it is first of all necessary to seek a reply to the question of the role played by agricultural co-operatives within the ICA member organisations.

According to the ICA "Report on Activities, 1976", in 1976 13.78 per cent of the 332,355,154 co-operative members were members of agricultural co-operatives.

Statistics available from the ICA show that turnover ratios are different from membership ones. In 1974 the total turnover of the co-operatives was US \$ 234,704,255,000, while the share of the consumer co-operatives was US \$ 125,163,129,000 and that of the agricultural co-operatives was US \$ 140,626,092,000.

Between 1973 and 1974 the largest rise in membership was in fishing co-operatives, ie 5.40 per cent. However, it should be pointed out that of all types of co-operative members, this latter represents the lowest ratio, less than one per cent of the total. There was, however, a fall in the membership of agricultural co-operatives, ie from 63,251,749 to 62,415,436.

Developing Countries

The many-sided agricultural co-operative movement of the developing countries deserves full attention. Both the ICA and the FAO give special attention to assisting the co-operative movements of these countries, and within this to the agricultural co-operative movements. India deserves special mention since it is one of the longest standing members of the ICA and itself has more co-operative members (roughly 60 million) than North and South America, Africa and Australia combined. Although credit co-operatives are the dominant form in India, the agricultural co-operatives are also worthy of attention. Since independence India has regarded co-operatives as showing the way leading from small commodity production to large scale industry. 1958 was an important year from the aspect of India's co-operative movement. In that year the number of people who joined co-operatives increased by over two million, and support to the peasant co-operatives became an official government programme. India assists co-operatives with special state support, and with supplies of experts and financial means.

Another example is one of the youngest members of the ICA, the Central Agricultural Co-operative Union of Egypt which joined in 1976. Egypt's example is a good illustration of the tasks undertaken by co-operatives in a country where the co-operative movement has become entwined with agricultural reform. Up to the revolution of 1952 there were 1727 co-operatives in Egypt, most of which operated in agriculture. The land reform of 9th September, 1952 solved the distribution of land by immediately organising co-operatives. The agricultural reform contained a prescription that a farmer was entitled to 3.5 fedams of land, neither more nor less, and he was obliged to cultivate this land within a co-operative. (This method was in contradiction with the principle of voluntary co-operation.)

Ten years after the land reform a decree was introduced stating that boards of co-operatives could consist only of farmers who were members of the co-operatives but whose land was not more than five fedams; that co-operatives could receive state support but that such support would entitle the state to supervise the co-operatives; that the peasants working in the co-operatives, after satisfying their own personal requirements, were obliged to sell the rest of their produce through the co-operatives.

In Egypt and in other countries where farming is irrigated, co-operation can be based on the social customs dating back over centuries. Irrigation always requires the collective co-operation of people. In the countries with ancient systems of irrigation or those which take advantage of the floodings of rivers, interdependency was always high. In these countries, and this includes Egypt, co-operative collectivism can rely on historical tradition and develop while reinforcing such tradition since those who receive the land can cultivate it most successfully if they do it in a collective way, for otherwise they would not be able to irrigate it.

Co-operatives and the World Food Problem

A combined examination of world food problems and the co-operative movement proves that:

- The co-operative is the socio-economic grouping which creates the possibility for applying the most modern technology (USA) as well as centuries old production processes (natural units, India), in producing food.
- Since the co-operative form is at the service of its members and not aimed at maximum profit, it creates an outstanding socio-economic framework for collectiveness and mutual aid, and not for exploitation.
- In the course of producing foodstuffs the co-operative form is satisfactorily adjusted to the demands and customs of continents, countries and demographic groups. It is thus able to unite the universal laws appearing in the production and turnover of foodstuffs with the aspirations and needs of the individual producer.
- Co-operation and solidarity within the co-operative movement can create new forces of production within a national framework, through the collaboration of agricultural units as well as between agricultural and commercial ones; while at the same time it can take advantage of the experience of co-operatives operating in other countries, as well as enjoy the benefits of direct aid and collaboration on an international scale.

- In applying the principles of co-operation, the people involved gain experience in democratic self-administration, which means that they are given the opportunity to evolve and advance individual talents in harmony with the interests of the community, and also gain the experience needed to create the kind of co-operation which is included in the declaration approved by the 6th Extraordinary Session of the UN based on "... equal rights, equal sovereignty, mutual dependency and common interest".

The Hungarian Experience

Dr Molnar, in his paper entitled "The Hungarian Co-operative Movement" spoke of the agricultural co-operatives operating in Hungary. So I would limit myself, by way of conclusion, to outlining only a few points of experience gained by Hungary's agricultural co-operatives in the course of years.

The Hungarian peasantry gained its land through the land reform of 1945. This was the first time in history that the peasant became his own ruler. By 1960-1961, joint cultivation of the soil had gained general dimensions. The Hungarian peasantry had begun to realise that through co-operation their long-standing dream had come true with the assistance of the socialist state and the advantage of the experience of the peasants of the Soviet Union to draw upon.

Today, the average yields of peasants grouped in co-operatives can be announced with pride. In 1938 the average wheat yield in Hungary was 14 q per ha. Today, the average is 30 q per ha and a significant number of co-operatives achieve an average of 40-45 q per ha even under unfavourable weather conditions. Average barley yields have gone up from 13 q to 29 q per ha. Maize production in Hungary is significant, and the average yield here has gone up from the 20 q of 1938 to 44 q per ha today.

In 1938 Hungary was known as a land of three million beggars. Co-operative farming has made it possible for the Hungarian peasantry to produce an amount sufficiently large for the per capita daily calorie consumption of our country to be among the highest ten countries in the world (3242 calories in 1975) while at the same time 22 per cent of our exports are food products, with agriculture having become a significant supplier of foreign exchange to an increasingly modern national economy. At the same time it is becoming increasingly easy to do this work, for the use of modern machinery to replace human labour is becoming more widespread. The combined result of the assistance of the socialist state and the industriousness of the peasants has made it possible that the income level of the peasants in agricultural co-operatives has reached that of the workers within ten years.

In Hungary, the co-operative movement makes it possible to unite the traditional methods of output, with the most up-to-date production processes. The more elderly co-operative members have the chance to care for stock with the traditional love of animals of the peasant, while their children handle the machinery in the automated stock-keeping stations. Through the co-operation of the peasants on the farms and the assistance of the socialist state it is possible to produce food and to take advantage of all that is new in this, the most ancient of human activities and in such a way that the young are satisfied while the elderly still feel needed.

In establishing and advancing agricultural co-operatives, Hungary has taken advantage of the experience gained by the peasants of the Soviet Union. We have relied on the more than a century old Rochdale principles, but the features of co-operation which took root and spread on a large scale could only be those which fully met the needs of the Hungarian peasantry. Therefore, the Hungarian agricultural co-operative movement is a many-sided, lively and constantly advancing one. It is satisfying the demand of progressing along the road to socialist development, of producing more and of providing better living conditions, while a thousand concrete manifestations of peasant wisdom and colourful individual initiative continue to flourish.

In Hungary the co-operative form of agricultural production has become the melting pot for socialist togetherness, equality and justice. Ten years have shown that by helping one another and working together co-operatives can unite people of different nationality, religion and those of different ages. The co-operative has guaranteed the Hungarian peasant the opportunity to be the ruler and not the slave of his land. The co-operative has created the material basis for the Hungarian peasant to enjoy the years of old age in rest with a higher pension.

We, the co-operative members and organisers in Hungary know that what we are doing is but a smudge of colour on the many-toned palette of the co-operative movement of the world. We are proud of our achievements but we also know that there are other people and other countries who have done much more. This is why we call upon those who are in the vanguard of production methods, and organisation throughout the world to allow us to study them and to use them to our own advantage in increasing our agricultural results and thus make all our people, including our peasantry, even happier than they are today.

9. Co-operatives in a Changing World - Industry and Human Settlements
Mr G Alder, Development Officer, ICA

I have been asked to talk principally about industry and human settlements, but before I deal with these specifically I would like to discuss the context within which these two sectors exist. You will find that my paper is inevitably biased - biased towards a consideration of developing countries - but I have also tried to include some discussion of the industrialised countries. It is of course a truism to say that the economic and social progress of the rich and poor countries are closely linked, but until 1973 analysis normally emphasised the ways in which the rich world profited at the expense of the poor world, through favourable trading relations, ownership of technology etc. As we all know, 1973 saw the sudden increases in the price of oil and in 1974 the developing countries began to urgently press the case for a New Economic Order. For a while there was a rather naive assumption that other commodity producers could do the same as OPEC had done and by acting together force up the price of coffee, tin, copper and so forth. Owing to a variety of factors the bargaining power of commodity producers has not matched that of OPEC. Nevertheless, negotiations have gone ahead for commodity agreements and other features of a New Economic Order and there is an acceptance - if somewhat grudging by the rich countries - that a stable economic order not only benefits the poor but also the rich. However, if a strategy is to be elaborated it should contain several interrelated measures to ensure that not only is an international economic order more just but, as a corollary, measures are taken to reach the poor in developing countries. This is more of a responsibility at the national level but is closely linked with factors such as world commodity prices.

It is evident that the philosophy of the co-operative movement anticipated the ideals behind the creation of a New Economic Order but in examining the co-operative contribution I would like to look at these two kinds of co-operative - two sectors - which I think will play a steadily more important role in a 'changing world'. Before we look closely at industry and human settlement let us see how they fit in to what has already been discussed. For a person to live a dignified and worthwhile life they require minimum living standards - 'basic needs' as the ILO has defined them at the 1976 World Employment Conference. These include, first, minimum family consumption requirements, food, shelter, clothing, second, essential services provided by the community, drinking water, sanitation, public transport, health, education. They also include participation of people in making decisions which affect them. They also include employment, both as a means and an end. If the majority of poor countries are to satisfy these basic needs they will not only need to foster economic growth but achieve significant re-distribution of income internally. Taking one item from these basic needs, shelter, it might be helpful to examine the problem of the worlds cities - where the majority of the problem lies - and then look at the co-operative contribution.

Human Settlements

Cramped, crowded and insanitary settlements are the lot of low-income families, conditions that debilitate their energy and reduce national productivity. Nearly one third of the population in developing countries will live in cities by 1980, that is 995 million people. By the year 2000 it will be 44%, more than 2000 million people. In 1960 the total urban population of Africa was 40 million people, by 1975 it had doubled, by the year 2000 it will be multiplied by seven times as the drift from the rural areas to the cities continues. And in facing up to the problems created by this explosion we are not only looking at provision of housing, but of jobs, schools and all the other facilities required in a city. This is a new problem for mankind, certainly the cities in the industrialised countries did not grow at this pace and therefore new solutions are - and will have to be - found. Yet in many countries the provision of that basic need, shelter, is given a very low priority. If we look at what has been done it is possible to find successful schemes promoted by governments but, in the main, housing solutions are undertaken by the private sector. Some of this is by the organised private sector, (profit-motivated developers for middle and upper income levels and charitable, religious, labour and co-operative organisations providing housing for the poor), but the informal sector is more important. There are the shanty-towns, bidonvilles and favelas which are the homes of millions in major cities such as Calcutta (1,700,000), Jakarta (1,125,000) and Karachi (810,000). Each of them outnumbers the total population of some countries. These settlements are not however an undifferentiated mass - they have distinct social and economic patterns of organisations. We shall come back to these patterns when we discuss co-operatives. Policies to solve the problem of slums have suffered many setbacks in the individual countries, eg demolition and rebuilding often causing many new problems. One of the most persistent problems is that the poor cannot afford much of the housing which is provided for them.

Why has this come about? One reason is that statutory standards are unrealistically high. Restrictive building codes, exclusion of low-cost materials and limitations on density are examples of these standards. Again, new schemes, while satisfying the aesthetic eye of a planner, often do not fit in to the network of services, employment opportunities, good transport etc, as they are usually located where land is cheapest, far from available employment.

The seemingly obvious answer to this problem is to provide subsidies, and this course of action has been followed in many countries - both rich and poor. In most developing countries however the amount of subsidy is severely limited and these resources can often be used more productively in other sectors. The limited amount of subsidy available means that choices have to be made as to which groups will receive the subsidies. Automatically, therefore, inequalities are built into policies which have been conceived to lessen inequality. Furthermore, not only is housing built for the poor often of too high a standard, it can also be improved and attract middle-income groups who squeeze out those for whom the housing is intended. This leads us to the conclusion, apparently paradoxical, that to assist the poor to have adequate shelter, subsidies should be reduced as far as is possible.

Admittedly, the above is a rather superficial analysis of an extremely complex situation but it does indicate some of the problems faced in setting up housing co-operatives and some of the opportunities provided for the co-operatives.

The Role of Housing Co-operatives

What can co-operatives do when faced with these unprecedented problems? There is now wide recognition that in order to provide housing which the poor can afford, one important approach is "sites and services" programmes in which a "core house" of one or two rooms is provided together with basic services. The occupier can extend the house when he can afford construction materials. However, individuals are more likely to be able to organise themselves if they work together through a co-operative and participate in decision-making. The need for this is evident. If subsidies are largely counter-productive, self-help is bound to play an important role and people can work together to plan and develop communities as they want them and in the process learn to accept social, economic and civic responsibilities.

A pre-requisite of a successful co-operative is pre-member education and training which will not only allow people to identify their needs but which will allow potential leaders to emerge. As most projects are carried out in association with government, either local or national, the co-operative acts as a link between a family and the government but it should be stressed that the co-operative should not be seen as merely a collector of mortgage repayments.

By forming a co-operative it is also possible for groups to purchase land which is otherwise unavailable. This avoids the practice of plots being made available to families under land reform schemes who then sell their plots to local entrepreneurs who rent several plots at high rents to poor families. Members of a co-operative on a single mortgage must first offer their dwellings to the co-operative should they wish to leave, thereby avoiding speculation. A current International Co-operative Housing Development Association assisted project in Lesotho has been concerned in organising a housing co-operative in the capital, Maseru, known as the Mohalalitoe Housing Co-operative. Here the single mortgage was granted for a period of ten years and it is the responsibility of the co-operative to collect the re-payments from families. Fortunately, there is no land speculation in Lesotho as all land is held in trust by the King but there would have been the possibility of speculation on the properties.

As noted above, there is considerable organisation in informal or "marginal" communities and many people do have a propensity to save. Co-operative credit can be organised to allow families to accumulate the down payment on a house or to purchase construction materials or for installing electricity or water.

So far, self-help has been discussed in a general way but self-help in actual building is of course an important aspect of many schemes. To take the examples of the Mohalalitoe co-operative again, the members provide much of the unskilled labour themselves, a minimum of twenty hours per week, and consequently the cost of the project is reduced. Skilled labour is provided for certain tasks and to supervise the self-help work but a great deal of the heaviest labour - including bricklaying - is done by members and many of these are women who have virtually built their own houses.

Speaking of the project in Lesotho brings us to another component of this project which is also to be found in many projects in Latin America. These are production facilities for making building materials, bricks, doors, window frames, roofs and other items. They can also make bulk purchases of materials for members. In the Lesotho project the production systems division of LEHCOOP, the technical service organisation, is an important spin-off of the Mohalalitoe co-operative. It produces concrete blocks, lintels, door and window frames and provides employment for forty-five people who would have otherwise been unemployed or would have to work in the Republic of South Africa. Additionally, the division sells 70% of its output outside the co-operative, substituting imports from South Africa.

As noted above, the co-operative formed to satisfy an immediate need can be transformed into a longer term function as the co-operative can then administer the project. Furthermore, housing co-operatives in many countries have provided a basis for various economic activities such as handicrafts. One of the more important functions of a co-operative is to create a community which is based on the provision of shelter but which can satisfy economic, social and psychological needs, particularly in a rootless environment.

Long-term experience with housing co-operatives, whether they are slum upgrading, sites and services or newly-built, has shown that without continued support, particularly of a technical nature, isolated housing co-operatives are born, some flourish and may die. There is little sense of a movement developing. In many countries the concept of Technical Service Organisation (TSO) has been adapted to local use. The concept was first developed in Scandinavia and acquired the name of a TSO in the USA. It is not usually a co-operative itself in developing countries but either a quasi-public institution or a private, non-profit-making organisations. They provide a range of expertise including legal services, management skills, financial and architectural skills. LEHCOOP in Lesotho is a TSO and it is to a large extent responsible for the growth and development of the Mohalalitoe housing co-operative.

Industry in the Developing World

The developing nations which are pressing for a New Economic Order do not only want a reform of the commodities markets - another demand is for increased industrial production for the Third World. At the moment their share is 7% - the target is 25% by the year 2000. Industrial production in developing countries can be crudely characterised as having two main aspects. There is the modern sector using modern "westernised" technology, aiming for maximum efficiency, high productivity etc. At the same time there is a long tradition of traditional technology, the village blacksmith, small workshops in marginal urban areas etc. As the economic and social structure of developing countries is skewed towards the agricultural sector the question which one asks is this - what kind of technology and industrial sector is appropriate? There is an increasing acceptance that an "appropriate technology" should fit the wider needs of societies and, for example, use a cheap resource such as labour when

it is plentiful - and conserve scarce resources such as capital. Of course, rural based industry, by providing employment, can help to prevent the rural to urban drift which causes so many problems in the cities. Implicit in this argument is an emphasis on small-scale industry and the reasons for favouring small scale are numerous. They are catering directly to domestic needs by processing foodstuffs, making household utensils, tools and equipment; they have close relations with their customers. Furthermore, they have advantages in the economies of small-scale as their markets are often scattered and fragments, their machinery is simple (and can be easily maintained), and they fit in more easily with existing customs. Again difficulty of transport makes small scale industry more efficient by being near their customers. They are often labour intensive and consequently generate employment.

The Role of Industrial Co-operatives

There are two main types of industrial co-operative - (a) joint enterprise co-operatives and (b) common facility co-operatives. In the former, members merge their individual productive operations in one unit, in the latter, members maintain the separate identity of their major operations but the society provides one or more specific facilities and services for joint use.

The workers productive society is perhaps the most common form of joint enterprise with the members all working in the same physical location but cottage industry can also be included. An interesting example of joint enterprises are labour contracting co-operatives which organise workers who then make contracts with employers. They are to be found in Hungary, Romania, Guyana, India and Latin America with activities ranging from forestry to aircraft maintenance. Common facility co-operatives are particularly relevant to artisans, for joint marketing for example.

If we return to our discussion of the advantages of small-scale, we can see some of the advantages to be gained by organising industry on a small scale. Co-operatives can pool resources whilst retaining initiative and drive and they enable small producers to come together and benefit from some of the advantages of large-scale, from simple pooling at the village level to the creation of national federations - each level carrying out appropriate tasks. India is a good example of this. This is not an argument for inefficiency, small industrial co-operatives still have to compete to survive, and as efficiency is output per factor mix, they do have to get that equation right.

On the other hand, there are many examples of medium and large scale industrial co-operatives in both developing and developed countries. Examples of these are numerous: France, Poland, Italy, Hungary, Argentina, Mexico, India, and Spain. The last named, Spain, is certainly worthy of closer examination, particularly within the context of the Seminar. The "Mondragon" co-operatives are fairly well-known by now and their great success has provided experiences of great interest to others. The roots of the co-operatives are to be found in the turmoil which existed in the Basque country following the civil war when a priest set up a small industrial training school. This continued for 15 years until 1956 when an industrial co-operative was established. Today there are 60 industrial enterprises which make up the Mondragon movement and they now include housing, educational, consumer and agricultural co-operatives. In 1975 total turnover was 75 billion pesetas. They are coordinated by the Caja Laboral Popular - a financial institution with a technical assistance division.

The role of the Caja is to coordinate existing co-operatives and new initiatives, to maintain the principles and guidelines of the movement, to locate the funds to finance development (it was found to be impossible for individual co-operatives to finance their own development) by channelling local savings into employment creation and, finally, management consultancy and promotion.

Every worker must, after a short trial period, purchase share capital to the value of 100,000 pesetas. Each man has one vote and elects a board which appoints the managers. The surplus is distributed to (a) reserves, (b) a community and social fund and (c) amongst the workers. Interestingly, great emphasis is laid on the fact that the co-operatives were not established to benefit one group of workers and new workers are recruited wherever the enterprise expands. Expansion is seen as one way of benefiting the community as a whole.

The ratio between the highest and lowest salaries is 3 : 1 and wages are similar to those paid in capitalist enterprises in the area. The reasoning behind the latter principle is that lower wages would reduce the standard of living of the whole community - higher wages would set the co-operative workers apart - thereby reducing solidarity.

Participation is seen as a two-way process and is achieved by various bodies - for example, it is proposed to change the work process to reduce the number of repetitive tasks. Again, larger scale units are being split into smaller units of 500 people to give a 'human' atmosphere. Here is a large scale co-operative seeking to incorporate the advantages of small scale after discussion and participation.

Of course, one should not forget that these co-operatives were established in a specific geographical area with many peculiar characteristics which gave them many advantages, especially the shared Basque traditions and history. The Mondragon co-operators say that creating co-operatives is not an end in itself, but a way of serving the community, by creating jobs and giving the population as a whole a stake in their economic development.

I have dwelt on the Mondragon co-operatives because I think they provide many indicators of the ways other industrial co-operatives may develop, and indeed other kinds of co-operatives as well.

Conclusion

This paper has examined, in an admittedly superficial manner, two co-operative sectors which have in the past few years begun to expand quickly, particularly in the Third World. The two examples I have used are of successful co-operatives, but I think they illustrate some elements which are significant to the theme of the Seminar.

One concern which has been implicit in discussion has been the need for co-operatives to reach the poor. Limitations of space prevent a full discussion of this important subject but we have seen how housing co-operatives, through sites and services programme and slum and squatter improvement, and industrial co-operatives, by providing jobs and allowing appropriate technology to be used, can make practical contributions to tackling poverty.

In situations where governments are formulating policy co-operatives allow people to participate in those decisions - to say what kinds of housing should be provided and what cost for example.

Re-distribution of wealth between members of a co-operative society can be used but it has its limits and is related to the structure of society as a whole. However, housing co-operatives have established systems of "cross-subsidy" which not only assists the poor but assists in making mixed communities. Canada has several examples of these.

Another major theme is the role of the co-operative within the community. In some instances co-operatives have become "closed" in that they only benefit the membership. This is particularly true of some industrial co-operatives and the way the Mondragon co-operatives perceive their role is particularly interesting as they are in turn strengthened by community support. Co-operatives can reduce the general costs of industrial goods or housing within a region and this influence which they have on the market is important.

Employment generation is a crucial function of co-operatives, and is of course related to their consciousness of their role in the community. By putting labour before capital they can make man the object of development and not the subject. The industrial co-operatives established in industrialised countries recently as a reaction to unemployment (with varying degrees of success) provide some examples. Although not immediately evident housing co-operatives provide jobs in construction, building materials and can lead to income generating activities for the members.

Another very clear lesson is the need for sustained support for co-operators, through federations of co-operatives, co-operative development agencies etc. The Caja Laboral Popular and the Technical Service Organisations are examples of this.

Therefore, to draw a general conclusion, co-operatives will have to consciously relate their progress to wider developmental needs of the societies in which they exist, and at the same time help articulate those needs through their democratic structures.

IV DISCUSSION GROUPS

Participants were divided into three discussion groups for the course of the Seminar (two English-speaking and one French-speaking). They were asked to consider the following main questions arising out of the papers presented in plenary sessions:-

- (a) In the group's view what are the significant elements of the challenge confronting the co-operative movement in the next decade?
- (b) Have the philosophy and principles of co-operative action any special contribution to make towards the formulation of a new world economic order?
- (c) In what practicable ways can national co-operative movements and the international movement help to bring about a new world economic order?
- (d) What opportunities are there for closer and more effective collaboration between co-operatives at national and international level and what are the difficulties in achieving this?
- (e) What action should the International Co-operative Alliance take to promote both closer collaboration between co-operatives and the move towards a new economic order and how far are these two objectives related?

The reports of the discussion groups were presented in a separate session on the last day. They provide evidence of interested and informed discussion out of which came several suggestions for future action at different levels of co-operative activity.

I. Report of Discussion Group No 1 Mr T Jeantet, France, Rapporteur

1. The Permanent Relevance of Co-operation

A - Co-operative Ideas meet the Challenge of our Time

The headline stories of today's international news shows that more than ever men and women of all countries are searching for freedom, peace, equality and justice. The main conflicts, not only open conflicts, but also hidden conflicts, show that much progress remains to be made in all these spheres.

There is no point in recalling here all the co-operation theory, but it is necessary to mention some of the great co-operative ideas in order to remind ourselves of how relevant they are in today's changing world:

- Co-operation is freedom: freedom to associate, freedom to create, freedom to enquire, freedom of self-expression.
- Co-operation is peace: each co-operator is a bearer of peace, for his work is always orientated towards other people who may be workers, consumers, farmers and many others.
- Co-operation is equality: the expression "one man, one vote" recalls this.

Faced with the great challenges of our age: famine as recalled by Professor Zsarnoczai, the energy crisis, social unrest, ... Co-operation through its very principles provides a permanent answer.

As speakers have pointed out, there is no longer time to content ourselves with principles however noble and relevant they may be, but it is necessary to put them into action.

B - The Application of Co-operative Principles to World Policy

Co-operators must make their voices heard at the highest level of international organisations. To enable them to do this they must agree on the principal world strategies. They must express their opinions on the way how to deal with possible world growth. Above all, they must participate in the defining of criteria for growth and its distribution. We agree with Mr Watzlawick that this should happen through a strategy of basic needs. But we would make two points: this strategy should be separate from a strategy of means and resources; this strategy must be international rather than national.

Our first petition, therefore, is that the ICA determines policies on how to deal with growth according to co-operative principles.

C - Co-operative and Political Topics

This first petition shows that Co-operation which is an economic and social system is a participant in political debates, meaning political with a capital P. Co-operation must be recognised and this is our second petition; as independent not neutral. This does not mean that the ICA should support political parties, but it simply means that the ICA must not keep apart from social and economic decisions. Otherwise Co-operation will be condemned through not being heard.

The role of Co-operation and of the ICA is very difficult in this sphere. Everyone knows that in the East, co-operatives are permitted and encouraged by the political system, whilst in the West, the environment is often more hostile. But convinced of its own identity, in search of better allies, Co-operation must have a clear social and economic aim and establish itself as an indispensable partner.

Let us say once again that "we are not against the establishment of state control or against private enterprise, but we are for Co-operation".

2. The Strengthening of Co-operation will lead towards more just and efficient national economies

Before returning to international policy, to international economic relations, we think it necessary to dwell on national economies.

A - The expansion of Co-operation in developing countries

Our third petition is that the co-operative system must never be imposed.

Firstly, it must only be encouraged. That is to say, through information, training of men and women, and supplying the minimum of economic structures, the co-operative system must be put at the disposal of those who are interested.

Secondly, the co-operative system must be adapted to the sociological, social and economic conditions of the environment. It is absurd to want to do everything, all at the same time. Simplicity must guide co-operative experience. Dr Pál told the following story: formerly in Bangladesh, the roofs of houses used to come away in a strong wind, today thanks to housing co-operatives, a system of bolts holds them in place. They are called "co-operative bolts". A good example of co-operative ingenuity and adaptability. We regard this story as symbolic. Our fourth petition is: yes to the intangibility of co-operative principles, but no to the immutability of co-operative status. We mean by this that if it is necessary to give much help at the outset to people of developing countries, they must remain masters of their own destiny and must adapt co-operative ideals to their own conceptions. It is necessary therefore to teach new co-operators to make their own choices. Let us remember the old maxim of Mr Coette, "It is better to teach them how to fish than to give them a fish". Thus the democratic principles of Co-operation must always be respected.

B - Expansion of Co-operation in Developed Countries

Co-operation has made remarkable progress in the People's Democracies. We have seen the Hungarian success in the agricultural sphere. But much remains to be done in the developed countries as a whole. First of all, and this is our fifth petition: Co-operative solidarity and unity must be encouraged and strengthened.

This is necessary for a better rapport with the State and in order to compete. Certain events in France, those concerning mutualist pharmacies, for example, emphasise the inadequacy of inter-co-operative structures. This is all the more serious because it is necessary, like in France, to face up to a capitalism increasingly concerned with quick results and growing influence.

Sixth petition: There must be a better exchange of co-operative experience between countries. Working relations must be improved and co-operators must join in research and let all benefit from the results.

Seventh petition: The large co-operatives of the industrial world must preserve their co-operative nature, therefore avoiding the danger of thinking only of development without considering the social aspects.

3. Greater Inter-Collaboration for a better World Equilibrium

A - Interdependence and international division of labour

Every day events prove to us the interdependence between countries and more especially between the developing and the developed countries. Matters as different as famine and the energy crisis show that fundamental interests are involved. Until now, competition, struggles, have meant that each country or each group of countries has tried only to win a battle over another. This explosive situation which could lead us once again to very grave consequences must come to an end through inter-collaboration. The co-operators, and this is our eighth petition, must give their support to the plan for a New World Economic Order of the United Nations. An international division of labour, which immediately suggests inter-collaboration, will be the only way to solve the problem of the world's great imbalances concerning resources, food and industrial products. The People's Democracies and the Common Market countries already have regional experience of such a division. It must be gradually extended. Let us

remember that in the long term an international division of labour would help the poor countries without harming other countries. They are in effect the phenomena of "economic boomerangs" well known to all.

B - Inter-collaboration in favour of developing countries

Co-operatives can play a direct role in helping developing countries. In this respect, the Discussion Group tables the following petitions (Nos nine to fifteen):

- to establish within the ICA a body similar to INTERCOOP which would be concerned with exchanges between co-operatives of developed and developing countries.
- to gather information on all that has been done in this field through collaboration with the aim of getting such a body off the ground.
- to develop the exchanges between the co-operatives of the two types of countries.
- to spread co-operative ideas by the ICA to the main cadres in developing countries.
- to increase the influence of the ICA within large international bodies, especially those providing aid in the economic field.
- to decide policies within the ICA in favour of developing countries
- to take a stand within the ICA on questions of surpluses.

These petitions complement each other but they are separate from those concerning information and education of which we will speak later.

C - Inter-collaboration in developed countries

Co-operatives of countries of both the East and the West must strengthen their economic exchanges if they wish that co-operation should carry more weight in the world equilibrium.

This is the subject of our sixteenth petition; the ICA must record the most urgent needs regarding exchanges between co-operatives and, as INTERCOOP has been developed, must establish similar bodies relating to other co-operative fields.

On the other hand, and this is our seventeenth petition, the ICA must draw up a list of great developments and co-operative products, with the aim of increasing exchanges.

Of course, things have been accomplished outside of INTERCOOP, like the Eurocheques for example, and of course there are plans taking shape like inter-collaboration within leisure-time activities, but these great improvements are far too isolated. They are, on the other hand, excellent examples to follow.

The ICA must encourage co-operatives to be the first to respond to new ideas in the industrial world: ecology for example (eighteenth petition).

4. Better Co-operative Information and Education to Assist People in this Changing World

One of the aims of Co-operation is to give to people the possession of their means. Information and education are two invaluable weapons in the co-operative struggle. Our Seminar is there to demonstrate this.

A - Co-operative Information

The ICA has the task of spreading co-operative experience. This role, which has been well carried out by this organisation, must be strengthened. The ICA should encourage national federations to follow its example. All too often the co-operative image is badly projected. Co-operatives are still very apprehensive in matters of marketing, advertising: they regard this as unnecessary. But in a world where the media is of growing importance, co-operatives must strengthen their image (nineteenth petition). A little story will illustrate this need: French consumer co-operatives, concerned about the health of their customers, stopped selling wine in plastic bottles. They did this, but they said almost nothing about it and so it passed almost unnoticed ... any private enterprise would have drawn great attention to such a step.

B - Co-operative Education

This is one of the essentials of Co-operation. Thus we will put forward our twentieth petition: to support the establishment of an International Co-operative University. Not a traditional university, "within the walls" but a university made up of units of action and research, units bringing together men of different origins, like Professeur Desroche established many years ago. This is not all utopia. There already exist units of this type in many countries like Algeria, Canada, Spain, France, Zaire, Senegal ...

We will give just one example: that of a young Algerian who, having finished his studies at the Co-operative College in France, established 5, 10, 20 co-operative factories and who, today as government minister, has multiplied co-operative units of action and research.

All the members of the Group wish to see the strengthening of international collaboration and the ICA should find new methods. Without doubt, the dynamism of the Hungarian co-operative movement will have added an optimistic note. We are convinced that Co-operation is and will remain a factor of hope in a changing world.

II. Report of Discussion Group No 2 Mr P Vador, Hungary, Rapporteur

This Discussion Group has concluded that, by representing all ideologies, social systems and types of governments in existence today, the co-operative movement is capable of expressing the needs of society which has changed in the course of history. For this reason, it must bear some responsibility towards the establishment of a New World Economic Order that is based on equal rights, sovereign equality, mutual dependence, common interests and collaboration between states, an idea formulated in the spirit of the resolution debated by the 29th Session of the United Nations General Assembly.

In the spirit of co-operative self-help and mutual support, the co-operative movement must make its contribution towards:

- the elimination of social and economic inequality and injustice;
- the narrowing of the ever-widening gap between the highly developed and developing countries;
- the strengthening of domestic and international economic relations.

The establishment of a New World Economic Order is considerably hampered by the ever increasing arms race. Group number 2 emphasises that curbing the arms race and promoting disarmament could release these resources for production purposes which could then be devoted to solving the most urgent economic problems of our age and towards promoting the economic development of the newly independent nations. It is therefore an essential task of the co-operative movement to contribute towards the establishment of lasting peace and security in accordance with the statutes of the ICA.

While discussing the challenge to be faced by the co-operative movement, the group came to the conclusion that co-operatives could only meet the increasing demands they have to satisfy if their own development is based on a balance between economic and social aspects. It could be said that co-operative movements in several countries have overwhelmingly focussed their attention on economic aspects. Therefore it is necessary to make efforts to strengthen the social activities, in particular those dealing with the systematic education of co-operative members.

The tendency has become apparent that in a certain sense co-operatives have become closed to outsiders and they tend to exclude them from the benefits available to members. In the opinion of the group it is necessary for co-operatives to be open and to allow poor people who are unable to reach the level of co-operative members relying on their own strength to be integrated.

In several countries there are good examples of collaboration between co-operatives as well as between co-operatives and social, state and economic organisations. This has been shown by experiences in Poland, Japan, Hungary and Cyprus, etc, which were mentioned in the course of the debate. Intensification of collaboration in other countries is being promoted even today as revealed by examples such as within the co-operative movement in the United Kingdom.

There are numerous examples of accomplishing social and economic tasks in an integrated co-operative way. While evaluating and taking account of relevant experiences, however, it must be also taken into account that these practices are the result of established social, economic and cultural conditions but may not be successful under different circumstances. It is the duty of every country to find the most appropriate way for Co-operation; that is why every nation and the international co-operative movement has the important task of exerting appropriate influence on the politicians of the country concerned. This is also necessary because co-operatives can only accomplish the social and economic tasks ahead of them under suitable conditions.

The Group considered in detail the issue of international collaboration between co-operatives. It was stated in the debate that international collaboration between co-operatives has been in the centre of the attention of the international co-operative movement for several years; in spite of this, however, actual collaboration has only developed in a few cases. Examples are: INTERCOOP, the multi-lateral collaboration between Scandinavian co-operatives and bilateral collaboration between co-operatives of the highly industrialised capitalist countries, socialist nations and developing countries.

The social and economic objectives of international collaboration between co-operatives could be achieved within the framework of international economic collaboration. This calls for a further extension and deepening of economic collaboration.

The internal and external obstacles to the development of economic collaboration between highly developed countries are gradually diminishing, but further efforts are necessary to remove external obstacles such as trade discrimination.

Within the framework of international collaboration between co-operative movements of the highly developed and developing countries it is an essential social task for the co-operative movements of the developed nations to support and strengthen the co-operative movements in the developing world and to narrow the widening gap between the highly developed and developing countries. Economic collaboration established along the principles of justice and equality could make a major contribution towards solving problems relating to food production and employment in the developing nations. Appropriate international division of labour and a just distribution of the surplus of products are necessary to promote meeting the urgent demands of the developing countries. In the course of international collaboration, the improvement of the production possibilities of the developing world must be assisted. In particular agricultural, industrial and cottage industrial production must be developed within the framework of integrated rural development. While emphasising the need for this assistance, attention must be paid to the fact that external aid can only bring about appropriate and lasting results if combined with internal self-help.

The group proposed that in the interest of establishing a New World Economic Order and closer collaboration between co-operatives the ICA should consider carrying out the tasks listed below within the framework of a long-term programme or during the period that follows it:

- The establishment of a comprehensive international information system such as, for example, the Co-operative Education Materials Advisory Service (CEMAS) which was established following a proposal by AGITCOOP, is a precondition for effective collaboration between co-operatives. It would be useful to set up an information bank of this kind with a more general character;
- Collaboration between co-operatives is an integral part of general cultural and economic collaboration between governments. It would be advisable for the ICA to appeal to the individual governments through the United Nations to support economic and social collaboration between co-operatives;
- We appreciate that the ICA has established lasting working relations with the special agencies of the United Nations and other non-governmental international organisations, but emphasise that collaboration should be intensified with such bodies and also with progressive social movements;
- In order to increase economic collaboration between co-operatives it would be useful to establish institutions for multi-lateral collaboration operating alongside ICA similar to INTERCOOP which would promote collaboration in co-operative branches other than consumer co-operatives.

III. Report of Discussion Group No 3
Mr I O Hansen, Norway, Rapporteur

In the development of a New World Economic Order, collaboration between co-operatives is essential to its achievement. The two themes of the 44th International Co-operative Seminar are, therefore, very much inter-related and it was right to consider them together.

Co-operative collaboration exists at three levels: local, national and international.

The attention of the group was directed, in the main, to the international aspects. Differing economic and social systems in East and West present problems in which the co-operative movements have a particular role to play in bridging the gap and encouraging compatibility between the two systems. In assisting the Third World nations, it is necessary that we do not impose upon them our own ideals but rather encourage their own self-development through self-help.

Experiences with co-operatives in developed as well as in developing countries are often very instructive for co-operatives in other developing countries, but such experiences must be adapted to local conditions in the individual countries of the developing countries in order to contribute to economic and social progress. Developing countries must be given the opportunity of making their own choice on which concept of co-operation they want to develop within their own countries.

In discussing these subjects, the group made a number of practical proposals to assist co-operatives in the developing world:

- It was suggested that INTERCOOP and the International Co-operative Alliance should look for ways and means of assisting trade between co-operatives in the developed and developing countries; such trade relations could be in the interests of members of co-operatives in developed countries as well as benefiting those in developing countries. Profit margins now taken by traders and middle-men could then be used to promote the economic success of co-operatives;
- INTERCOOP and the ICA should assist co-operatives in the developing countries to improve the quality standards of their products so that these will more readily meet the needs of co-operators in the developed countries. INTERCOOP and the ICA should have an intermediary function in bringing together information on product availability and requirements to assist the sources of supply and demand. Also, they should educate and inform co-operative leaders and managers in the developing countries on such matters as grading, packaging and transporting their products so that these will more readily meet consumer requirements;
- The ICA should establish or support a system of professional management training for the co-operatives of developing countries.
- The improvement of standards of nutrition is fundamental to the fulfilment of Basic Needs and it would be appropriate for the ICA to concentrate its attention on the development of agricultural co-operatives and assistance to them. Advice and information for improving the techniques and methods adopted by the agricultural co-operatives should be provided through the ICA. The grouping of farmers into co-operatives provides them with the means of adopting new techniques. This point was made by Professor Zsarnoczai and the Group found the points made in the summary of his paper to have general acceptance and relevance.

The group also agreed with Mr Watzlawick's conclusion that co-operatives could make a real contribution towards the Basic Needs strategy for the eradication of mass poverty. Members meetings have a special role to play in advancing the Basic Needs Strategy, as defined by the ILO, for their governments and co-operative leaders and management.

In progressing towards a New World Economic Order, a fundamental need is for a peaceful world, free of conflict between one nation and another. This is just as true for Third World nations as for those in the so-called "developed" countries. Indeed, East and West must admit that mutual distrust between their respective governments has sown similar seeds of mistrust in Third World nations. Wasteful use of raw materials and human resources on armament production, and the financing of such expenditure, is of no service to the Third World. Indeed, the opposite is the case. The provision of armaments to the Third World countries contributes nothing to their economic, social and political development. The energies of their national leaders and their people are directed into ways which will not lead them to higher living and social standards. The financing of projects of educational, technical and social benefit to the Third World could come from reductions in expenditure on armaments in all countries as a first step towards disarmament. Co-operative movements, especially their leaders, must strive to impress upon their governments the vital need for a peaceful world and towards contributing effectively to the achievement of this goal.

IV. Plenary Sessions

At the Plenary Sessions country reports were submitted by participants representing Austria, France, the German Democratic Republic, India, Norway, Poland and Turkey. These described the national organisational structures of the co-operative movements in the countries concerned and the situation regarding collaboration at national level between the various sectors of co-operative activity.

V CONCLUDING ADDRESSES

1. Concluding Address and Vote of Thanks by Professor S Zsarnoczai National Co-operative Council, Hungary, and Co-Director of the Seminar

Mr Chairman, friends, before concluding the Seminar, I wish to make some comments on the outcome of the Seminar.

If, on looking at the realities of the world for what they are, we expected the Seminar to fulfil its task, not be solving the problems of the world which cannot be done, but by contributing some understanding of them, then we can say that we have fulfilled the task we set out to do.

The subject of the Seminar was "Co-operatives in a Changing World". It can be said that the discussions have clearly shown that the international co-operative movement is able to reflect changes in the world and is also able to adapt itself to these changes. One of the sources of strength of the co-operative movement is that it can adapt itself to new demands and needs, but this also poses the question whether the co-operative movement could actively participate in changing the world. The Seminar stressed that all co-operators, more than 300 million around the world, are a great force which could influence changes in the world. Of course, there are limitations as pointed out by Mr Watzlawick, but the co-operative movement can make its contribution and influence changes in such important issues as the question of war and peace. The Seminar is of the opinion that it is very important to activate members of co-operatives to play their part in working for peace throughout the world and to express their views on disarmament.

Within the topic of the Seminar emphasis was laid on the fact that co-operatives are in close contact with their environment. Both lectures and discussions showed that some exist in a conducive surroundings while others do not exist in such harmonious circumstances. The ideal of Co-operation is not yet well-known in all corners of the world and this indicated that there was still a large untapped potential to be developed. The reports also proved that co-operatives try to find their own place in a changing world, and try to adapt themselves to these changes and make their contribution towards changing the world.

The papers presented and the ensuing discussions stressed that collaboration between co-operatives was one of the most important issues facing co-operatives today. One of the most important factors in this field was the adequate exchange of information and experience. A lot more must be done with regard to collaboration not only at the national, but also at the international level. Although the reports of the discussion groups did not expressly state it, it was clear from the discussion that collaboration at national and international level did not mean the reorganisation of power structures. The freedom of co-operators should not be replaced by power wielded at national or international level. The opinion expressed that international collaboration must be organised through the International Co-operative Alliance must be emphasised. The French-speaking discussion group put forward twenty proposals and amongst them are some dealing with international collaboration.

There was a feeling of responsibility for the promotion of co-operatives in the Third World. Our efforts will be judged by the size and position of co-operatives in countries of Africa, Asia and Latin America.

The third group of questions was connected with co-operatives and a New World Economic Order. The discussion showed that there was a clear understanding of the UN Resolution which stated that a New World Economic Order must be brought about. The most important issues were pointed out and also what co-operators must do to make their contribution to reach these goals. Mr Watzlawick and others talked about basic needs and some of the lectures indicated how such needs could be fulfilled. In helping to solve the food problem more agricultural co-operatives must be set up. The development of industrial co-operatives could create employment bringing new opportunities to the people of the world. But it was unanimously agreed that in such areas, as the promotion of housing or the improvements of squatter settlements co-operatives have a very important role to play.

The Seminar was of the opinion that co-operators must give help to the poor in the Third World to help themselves. As our French colleague pointed out very clearly, we should not give them fish but teach them how to fish. Aid and its means were not turned down, but it was underlined that they were only a short-term solution. Self-help and self-development were much more important than aid. At the same time the Seminar emphasised that international co-operation must take into consideration all races and differences in the world. A relevant model applicable for the whole world cannot be found. Adaptation to local circumstances was one of the key issues. The ICA and co-operators must reiterate this time and again.

Importance was also given to the role of the ICA in the world. It was clearly shown that the ICA has done a lot and has tried to make use of its possibilities in the best possible way. But the demands are growing. What suffices today will not do so tomorrow. Therefore, the Seminar is asking the ICA to create the opportunities which would make it possible to solve the basic tasks and problems to protect the ideals of Co-operation. The activities of the ICA not only cover technical matters, but also education and the promotion of Co-operation to which even more attention should be paid in the future. There are 26 proposals put forward by the discussion groups. The ICA will have the task of deciding which suggestions to make use of and then to implement them.

General Comment

The Seminar was based on nine lectures presented by Messrs Molnar, Bottomley, Wilkinson, Veverka, Hansen, Watzlawick, Maslennikov, Alder and myself. The information imparted was of great value to the Seminar. It also showed how clearly Mr Bottomley understood the situation and it showed his organisational talents that we were able to listen to seven lectures on the position of the co-operative movements in Austria, France, the German Democratic Republic, India, Norway, Poland and Turkey.

The lectures gave us the opportunity of an insight into problems and they provided a starting point for discussion. One of the greatest values of the Seminar were the group discussions where participants took an active part. All three groups did very good work. I participated in all of them. At the end of the Seminar my doubts about having a French-speaking discussion group had disappeared. I think it provided an opportunity for our French friends to discuss common problems in Budapest, an opportunity they never had in Paris and it was a sign of merit of the group that they did not only discuss French problems, but also those concerning other parts of the world.

Ladies and Gentlemen, I think that the excursions and visits formed an important part of the Seminar. I hope that they contributed towards raising the level of the Seminar. Within our limited possibilities we tried to show you what we could. We tried to follow the examples of the Dresden, Loughborough and Cyprus Seminars. It is up to you to pass judgement.

One of the sadder aspects of the Seminar was the fact that we did not have as many participants as we should have liked from Africa, Asia and Latin America. It was not our fault that there were no representatives from Africa or Latin America, but that of the people who stayed away. We must, however, make the material of the Seminar available to co-operators in countries of Africa, Asia, and Latin America. And another fault was the weather, which was not very good. I cannot recall a time when the weather was so poor at this time of the year.

Finally, I would like to mention the fact that the organisers of the Seminar were assisted by your understanding and your willingness to help. You did not mind when we had to use taxis instead of buses. It was easy to organise such a group of people who understood our problems and it was easy to fulfil our tasks. As an Hungarian, I want to thank those who played a part in organising the Seminar. One of them was Dr Molnar, the President of the National Co-operative Council of Hungary, who honoured us with his presence at the Seminar. We have had help from all branches of co-operative activity in Hungary. Special thanks must be extended to Dr Pal, Secretary of the National Co-operative Council, who provided the greatest help for the Seminar. I also wish to express my thanks to my colleagues Mr Durko, Mr Meczaros for the part they have played in the organisation of the Seminar, and also to Dr Vandor and Dr Kores, the heads of the international departments of the agricultural and industrial co-operatives.

Also thanks to all those who helped in the organisation of the Seminar and for their contribution towards mutual understanding and also thanks to all the people here who have contributed towards the well-being of the participants. Let me also make use of the occasion to say "thank you" to Mr Bottomley who played the most important role in preparing and carrying out the Seminar. The Hungarians would not make one step without seeking his advice. May I say here that we Hungarian co-operators have had many previous contacts with Mr Bottomley. Three years ago when he was appointed as ICA Secretary for Education, the first AGITCOOP meeting was organised here. This Seminar is the last of Mr Bottomley's activities as the ICA Secretary for Education. After returning home he is going to Jamaica on a two year assignment to assist the co-operatives in that country. I do wish to express the hope that Mr Bottomley will be returning to the ICA after completion of his mission and we shall once again be able to enjoy his company. Let me present him with a small token of our appreciation from the Hungarian co-operative movement. We wish him well in his work and much happiness in his personal life.

2. Concluding Address and Vote of Thanks by Mr T N Bottomley
Secretary for Education, ICA, and Co-Director of the Seminar

Before formally concluding the Seminar, we have some important formalities to complete. I want to comment on two things by way of closing a happy and useful occasion. First, to review briefly the work we have been doing together, and, second, to support what my colleague, Professor Zsarnoczai, said by way of thanks to the very many people who have been concerned in these arrangements. We had the opportunity last evening to speak to our principal

hosts, and that opportunity we were very happy to have. Nevertheless, there are many others to whom our thanks are due and whom we must not neglect.

First then on what we have been discussing and why. We set out, within the theme of co-operatives in a changing world, to consider some features of the changing environment in which co-operatives both in the developed and developing world have to operate. We wanted to take an objective look at the structural and philosophical capacity of co-operatives to respond to that situation. We wanted to reflect on ways by which the response of both national co-operative organisations and the international movement might be made more effective. In seeking to pursue this purpose, we provided a programme of lectures, discussions and study visits intended to stimulate new thought, to provoke comment and criticism, to exchange experiences and views and to begin to articulate some new approaches to the problems which we have been considering and discussing. And my judgement, with my Co-Director, is that we have succeeded in that purpose. We have had an informed, and sometimes vigorous, debate, guided by papers of excellent quality out of which have come many practical ideas to help shape future policy. I noticed Miss Kent, ICA Information Officer, taking particular note about the responsibility of ICA in her particular field. We have succeeded, during this week, in adding a very useful contribution to an important and continuing debate about the need and ability of co-operatives to respond to a changing world.

For this purpose, we needed a venue, a place providing the appropriate facilities and the right environment and, at the invitation of the National Co-operative Council of Hungary, we came to Budapest. At the end of this week I think there is none of us who would not applaud that decision and none who would hesitate in adding congratulations and thanks to our hosts for the arrangements which they have made.

Turning to what my colleague, Professor Zsarnoczai, has said, I want to address myself to him, as he so generously addressed himself to me, and also to his colleagues, Dr Pal and Mr Durko, who have been so closely involved with the arrangements made here, and through them to all the members of their staff, some of whom have graced the rooms and places where we have met and have been always ready to respond to our requests for help and guidance, many whom we have not seen - to all of them, this team of co-operative colleagues, who have had the responsibility for organising this Seminar, and who have brought to it much skill, much patience and much humour, we offer our heartiest thanks. And in this connection, I want to add the names of Miss Kent, the ICA Information Officer, who has so efficiently supported and assisted me throughout this week and Miss Clarke of our headquarters staff.

I also want to support what my colleague said in giving thanks to those who presented papers to guide our discussions, papers which were of very excellent quality, not only those which were prepared before the Seminar, but also those which were prepared at our request during the week.

Our thanks also to the interpreters, not only for their professional skill which so greatly facilitated our discussions, but also for their patience and friendliness. To the staff of the hotel, our thanks go also.

I want to thank the rapporteurs who so skilfully reduced the discussions of a week to the concise and useful summaries which we have heard this morning. This is an arduous task to add to the labours of both the academic and social activities of the Seminar and we are grateful to them. Finally, to you, the participants, for your assistance and your patience at all times. It has been a great pleasure to work with you. Miss Kent and I look forward very much to meeting you again and in the meantime 'bon voyage'.

VI EVALUATION

1. There was the danger that the theme for the Seminar might be too general and wide ranging, and in sketchily reviewing the many aspects involved would fail to discuss anything adequately. In the event, this was not the case because the two sub-themes chosen helped to focus attention on subjects of topical and urgent significance and, at the same time, to encourage imaginative thought and discussion.
2. There is little doubt that the 44th Seminar succeeded in achieving its main purpose - stimulating lively discussion of topics of considerable significance to co-operative progress in the years ahead. There were three particular reasons for that result. First, the programme of papers, case studies and study visits provided, proved to be a well balanced framework for thoughtful and informed discussion of the topics. Second, several of the papers prepared for the Seminar were of very high standard and presented in such a way as to promote critical appraisal and realistic aspirations. Third, the social setting provided, and the general arrangements made for the Seminar, were very good and helped to create an environment conducive to friendly and lively social interchange.
3. The reports of the discussion groups provided evidence of interested and informed discussion out of which came several suggestions for future action at different levels of co-operative activity. These have been communicated to the appropriate committees of the Alliance for their consideration.

VII APPENDICES

Appendix 1

List of Participants

<u>Name</u>	<u>Organisation</u>
Mr T N Bottomley	ICA
Mr G Alder	ICA
Mr Ch Veverka	INTERCOOP
Miss L Kent	ICA
Miss M P Clarke	ICA
Mr J Boniface	ICA - Press Working Party
Mr H Watzlawick	ILO
<u>AUSTRIA</u>	
Mr G Frömel	Zentralkonsum Österreich GmbH
Dr V Janistyn	" " "
<u>CYPRUS</u>	
Mr G A Petrides	Co-operative Central Bank
<u>CZECHOSLOVAKIA</u>	
Mr I Mikus	Central Co-operative Council
Mr V Louzensky	" " "
<u>FINLAND</u>	
Mr F Portman	Finnish Co-operative Wholesale Society SOK
Mr V Ripatti	Kulutusosuuskuntien Keskusliitto
Mr V Oittinen	" "
<u>FRANCE</u>	
Mr C Bouchez	Fédération Nationale des Coopératives de Consommateurs
Mr E Coette	" " "
Mr J Pirard	" " "
Mr C Proy	" " "
Mr R C Liouville	" " "
Mrs M Roger-Neollier	Union de Crédit Coopératif
Mr T Jeantet	" " "
Mr R Guillard	Confédération Nationale du Crédit Mutuel
Mr and Mrs Gauthier	" " "
Mr and Mrs J Van Wassenhove	" " "
Mr B Fargues	Société Générale des Coopératives de Consommation

FEDERAL REPUBLIC OF GERMANY

Mr C Hopfer

Coop Zentrale Aktiengesellschaft

GERMAN DEMOCRATIC REPUBLIC

Mr G Uckert

Verband der Konsumentenvereine der DDR

Dr H Kober

" " "

HOLLAND

Dr P J van Dooren

Royal Tropical Institute

HUNGARY

Dr F Molnar

National Co-operative Council

Prof Dr S Zsarnoczai

" " "

Dr A Gyenes

" " "

Mr L Durko

" " "

Dr S Kovacs

National Council of Consumers' Co-operative Societies (SZOVOSZ)

Dr J Pal

" " "

Mr V Meszaros

National Council of Industrial Co-operatives (OKISZ)

Mr I Rosta

" " "

Mr M Lehoczki

National Council of Agricultural Co-operatives (TOT)

Dr P Vador

" " "

INDIA

Mr B Pati

National Co-operative Union of India

IRAQ

Mr M M Rzoki

General Co-operative Union

JAPAN

Mr H Sogo

Central Union of Agricultural Co-operatives

NORWAY

Mr H Hauge

Norges Kooperative Landsforening

Mr P Stensland

" " "

Mr I O Hansen

A/L Norske Boligbyggelags Landsforbund

POLAND

Mr J Sopylo

Supreme Co-operative Council

Dr J Drozdowicz

Co-operative Research Institute

Mr J Molitoris

Central Agricultural Union of Co-operatives

SWEDEN

Mr J E Klevhag

Swedish Union of Co-operative Consumer Guilds

SWITZERLAND

Dr P Paul

Coop Suisse

TURKEY

Mr C Uzel
Mr O Attila
Mr H Yurdabak

Turkish Co-operative Association
" " "
" " "

UK

Mr B Howcroft
Mr D L Wilkinson
Mrs I Handley
Mr J Bagshaw

Co-operative Wholesale Society Ltd
Co-operative Union Ltd
Royal Arsenal Co-operative Society Ltd
Greater Nottingham Co-operative Society Ltd

USSR

Mr V Maslennikov

Centrosoyus

Appendix 2

44th International Co-operative Seminar

Programme

Saturday 17 September

19.00 Opening Reception and Dinner
Host: Dr F Molnar and members of the
 National Co-operative Council

Sunday 18 September

9.00 - 10.30 Welcome and Opening Addresses by Mr T N Bottomley,
 Co-Director of the Seminar and ICA Secretary for
 Education, and Dr F Molnar, President of the
 National Co-operative Council

11.15 - 12.30 Case Study: "The Hungarian Co-operative Movement
 and Collaboration between Co-operatives - A Country
 Study" by Dr F Molnar, President of the National
 Co-operative Council

14.15 - 15.30 Paper: "Co-operatives in a Changing World" by
 Mr T N Bottomley, ICA Secretary for Education

16.00 - 17.15 Discussion Groups (2 English and one French-speaking
 group)

19.30 Dinner at Hungarian Restaurant

Monday 19 September

9.00 - 10.30 Case Study: "Housing in Tanzania: A Co-operative
 Contribution towards Solving the Housing Problem"
 by Mr I O Hansen, A/L Norske Boligbyggelags
 Landsforbund, Norway

11.00 - 12.30 Case Study: "Collaboration between Co-operatives -
 A Country Study, United Kingdom" by Mr D L Wilkinson,
 General Secretary, Co-operative Union

14.15 - 15.30 Case Study: "INTER-COOP - A Case Study of an
 International Co-operative", by Mr Ch Veverka,
 President, Société Générale des Coopératives de
 Consommation, France, and Chairman of INTER-COOP

16.00 - 17.15 Discussion Groups

Tuesday 20 September

Full day Excursion to Lake Balaton, including visits to
 consumer co-operatives. The theme for the day was
 "Trend of Development of the Consumer Co-operative
 Societies and Collaboration between the different
 Co-operative Sectors". Dinner at the Gorsium
 Co-operative Restaurant

Wednesday 21 September

Full day Excursion to the area of Kecskemet, including visits to industrial and agricultural co-operatives. The theme for the day was "Trend of Development of the Industrial and Agricultural Co-operatives and Collaboration between Co-operative Sectors". Dinner at Co-operative Restaurant at Lajosmize

Thursday 22 September

9.00 - 10.30 Paper: "Basic Needs and Social Change - the Role of Co-operatives" by Mr H Watzlawick, Co-operative, Rural and Related Institutions Branch, ILO

11.00 - 12.30 Paper: "The Role of Co-operatives in the Establishment of a New World Economic Order" by Mr V Maslennikov, Principal, Co-operative Institute, Centrosoyus

14.15 - 15.15 Discussion Groups

15.30 Departure for visits to Skala department store and the Budapest Autumn International Fair

Friday 23 September

9.00 - 10.30 Paper: "Co-operatives in a Changing World - Food and Agriculture" by Prof Dr S Zsarnoczai, Co-Director of the Seminar and of the National Co-operative Council, Hungary

11.00 - 12.30 Paper: "Co-operatives in a Changing World - Industry and Human Settlements" by Mr G Alder, ICA Development Officer

16.30 Departure for reception by the Council of the City of Budapest.
Vice-President of the Council received the participants to the Seminar

19.00 Opera Performance followed by Fashion Show and Dinner at the Intercontinental Hotel.
Host: Mr L Rev, President of the National Council of Industrial Co-operatives (OKISZ)

Saturday 24 September

9.00 - 10.30 Discussion Groups

11.00 - 12.30 Discussion Groups

14.15 - 15.30 Plenary Session - Country Reports by participants on collaboration between co-operatives

16.00 - 17.00 Plenary Session - Country Reports by participants on collaboration between co-operatives

19.00 - 21.00 Farewell Reception and Dance
Host: National Co-operative Council

Sunday 25 September

9.00 - 10.15

Reports of Discussion Groups

10.45 - 11.30

Closing addresses by Prof Dr S Zsarnoczai, National Co-operative Council, Hungary, and Mr T N Bottomley, ICA Secretary for Education