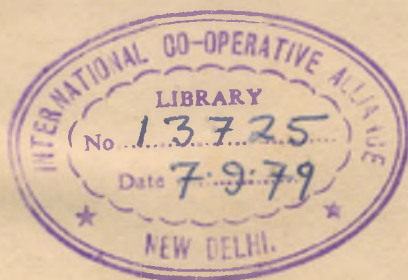
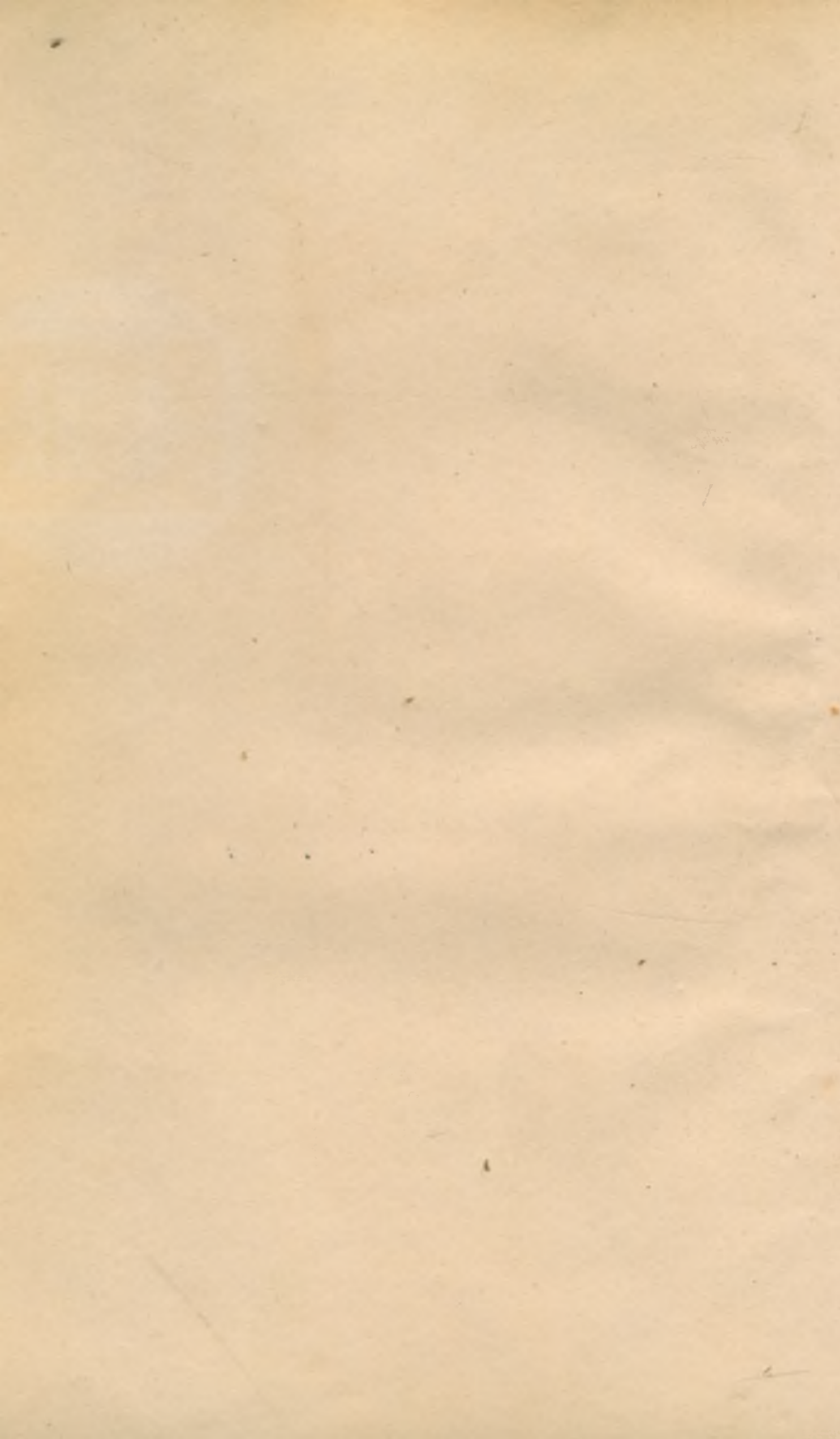


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International
Co-operative
Journal

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Review of International Co-operation



Volume 71 1978
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THIS ISSUE

- President's Message for 1978
- Prism in New Lanark
- Co-operatives in a Changing World — Food and Agriculture
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- Technology Transfer and Co-operatives
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THE INTERNATIONAL CO-OPERATIVE ALLIANCE

was founded in London in 1895 as an association of national unions of co-operative societies, which seek to promote a non-profit system of production and trade, organised in the interests of the whole community and based upon voluntary and mutual self-help.

It comprises organisations in every continent, and its total affiliated membership through national organisations exceeds 330 million. The consumers' movement accounts for just under half the membership, the other half consisting of agricultural, housing, credit, workers' productive, artisanal and fishery societies, etc.

Its purpose is to propagate co-operative principles and methods and to promote friendly and economic relations between co-operative organisations of all types, both nationally and internationally.

It promotes, through auxiliary trading, housing, banking and insurance organisations, direct commercial and financial relations between co-operative enterprises in different countries so as to enable them to exert on the world market, as well as at home, an influence beneficial at once to consumers and primary producers.

It convenes international congresses, furthers the teaching and study of co-operation, issues publications and research data, and collaborates closely with the United Nations as well as with voluntary and non-governmental international bodies which pursue aims of importance in co-operation.

In the United Nations, its Economic and Social Council, as well as in some of the Specialised Agencies, it enjoys the right of participation in their meetings and work as an International Organisation with Consultative Status, Category 1.

Its official organ is *The Review of International Co-operation*, published quarterly.

The study of International Co-operation takes place under the auspices of the 'Henry J. May Foundation', the Permanent Centre of International Co-operative Study.

The ideological work of the Alliance also finds expression in the annual celebration in July of International Co-operative Day.

Review of International Co-operation



The official organ of the International Co-operative Alliance

Editor: J. H. Ollman

Assistant Editor: M. Blindell

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Universal Decimal Classification (UDC)

Starting from this issue of the *Review of International Co-operation* a classification number will be given for each article in accordance with the Universal Decimal Classification (UDC) which is the most widely used system throughout the world. The ICA Working Party of Co-operative Librarians and Documentation Officers has for many years been advocating the use of this system, which makes it possible to determine the subject of a book or article without knowing the language, e.g. the article by Alex Laidlaw, 'A Pilgrim in New Lanark', has the number 334: 92 (*Owen*) indicating that it is biographical material (92) on Robert Owen, who was a pioneer of the co-operative movement (334).

The classification numbers will enable librarians and information officers to store and retrieve the material in the articles more easily. It is hoped that other co-operative periodicals will follow suit, in order to help expand the exchange of co-operative ideas and dissemination of co-operative news.

For further information, please write to the Secretary of the Working Party of Co-operative Librarians and Documentation Officers, at the ICA London Office.

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Editorial and Administrative Office:

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The President's Message for 1978

Our world has, without doubt, entered a period of general crisis, of which nobody knows either the duration or how it will end; and the Co-operative Movements of whatever type, developing their activities in the five continents, cannot escape its consequences: every day they have the difficult task of demonstrating their efficiency in the service of their many members, while still remaining faithful to the democratic principles which are their inspiration.

But in a world where the balance between nations remains fragile, it is more than ever necessary for each Co-operative Movement to remain faithful to our International Co-operative Alliance and to provide it with the means needed to perform its role. Only the Alliance can foster the exchange of ideas, of experience, of products—more than ever necessary today—between the world's co-operators. And only the Alliance can provide Governments and Intergovernmental Organisations with the proof that the Co-operative Experience, which plunges its roots deep into the daily lives of men and women, can in all countries make an irreplaceable contribution to the betterment of their standards and way of living.

At least this is my conviction, born of my brief but rich experience at the head of the World Co-operative Movement which enables me every day better to appreciate that it occupies its rightful place on the world's chess-board. It falls to each one of us during the coming year to ensure that the Co-operative Movement reaches an ever wider public, both at national and international level.

This at all events is the wish I express, in addressing to all readers of our Review my personal best wishes and those of all of us at the International Co-operative Alliance.

A handwritten signature in black ink, appearing to read 'Roger Kerinec', written over a long horizontal line that extends across the width of the signature area.

Roger Kerinec



ROBERT OWEN

A Pilgrim in New Lanark

by
Alex Laidlaw*

It is always thrilling to trace something great to its source and actually see its beginning, whether a mighty river at its start as a small brook far back in the hills, or a powerful idea that comes from a great mind and in time sweeps across the world and changes the course of history. I experienced such a feeling one day in July this past summer.

It happened during a tour in Scotland. As I studied the map and located scores of places renowned for scenic beauty or historic romance, my finger touched upon a name that stopped me, which I knew that I must visit, for it drew me as a magnet. The little place was the scene and beginning of new ideas that moved the world 150 years ago and changed the lives of countless millions of people down to our own day.

The place was New Lanark, on the river Clyde, about 35 miles from Glasgow. It is now a run-down and rather pathetic small town with factories standing idle and rows of houses partly empty, but in the early years of the last century New Lanark was famous, a veritable Mecca visited by thousands of

people from many countries of the world, for it was the scene of the early work in social and industrial reform initiated by Robert Owen. A few visitors still leave the busy highways to come here to see the actual setting of the remarkable experiments in social change begun by this great man.

Most of my readers will, perhaps, not have heard the story of New Lanark and some will not know much of Robert Owen, for his name is beginning to recede in history, though he is sometimes referred to as the "father of the co-operative movement", a title which some will dispute. But though his connection with the origins of the co-operative movement in the last century is somewhat vague and ambiguous, there can be no question about his reputation as one of the greatest social and educational thinkers of modern times. Certainly, his life story and the theories which he carried out at New Lanark should be more widely known and appreciated today for their place in history.

Though the great work which made him famous was first carried on in Scotland, Owen was a Welshman, born in the town of Newtown, Wales, in 1771, just at the dawn of the industrial

*Dr. A. F. Laidlaw is now Canadian Consultant in Co-operatives and Community Education.

revolution. It is interesting to recall that, though his own schooling was limited, he became one of the leading educational figures of the last century, and though he was known as a successful businessman and industrialist while still in his twenties, he became one of the severest critics of his time of capitalism and conventional business practices.

Owen came to New Lanark through marriage—he married the daughter of the industrialist David Dale, who had built the mills in the valley on the Clyde—and in 1800 he became part-owner and general manager of the enterprise. He immediately set about making changes that sent shock-waves through British industry. His first objective was to improve, and indeed revolutionize, the working and living conditions of the employees, chiefly children, for at that time young children from the age of five were the main work-force of the factories. He stopped the recruitment of pauper children, started schools for all boys and girls, opened the first nursery school in Europe, encouraged games and recreation, improved sanitary conditions, in short, did everything possible to change the sordid and ugly surroundings of working-class families.

In less than fifteen years, New Lanark was known all over Europe. Owen introduced social ideas that are accepted almost everywhere today but were revolutionary when he first gave them to the world. Between 1815 and 1825, some 20,000 visitors, including leading statesmen from all over Europe, came to New Lanark to see the dawn of a new age for the working-class (a term, by the way, which Owen first used). By about 1820, he was at the height of his

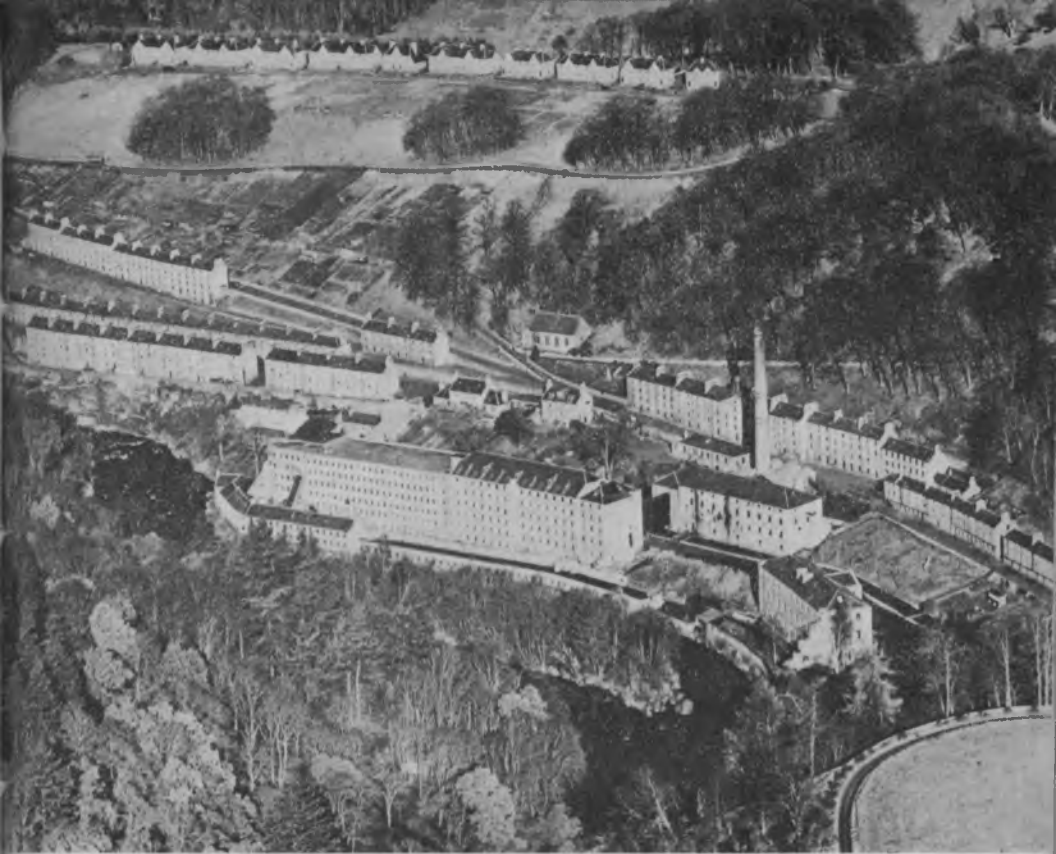
career as successful industrialist and social reformer. And even with all the benefits and improvements provided for the workers and the community, the business was highly profitable and Owen himself became wealthy.

At this stage in his career, Robert Owen was not what we would consider a democrat, because he did not think the workers were ready for democracy. Rather, he was closer to a benevolent and enlightened despot. But we must remember the age in which he then lived, when it was still illegal for workers to form a union, when even elementary education was denied poor families and when children below the age of ten still slaved in factories under abominable conditions for as long as fourteen hours a day.

In the meantime, in the midst of his reforming activities, a significant change took place in his life: he renounced conventional religion, defied the churches and became an agnostic. From that point on, he had to carry on his work, not only without the encouragement of many clergymen and devout Christians, but also in the face of their opposition and enmity.

* * * *

It will help us to appreciate the life-work of Robert Owen better if we recall the historical setting of the years in which he lived. When he was carrying on his remarkable work in New Lanark, Napoleon's armies were sweeping across Europe. Beethoven was composing his masterpieces in music. Wordsworth was writing poetry that spoke of humanity and the beauty of nature. It was a time of social turmoil, but also of compassion and search for



New Lanark

truth. In Scotland itself, the songs and poems of Robert Burns were on everyone's lips, but the Highland Clearances were being carried out with unspeakable cruelty. In the words of Charles Dickens, "It was the best of times, it was the worst of times . . . it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair".

Above all, it was a period of industrial struggle, of warfare between machines and men, between the "dark, satanic mills" and the workers, women and children as well as men, who laboured in them. As much as any single person

in the first half of the nineteenth century, Owen was responsible for fundamental changes that helped tip the scales in favour of the weak, the downtrodden and the working-class. He used his life and spent a fortune in furthering every crusade of his time aimed at building a more just and humane social order.

The year 1824 marks a dividing line in his life-work. Behind him were business success and fame based on the educational experiments and reforms of New Lanark; ahead were ideological controversy, lost causes, dissipation of his fortune, and reputation as an

impractical visionary. Up to that time he was basically a social reformer; now he became an idealist bent on the complete reconstruction of society. In the language of today, many would call him communist, but actually what he had mainly in mind was the establishment of self-contained, self-developing communities or "villages of co-operation", not the building of a powerful monolithic state. He had a vision of self-reliance and social harmony deriving from co-operative production and non-competitive living.

In that year he left New Lanark and went to America to become involved in the organisation of the model community, New Harmony, in Indiana. But the people who joined him in the building of utopia were ill-prepared for co-operative living and within four years Owen was back in Britain, his fortune mostly gone. By 1829 he was homeless and comparatively poor, and by 1844 all his money had been spent on a variety of schemes and causes.

But in the meantime something of great significance was happening, for by the time he returned from America in 1828 and for a number of years afterwards, co-operatives were being formed by hundreds. By 1832 there were some 500 co-operative societies in Britain alone, organized in the hope of establishing "villages of co-operation" along Owenite lines. Almost all of them collapsed in a few years, but one of them set up a shop to handle consumer goods to help finance its plans. It survived as a retail business. This was the beginning of Rochdale.

In actual fact, Robert Owen had little to do with the consumer movement as such, for his mind was oriented to pro-

duction rather than consumption. He would probably be unenthusiastic about a consumer co-op today but would be quite at home in a kibbutz in Israel. Still, the Rochdale co-operators of 1844 recognised Owen as their prophet, for their venture flourished in the ground prepared by him.

Then how are we to assess the life-work of this great man? Mainly as a humanist, a social reformer, a pioneer of universal education, and a prophet of the co-operative idea. In the latter part of his life—he lived for many years after the New Lanark experiment—he was regarded as a visionary rather than the practical man of affairs he had been. As one writer has said of him, he could never hold a movement together, but he could always found a new one.

In the year 1858, Owen was eighty-seven years old, and knowing the end was not far away he rose from a sick-bed and returned to his home-town, Newton. On his death-bed he declared: "My life was not useless. I gave important truths to the world . . . I have been ahead of my time". By his grave at Newton is a plaque erected by the British co-operative movement, with the words of the great man himself: "It is the one great and universal interest of the human race to be cordially united and to aid each other to the full extent of their capacity". Surely words that mankind and the nations of the world can dwell on and take to heart in our day.

The mills at New Lanark were operated for some years by the Gourcock Rope Company but were finally closed down in 1968. The community seemed to be on the way to becoming what we in Canada call a ghost-town, but valiant efforts are now being made to

revive it and restore some of its buildings. Still the ghost of a bright era and a great name clings to it, even on a gray misty day, as it was on the day of my visit.

As the pilgrim climbs the zigzag road that winds from the lovely valley that

provided the setting for New Lanark, he may muse over the strange turns and twists of human fortune: how the vibrant wonders of one age become the crumbling ruins of the next, and how a great and noble idea is taken up and carried far from the scene of its common place beginning.

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Co-operatives in a Changing World— Food and Agriculture*

by

Professor S. Zsarnóczy

National Co-operative Council, Budapest, Hungary

Barely a century and a half have gone by since the roughly 20 weavers in Rochdale, England, formed a co-operative, and prepared a charter to document their intentions. The "seed" sown in 1844 grew into such an enormous co-operative "tree" that the 26th ICA Congress in Paris had the authority to report on the situation of the co-operative movement in the name of 163 organisations in 64 countries with a total of 332,355,154 members. This nearly a century and a half has clearly proven that the viability of the co-operative movement lies in more than simply its ability to express historically changing demand, for part of the secret is its talent for constantly advancing the principles of co-operation thus making it possible to unfold new and different forms, stemming from the differences in way of life and development of the various continents. Today the hundred million strong family of co-operatives extends to all the populated continents of the globe and all ideologies, social systems and forms of government, and receives its strength precisely because it is capable of not only considering the general principles

of co-operation, but also of enforcing the differentiated requirements inherent in the differences in co-operative form.

The great historical challenge of our era is in fact the ability of an increasingly populous humanity to solve the present day problems of the food supply itself, the extent to which it can overcome and be victorious over the evil spirit which has been haunting it throughout all the centuries of human society, that is, hunger. Today hundreds of millions of people once living under colonial rule are seeking a way to overcome hunger and eliminate poverty within independent national frameworks. An increasing number of leaders, both anxious and ready to act for their peoples, have recognised that hunger and poverty are not some sort of supernatural forces upon mankind but stem from social injustices which must be dissolved on the earth itself, within society, and one of the possibilities for doing this is to advance the co-operative movement.

The special situation of a world in a state of political restratification is reflected, and the acceleration of social processes are proven, in the proposal made to the UNCTAD conference of April 1972 by Eccheveria, at the time president of Mexico, calling for the

*A paper presented at the 44th International Co-operative Seminar, Budapest, 1977.

establishment of a "charter of economic rights and obligations of the states", the most important task of which 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 UN 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, irrespective of econ-

omic and social orders, aimed at alleviating inequality, eliminating injustice, at making it possible to reduce 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 the co-operative form is suitable both to contribute to the elimination of hunger and to reduce or eliminate the economic inequality of the peoples.

Food and People

One of the great historical challenges of this era is the vivid realisation of the continued existence of the centuries-old horror of hunger. The volumes outlining the dangers and drawing scientific

World population increase between 1960 and 2000
(million people)

Continent	1960	2000	Increase
North America	199	206	7
Central America	66	98	32
South America	140	213	73
Europe*	427	489	62
Asia*	1679	1794	115
Soviet Union	214	344	130
Africa	254	299	45
Oceania	16.5	20	3.5
World total	2995.5	3463	467.5

*Excluding the Soviet Union

Source: United Nations Demographic Yearbook, 1961

Continent	Per capita ploughed land (ha)		Arable land, uncultivated (ha)
	1960	2000	
Africa	0.95	0.68	111,393,000
North and Central America	0.98	0.74	115,175,100
South America	0.52	0.31	51,818,000
Asia	0.26	0.20	90,467,000
Europe	0.35	0.27	6,743,000
Oceania	1.69	1.33	554,000
World total	..	..	376,150,000

or pseudoscientific conclusions on the causes and ways of overcoming the problems are enough to fill a library. The endeavour of the United Nations Organisation to turn the struggle against hunger into a global programme is completely justified. What do the statistics have to say?

In most countries of the third world, the present characteristic is that agri-

cultural production is insufficient to guarantee their populations with a satisfactory level of nourishment. According to UN data, instead of the 3,000 calories daily which would be desirable, the populations of the countries of Africa consume 1,600-2,100 calories daily, those of the Asian continent consume 1,800-2,200 calories; and concerning South America, while

Yields in quintals* per hectare

Crop	Average for capitalist countries	Maximum	Minimum
Wheat	12.0	42.7 (Denmark)	5.9 (Morocco)
Rye	14.8	29.2 (Holland)	7.0 (Argentina)
Barley	13.5	37.2 (Denmark)	4.8 (Algeria)
Maize	18.6	36.9 (Canada)	5.2 (Morocco)
Rice	14.4	37.9 (Spain)	9.7 (Panama)

*1 quintal = 100 kg

the people of Argentina consume 3,140 those of Brazil receive an average of 2,150, of Venezuela 2,040, of Peru 1,860, and Bolivia, 1,200 calories daily. At the same time the population growth rate for the countries of the third world is most significant.

In itself per capita ploughed land does not explain hunger, particularly if the survey includes the study of arable but uncultivated land.

This means that one viable road to solving the world food problem is cultivating the soil which is not used for agricultural purposes at present, but can nevertheless be made fertile.

The other most obvious way of expanding food sources is to increase average yields. The yield per hectare two decades ago is shown in the table.

One interesting point in these figures is that in the case of certain crops the difference is as much as eight times; another is that not a single third world country was among those achieving maximum yields but make up all the minimum yield lands.

Following the efforts of the governments of the 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 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 per cent over 1975, which had also counted as a good year. There were indications

of rises in yields in all larger agricultural zones, with the exception of Western Europe. The greatest rise, that of 15 per cent, was achieved with wheat, which accounts for about one third of global grain production. In the case of other crops, principally maize, the rise was 8 per cent over previous years. However, rice production, which is one sixth of world grain output, and is the most significant foodstuff in many poor countries, has 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 in the 1975-1976 season. The 11 per cent rise meant that reserves totalled 119 million tons at the end of this time. FAO estimated that the 1976-77 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 thinking in world scale dimensions, who have been following up more than the momentary situation, continue to feel that the long term global food situation is by no means encouraging. They fear that this sudden favourable weather, which is the most important factor from the point of view of achieving a good yield, can turn unfavourable just as suddenly. And nutrition experts feel that although famine, as such, does not threaten for the moment, the issue of 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 handicaps to increasing food production are not to be sought in a lack of ability on the part of the peasants, or in their lack of interest. 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 farmers, the circumstances which determine the extent to which it is profitable to produce surpluses, they determine market relations and also the *distribution of foodstuffs in the broader sense of the term*. Borlaug and many others are of the opinion that the peasants would apply advanced methods if, when they had the money, they could buy fertiliser, introduce irrigation, etc. However, according to Borlaug and others, there is a lack of political willingness to advance agriculture, to provide satisfactory means to the poor farmers of the developing countries to enable them to advance. "The peasants want to do it if they can, and the politicians can do it if they want" emphasises Borlaug.

Food Exports and Aid

The picture is not complete if, in addition to global production we do not also consider world trade, in other words, those quantities which are exported. In 1976 the volume of wheat and unrefined grain exported globally was probably about 129 million tons (in comparison with the 138 million tons of 1975), with half of this going to the developing countries (including China and India as well as the rich oil pro-

ducing lands), 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 argued. But another point which cannot be argued is that countries, where at one time the fundamental source of nutrition was rice, other domestic grains, or root crops, have become accustomed to the food aid received over decades on end, and the result has been a change in eating habits. In addition, the food aid received over decades on end led to many developing lands, among them those with the greatest food problems, neglecting to try to advance their own agriculture. After a time the countries supplying the 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, which had become accustomed to the aid during past decades. It was a high price which had to be paid by most of the developing lands for neglecting 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 insofar 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 levels of undernourishment. The new International Agricultural Development Fund, maintained jointly by Western Europe and the OPEC has been established. The result of the bilateral and multilateral programmes approved is that the cause of long term agricultural development has also begun to be taken more seriously. Although all this is still insufficient to remove the threat of hunger from the list of realities, and put it into the "junkroom of history" for all time, it is sufficient to achieve society-wide 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 on food production.

Another factor deserving attention is that there is a clear increase in the ratio of populations approximating to the natural state of satisfactory nourishment as compared to the populations on starvation or luxury levels. 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, and indicates that food is the area of international economic processes of a highly separated world, for food affairs are the number one, most rapidly manifest, and most tangible element in the elimination of economic inequality.

Manpower and Employment

The ratio of the agriculturally employed in comparison to the total population of a country indicates not only the technical level of food production and the forces of production as a whole, but also the role played by social and political problems and the use of technical and agronomic possibilities in solving food problems.

The extremes in the ratios of the agriculturally employed are most thought-provoking, but do not require any particular comments.

This data would underline the truth of the comment that Africa is a peasant

Agricultural population as percentage of total population

Malawi	92	United Kingdom	3
Togo	91	USA	4
Ethiopia	90	Belgium	5
Gambia	89	Holland	6
Kinshasa Congo	84	Sweden	9
Zambia	77	FRG	10
Gabon	74	Denmark	12

continent, for 90 per cent of its population lives in the villages and deals with agriculture. Today agricultural policy and the peasant issue are the most interesting political features in these countries, since a policy conducted with the peasants making up the absolute majority of the total population is the supreme factor determining the political life of these countries. This is why the way in which the peasant question and agricultural reform are viewed and judged is so basically important in these countries.

It is generally known that in the developing countries duo-sectoralism is the characteristic feature of economic and social life. On the one hand there is a modern (but comparatively narrow) capitalist or state-capitalist upper sector and on the other there is the "natural-traditional" (and very extensive) peasant lower sector. The upper sectors of the developing countries produce principally for export, and are dependent on world market trends; at the same time the majority of the lowermost, peasant sector is a vestige of the ancient land community (possibly revived to some extent), introverted, distinct from one another and the national economy, as an isolated, atomised local world. The space between this lowermost and uppermost world is filled in partly with pre-capitalist small-scale producers (peasant manufacturers, craftsmen) who make up strata differing in size and scope depending on the historical trends in the different developing countries. To a certain extent the intermediate social forms also include the peasant masses which left the villages either in destitution or because of war damage, who cannot be absorbed by the minimal

industry of the towns and are thus condemned to permanent unemployment and misery. The advance of industry in the towns in the developing countries is slower than the rapidly rising populations, most of which have been shifted to the periphery of economic life. 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 clearly cannot be considered a sign of advance.

In the developing lands the majority of the agricultural population lives under natural-traditional conditions, in ancient "extended family", tribal or clan community settlements, in villages or in some revived or vestigial form of the tribe. Examples of these are the Indian, for the most part, natural villages, the Burmese village communities, the Algerian, Egyptian, and Black African family communities, the Tanzanian "Ujamaa villages", the Mexican *ejidos*, the Peruvian *ayllus*, the ancient and revived Indian village communities, etc.

The serious and basic socio-economic problem of the developing countries is the oppressive presence of the natural-traditional economy and its dominance over the agricultural population which makes 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, they do not form an internal market for commodities, which would be essential for the development of the 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 a single family, using primitive means of production, has no incentive to achieve surplus production or latitude for 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 of low living and cultural standards in the villages. Added to all this are the tens of millions of peasants who have lost their land, who are "wage workers" on the semi-feudal plantations or 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 collapsing 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 pronouncing some "magic word", indicates that with agricultural reform, simple agro-techniques, and satisfactory incentives, it should be possible to advance agricultural production comparatively rapidly, i.e. by using internal resources it should be possible to reduce or eliminate hunger. It is much worse if the agricultural producers flood the cities without hope of industrial employment, and thus lose their direct contact with the soil.

The historic course being run in most of the developing countries is similar to that which took place in Europe in the 17th to 19th centuries, with the dissolution of the feudal peasantry, driving

the peasant off his land and forcing him to leave the village. The process is similar but not identical. In Europe the peasants estranged from their land were absorbed by the capitalist crafts and later by factories in the cities. If this was not possible in all the countries of Central and Eastern Europe, then mass emigration and work in America was the solution (e.g. at the turn of the 19th-20th centuries nearly two million people of working age emigrated from Hungary alone to the continent of North America). In the developing countries it would appear that capitalist industry is no longer able to cope with this one-time historic demand. 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 (e.g. 75.7 per cent in Venezuela compared with 73.5 per cent in USA); almost 60 per cent of the populations of Mexico and Brazil live in the cities, and the larger part of the population of Uruguay, which even today is agricultural in nature, lives in a single city, Montevideo. But a similar danger of overt urbanisation can be found in India, Pakistan, the Arab countries, or in Ghana or Nigeria, etc. This inflow to the cities is a trend on the rise. At the World Conference on Development organised in Budapest one of the speakers emphasised that "at present we are threatened by the danger that by 1985 there will be 147 cities in the developing world with populations of over one million and little or no 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 bears out, is too slow to cope with this galloping rise in populations, in particular 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 proves that the only road upward from natural unit production is that of rural commodity production, which to start with is small-scale peasant commodity production. General 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 commodities and internal consumption markets both come into existence, enabling the one-time scattered natural village to become a small-scale commodity producer, and to adjust to the national economy as both producer and consumer.

However, the first step to be taken here is land reform, to place 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 method must be one which does not reinforce the mono-cultural plantation system left as a remnant of big capital but increases the number of small-scale commodity producers cultivating their own land. This is also the key to raising the food supply level. As to how a country executes this, depends on the concrete conditions in the given country. There are two alternative ways of carrying out agricultural reforms: either they can use a democratic agricultural reform system and establish

small farms, or they can immediately choose to establish co-operatives. The advance of the forces of production depends on which of the major roads they choose.

Role of Co-operatives

It is obvious from the above that the co-operative movement is not simply one possible method among the many of reducing food problems or possibly solving them, but the most important socio-economic form in existence. If it becomes possible for co-operatives to become the means of known and active advancement for the millions of peasants in the developing countries, then they will not only be tolerated by governments but will receive their active support. Dr Saxena, Director of the ICA, in a paper entitled "Co-operatives in a Changing World" gave a convincing analysis of the role of co-operatives. In continuing his train of thought and limiting ourselves to the food problem, it is first necessary to look at the role played by agricultural co-operatives within the ICA member organisations. In 1974 18.78 per cent of the 332,355,154 co-operative members were members of agricultural co-operatives.

Statistics available from the ICA lead to conclusions on both details and dynamics. If we examine the data of the total turnover of the co-operative types then we will find that turnover ratios are different from membership ones. In 1974 the total turnover of the co-operatives was US \$284,704,255,000, while the share of the consumer co-operatives was US \$125,163,129,000 and that of the agricultural ones was US \$140,626,092,000.

According to the data, between 1973 and 1974 the largest rise in membership was in fishing co-operatives, i.e. 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 the agricultural co-operatives, from 63,251,749 to 62,415,436. In Europe in 1974 25,634,111 of the total of 155,828,430 co-operative members were members of agricultural co-operatives (of which 12,324,471 including Yugoslavia lived in the socialist countries). Of a total co-operative membership in Asia of 109,710,678, 26,507,832 were members of agricultural co-operatives (four-fifths of them lived in four countries: Japan with 8,714,983, India with 5,751,874, Indonesia with 2,909,000 and Korea with 2,208,489 agricultural co-operative members). Of the total number of co-operative members in America amounting to 60,390,462, 7,615,343 were members of agricultural co-operatives. (This too is, in essence, made up of three countries: the United States with 6,300,000, Canada with 812,554 and Argentina with 460,729.) The decisive majority (2,268,689) of the total co-operative members in Africa (2,979,341) were members of agricultural co-operatives (four-fifths of them lived in three countries: Tanzania with 416,000, Uganda with 963,079 and Kenya with 506,837).

Developing Countries

The many-sided co-operative movements of the developing countries deserve full attention. Both the ICA and

the FAO give special attention to assisting these movements, including 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 it became independent India has used the co-operatives as a way of leading from small commodity production to large scale industry. 1958 was an interesting year from the aspect of India's co-operative movement. In that single 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 the co-operatives with special state support, and supplies 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 of co-operation in a country where the co-operative movement has become entwined with agricultural reform. Up to the revolution of 1952 there were 1,727 co-operatives in Egypt, most of which operated in agriculture. The land reform of 9th September, 1952 solved the problem of land distribution by immediately organising co-operatives. The agricultural reform prescribed 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 to the principle of voluntary co-operation.)

Special attention should be paid to the decree issued in Egypt in 1962, i.e. ten years after land reform was introduced, whereby leaders could consist only of farmers who were members of co-operatives but whose land was no more than five fedams; that the co-operatives could receive state support, but with this support the state could practise supervision over 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 the countries with irrigation farming, co-operation can be based on social customs dating back for centuries. Irrigation always requires the collective co-operation of people. In the countries with ancient systems of irrigation or those which take advantage of river flooding, there was always a high level of interdependence. In these countries, including 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.

A special feature of history is that in the developing countries the centuries old traditions of interdependence and the objective laws of the present unite the requirements of co-operation.

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 the 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 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 prevailing 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 co-operation 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 and on other continents, as well as enjoy the benefits of direct aid and co-operation on the international scale.

—In ensuring the validation of the principles of co-operation, the people involved gain experience in democratic self-administration, which means that they have the opportunity to evolve and advance individual talents in harmony with

the interests of the community, and gain the experience needed to create the co-operation 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

The Hungarian peasantry gained its land with the land reform of 1945, and this was the first time in all history that the peasant became his own master. Fifteen to seventeen years later, in 1960-1961, joint co-operative cultivation of the soil became widespread. Today the average yields of the peasants grouped in co-operatives can be made public with pride. In 1938 the average wheat yield in Hungary was 14 q per ha. Today the national 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 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 lands in the world (3,242 calories in 1975) while at the same time 22 per cent of our exports are food industry 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 exhausting human labour is ever more widespread. The combined result of the assistance of the socialist state and the industriousness of the co-operative peasants has been that the income level of the co-operative peasantry of Hungary has taken only ten years to reach that of the working class.

In Hungary the co-operative movement makes it possible to combine the traditional methods of output, based on the past and the skills of the peasants, with the most up-to-date production processes dictated by the technological and scientific revolution. The more elderly co-operative members have the chance to care for stock with the traditional peasant love of animals, while their children handle the machinery in the automated stock-keeping stations. Only through the co-operation of the peasants on the farms and the assistance of the socialist state is it possible to produce food and take advantage of all that is new in this, the most ancient of human activities, in such a way that the young are satisfied while the elderly still feel needed and not superfluous.

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 with 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 progress along the road to socialist development, of producing more and living better, while a thousand concrete manifestations of peasant wisdom and colourful individual initiative continue to flourish. Countless experiments, both successes and failures, have moulded the principles and methods which guarantee the progress of the agriculture of an entire country while individual initiative, relying on folk wisdom and tradition, continues to play an important role.

In Hungary the co-operative form of agricultural production has become the melting pot for socialist togetherness, equality and justice. The years have been sufficient to eliminate contradictions stemming from one-time differences in wealth. Ten years have proven that by helping one another and working together the co-operatives can

unite people of different nationalities, religions (including the materialists), 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 a comfortable old age, with a high 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 peoples and other countries which have done much more. This is why we call upon those who are in the vanguard throughout the world in production and organisation methods, to let us study and use them to increase our agricultural results and make our population, including our peasantry, a still happier one.

WOCCU— The World Council of Credit Unions

by
Hayward F. Allen

As the majority of nations move away from aid-dependent relationships toward true self-government and adoption of appropriate technology, the co-operative movement and the credit union movement continue to develop a strong and enduring relationship. As national economies shape themselves from within, utilising inherent resources and popular reserves, the growing need for capital by emerging initiative will increase. On the co-operative level, available credit for co-operators becomes a logical necessity.

At the centre of this exciting threshold of native development is the credit union movement. There are at least 80 nations which have this fundamental financial system that began in Europe during the mid-19th century and in Canada and the USA at the beginning of the 20th century. The credit union idea—caisses populaires, cajas populares, credit societies, cooperativas de ahorro y credito, savings and loan societies—is based upon the principles of co-operation and trust among people who share a common bond. This bond

may derive from economic, religious, social, communal relationships, but the policy of each credit union is based upon that which is determined democratically by the membership.

The apex international credit union organisation is the World Council of Credit Unions (WOCCU), which has headquarters in Madison, Wisconsin, USA, and offices in Geneva, Bogota, and Seoul. WOCCU represents 66 nations and more than 50 million members throughout the world. Nearly 45,000 credit unions hold more than \$60 billion in share deposits, have loans outstanding of \$46 billion, and have assets totalling \$62 billion. When one considers the fact that there was no formal international organisation of credit union countries until the late 1960s, the statistics mentioned above are testimony to the fact that the credit union movement has become the world's fastest growing financial institution in a remarkably brief period of time.

The prime movers behind the evolution of the World Council of Credit Unions were the young associations of



In Kenya, the National Association and the African Co-operative Savings and Credit Association (ACOSCA) work together to teach credit union officials



The President and Treasurer conduct the annual meeting of a rural credit union in Awing, Cameroon

Africa, Latin America, the Caribbean, and Asia. Under the aegis of the US's Credit Union National Association (CUNA), credit union development was both supported and encouraged during the 50s and 60s. At the same time, the National Association of Canadian Credit Unions (NACCU) and the Australian Federation of Credit Union Leagues (AFCUL) were being counselled as they developed.

The US credit union movement had grown from an informal, loose association of various state leagues until 1934, when Edward Filene, the visionary philanthropist from Boston, and lawyer-organiser Roy Bergengren brought them all together to form CUNA. As a single organisation they provided a solid front against those who sought to restrict or diminish the services made available to credit union memberships which were largely derived from workers, farmers, or small communities.

This organisational experience was used as the basis for development by those nations which requested guidance and funding. During the 60s, international, regional, and continental associations were developed: Confederación Latinoamericana de Cooperativas de Ahorro y Credito (COLAC), the African Co-operative Savings and Credit Association (ACOSCA), the Asian Confederation of Credit Unions (ACCU), and the Caribbean Confederation of Credit Unions (CCCU). Free-standing leagues grew in Ireland, New Zealand, Fiji, and Great Britain.

To understand the scope of the international movement, one need only examine the composition of each

member confederation to see the universal nature of credit unions:

ACOSCA held its 10th Anniversary Celebration in 1977 in Nairobi. Twenty nations form this pan-Africa association, ranging from the populous and wealthy Nigeria to tiny Lesotho. Credit unionists in Africa speak national languages, French, English, Arabic, and hundreds of regional languages. In 1976 alone, ACOSCA's membership grew by 44 per cent and approached the million member mark, in nearly 10,000 credit unions. Nearly \$50 million have been saved and \$53 million in loans granted.

ACCU is composed of eight nations, including Japan, Thailand, Korea, Taiwan, Hong Kong, Indonesia, Papua/New Guinea, and Philippines. There are 1.2 million credit union members of 3,000 credit unions with \$74 million in savings, \$72 million in loans outstanding and nearly \$100 million in assets. Credit unions affiliated to ACCU through their respective national leagues and associations represent people from nearly every walk of Asian life, from small farmers to fishermen, teachers and government leaders.

AFCUL is the national organisation which represents Australia's six states and two territories. Nearly one million people belong to fewer than 700 credit unions which hold \$787 million in shares and slightly less than that in loans. Total assets are rapidly approaching one billion dollars.

COLAC is the third largest confederation of the World Council of Credit Unions representing more than 1.5 million people of 16 nations. COLAC is also the oldest of the Third

World organisations and traces its movement back two decades. There are more than 2,000 credit unions holding more than \$212 million in share deposits, with \$215 million in loans outstanding and nearly \$290 million in assets.

CCCU also has 16 member nations of the Caribbean area, including several mainland members such as Guyana, Surinam, and Belize. While the island members are predominantly English-speaking, there are several which use French. Approximately a quarter-million people belong to the CCCU's affiliated credit unions, with \$65 million in deposits, \$62 million loaned out, and \$71 million in assets.

CUNA is the national association for the USA and through it all the states and the District of Columbia credit union leagues are affiliated. Until 1971, when the World Council of Credit Unions was incorporated, the US organisation was known as CUNA International. In 1976, there were nearly 35 million US citizens who belonged to credit unions, and \$39 billion in savings deposits with about \$35 billion in outstanding loans. The \$50 billion mark in assets was recently passed.

NACCU was formed in 1958 as Canadian co-operators realised the need for a national co-ordinating and support organisation. Ten provinces are in membership, with more than 8 million citizens putting \$15 billion into savings accounts and borrowing more than \$11 billion. Assets are at nearly \$16 billion. A landmark in co-operative ventures came recently as the Cana-

dian Co-operative Credit Society (CCCS) and NACCU merged to create a facility for national liquidity pooling and to represent the movement on a national level.

The free-standing leagues of Fiji, Great Britain, Ireland, and New Zealand are affiliates of WOCCU. They represent in total more than 1,000 credit unions with nearly a half-million members holding almost \$150 million in shares, having nearly that in loans outstanding, with assets of about \$80 million. Ireland enjoys the highest success of the free-standing leagues, as well as serving as representative association of the Irish Republic's credit unions and those of Northern Ireland.

The international credit union movement is financed primarily through two means: dues and grants. Each confederation pays dues according to its per capita income average, with those nations above \$1,000 paying 1.5c per member and those below \$1,000 paying 1c per member of the nations' credit unions. Development grants are generated through governments, such as the US and Canada, and through private agencies such as Konrad Adenauer Foundation, Rabobank, World Council of Churches, Bread for the World, Misereor, etc. WOCCU operating costs are paid by the dues, and most project costs through donor agency grants.

The primary function of the World Council of Credit Unions is to serve the needs of the confederations and free-standing leagues through international conferences, educational and training opportunities, professional credit union counseling and advising, co-ordination of technical assistance, and inter-communication. In addition, WOCCU



A joint meeting of Latin American credit co-operative leaders—COLAC: Confederación Latinoamericana de Cooperativas de Ahorro y Crédito



These Jakara Market women have organised their own credit society with the help of the Nigerian National Association of Co-operative Credit Unions.

is responsible for generating interest on the world level in the significance and contributions of the credit union idea.

One of the primary developments taking shape is the development of an international credit union financial system. Through the efforts of credit experts from Europe, Latin America, Canada, and the USA a mechanism will be established to co-ordinate credit union transactions. These will include interlending programmes, inter-investing, syndicated credits, clearing, correspondent relationships, and a private co-operative international guarantee fund.

The advantage of such a system is that it will enable confederations and national associations to expand their operating capabilities, and thereby bring credit unions to more people. It will

also provide liquidity stability for those movements whose tenuous economic existence has retarded maintenance and development. Most importantly, it will increase the co-operative relationships between those credit union movements which have reached a certain degree of maturity and those which have the potential to do so.

The future of co-operative ventures continues to grow brighter as more and more believers and practitioners come to understand the vast range of possibilities which are open. The credit union movement, through the efforts of the World Council of Credit Unions and its affiliates, seeks to serve co-operators throughout the world in the ceaseless pursuit of giving all people the opportunity to enjoy fuller more meaningful lives.

* * * * *

World Council of Credit Union officers:

Joseph Medeiros, Hawaii, USA, *President*

L. S. Bruce, Kingston, Jamaica, *Vice-President*

Bernardino Ortiz, Santo Domingo, Dominican Republic, *Secretary*

Wilber Womer, Oregon, USA, *Treasurer*

ADDRESSES

WOCCU—World Council of Credit Unions

A. A. Bailey, *Managing Director*

1617 North Sherman Avenue, P.O. Box 431, Madison, Wisconsin 53701, USA

ACOSCA—African Co-operative Savings & Credit Association

Bartholomew Quainoo, *Executive Secretary*

P.O. Box 43278, Nairobi, KENYA

ACCU—Asian Confederation of Credit Unions

Augustine Kang, *General Manager*

c/o National Credit Union, Federation of Korea, Suhdaemoon, Box 8, Seoul, KOREA

AFCUL—Australian Federation of Credit Union Leagues

Kevin Murray, *Executive Officer*

P.O. Box 28, Homebush, New South Wales 2140, AUSTRALIA

CCCU—Caribbean Confederation of Credit Unions

Beryl Yearwood, *Secretary*

155 Tragarete Road, Port-of-Spain, TRINIDAD

COLAC—Confederación Latinoamericana de Cooperativas de Ahorro y Credito

Dr. Rymel Serrano Uribe, *Gerente*

Apartado 3280, Panama 3, PANAMA

CUNA—Credit Union National Association, Inc.

Herb Wegner, *President*

P.O. Box 431, Madison, Wisconsin 53701, USA

NACCU—National Association of Canadian Credit Unions

Robert J. Ingram, *General Manager*

Box 800, Station U, Toronto 550, Ontario CANADA M8Z 5R2,

Fiji Credit Union League

Josefo Rauto, *Managing Director*

Box 1070, Suva, FIJI

Credit Union League of Great Britain

Len Nuttall, *Organisational Specialist*

3a Church Road, Skelmersdale, Lancashire WN8 8ND, UNITED KINGDOM

Irish League of Credit Unions

Michael O'Doherty, *General Secretary*

9 Appian Way, Dublin 6, IRELAND

New Zealand Credit Union League

Colin D. Smith, *Managing Director*

Box 585, Hamilton, NEW ZEALAND

World Council of Credit Unions

Regional Representative: Africa/Europe: Ivan Alphonse

Case Postale 99, 1217 Megrin 1, Geneva, SWITZERLAND

Technology Transfer and Co-operatives— with Special Reference to Developing Countries

by
Frank Long*

Introduction

Within recent years, much concern has been shown by the international community over the question of technology transfer between developed and developing countries, and the need for the latter to adapt and assimilate foreign technology as well as to develop their own technology wherever possible.

While much work seems to have been done in the recent past on co-operatives, a cursory examination of the prevailing literature shows an apparent neglect of the treatment of technology and co-operatives. This is surprising in view of the following: (1) the unquestionable importance of technology to economic development; (2) the rising significance of co-operatives in developing countries; (3) the fact that technology is a basic feature of co-operative organisation.

This paper tries to locate the co-

operative movement within the current discussion on technology and the third world, and to show the relevance of co-operatives as an instrument for mitigating the adverse effects of international transfer of technology, as well as a vehicle for the development of indigenous technological capacity in developing countries. The definition of technology to be used here is *methods of producing goods and services*. This includes capital inputs, human knowledge, organisation and marketing techniques.

Technology Transfer and the Developing World

Technology is a major factor affecting the potential of developing countries to increase their low aggregate levels of real national output. Technology is correspondingly an important factor affecting the social problem of improving living conditions among the populations in developing countries: empirical studies on the role of technology in *developed* countries have pointed to the importance of technology in the long-term transformation of their economies.

*The author is a member of Wolfson College, a Visiting Research Fellow at Queen Elizabeth House, Oxford, and a former economist at the United Nations Conference on Trade and Development. While this paper has benefitted from the opportunity of working at the UN in the area of technology, the views expressed therein are the sole responsibility of the author.

Two main but inter-related problems characterise the technological configuration of developing countries. The first is that they lack the capacity to produce their own technology, and to adapt and assimilate foreign technology so that it optimally satisfies the requirements of these countries. The second is, lacking a technological culture of their own, developing countries have come to depend on a select group of western industrialised nations, notably UK, USA, Germany, France, Japan and Netherlands, for their supply of technology. In other words, the socio-economic transformation possibilities in developing countries are a function of the availability of foreign technology.

The foregoing situation affecting the international division of labour as it affects technology is open to criticism. The first objection is that the imported technology used by developing countries is controlled by multinational corporations which generally operate under oligopolistic market conditions. Given this import dependence, lack of organised buying power by developing countries as market countervailing power, and the power of such corporations, MNCs are able to dictate the terms under which their technology is made available; in other words, the prices developing countries pay for technology and the conditions under which they receive it, are often to their disadvantage. This is a central argument of UNCTAD, for example, on the question of technology transfer. In terms of prices, it means that developing countries have to pay foreign exchange taxes in the form of quasi rents which are a special feature of the price structure of MNCs. Since developing

countries are often characterised by having limited foreign exchange, this restricts their ability to obtain imports to facilitate their own industrial development, and the higher than normal prices for technology imports impose a further foreign exchange burden.

The non-price issues affecting transfer of technology are mainly in the field of the restrictive business practices of MNCs, which "tend to adversely affect the trade and development of developing countries" according to a recent UN study.¹ In the main, technology users in developing countries turn to already established foreign suppliers, which creates a state of technological dependence and inhibits the development of indigenous technological capacity. In a non-controlled market, for instance, there would be greater freedom to choose in the light of availability of information, and there would be no structural market constraints, outside purely technical considerations, militating against technological production possibilities being taken up by these countries themselves. Further, MNCs, with their physical presence in developing countries, are not particularly concerned with ensuring that technology is absorbed into the wider economy but merely regard it as part of their own global production network. In other words there is a conflict between the social technological interests of developing countries and the private ones of MNCs. This situation has meant that developing countries as such have been unable to

¹*The role of transnational corporations in the trade of manufactures and semi-manufactures of developing countries* (Geneva: UNCTAD 1976).

develop requisite technological know-how.

Put differently, the situation has led to a process of division of labour between developed and developing countries in the area of technology which is perverse and artificial to some extent. Compare the situation with the system of primary product specialisation in which developing countries found themselves as a result of colonial exposure. Such countries specialised in the production of one or two commodities for export to provide "goods in process" for the industrial system of the metropolis. In the absence of the development of productive forces in developing countries, such were in turn forced to depend on the metropolitan centres for most of their wage goods and for inputs needed for production, i.e. producer goods. In other words, political economy considerations meant that the metropolitan centres essentially conditioned the division of labour in which developing countries found themselves. This continuum is found in the process of international specialisation of technology between developed and developing countries, as most of the imports of developing countries have a high technological content.

Also, since technology is in some respects a complementary factor of production, it is often developed in response to prevailing factor configurations as they present themselves. Thus, in developed countries, most technology tends to take on a capital intensive character because of the relative scarcity of labour on the one hand, and the relatively high level of technological development on the other. Since the bulk of technology produced

by the developed world is in fact consumed by themselves, that is in economies with a similar factor proportion configuration, it means that developing countries tend to use technology conforming to the resource patterns of the developed economies. Since one of the central problems of developing countries is open unemployment (which in many cases runs as high as 30 per cent, excluding disguised unemployment which is also quite high in a large cross-section of such countries), foreign technology is rendered suspect also in terms of purely economic criteria. Is it even technically the most suitable so far as factor mixes in developing countries go? Problems of breakdowns, serviceability, and poor overall performance of such technology are not uncommon. This had led researchers in the area to devise a concept which has now become fashionable—*appropriate technology*—although, apart from the haziness of that concept, work on appropriate technology seems to have concentrated mainly on the social side.

Lastly, a problem related to the first, is that a number of considerations affect the long term economic development potential in the developing world. Among these are: (1) inability of such economies to control the pattern of their development; (2) associated problems of political dependence on countries supplying technology; (3) insofar as consumption technology goes, the prevention of local enterprises in developing countries from developing to satisfy the rising demand in such countries accompanying economic growth (given the powerful place of MNCs and their access to advertising

facilities); (4) problems of alienation, and over-rapid social changes, which create concern over whether or not technological injection is not too severe socially for such economies.²

In view of the foregoing considerations, it is not surprising that one of the basic features of the New International Economic Order is concern for the development of a technological capacity in developing countries, and attempts to reduce the cost of technology transfer between developed and developing countries. With this background, we can now turn our attention to co-operatives and the technology question.

Statistics on Co-operatives

Co-operatives are a mode of socio-economic organisation found in all types of society, from capitalist to socialist. They are found for example in the USA, Germany, France, and the UK on the one hand, and in Cuba, Tanzania and China on the other. Guyana has a declared socialist philosophy in which co-operatives are supposed to be the main instrument for socio-economic transformation. In resource-scarce economies such as those found in the developing world, co-operatives are especially important as a means of production. They are useful instruments through which resources can be pooled, organised and marketed. In many developing countries interested in self-reliant development efforts, co-operatives, by drawing on local

resources especially labour and management, can provide a crucial impetus. One hopes that this area of collective self-reliance among developing countries can be more greatly explored than hitherto.

Data on world co-operatives in general, and those in developing countries in particular, are far from adequate. However evidence suggests a significant growth in co-operatives over the past years. One can use membership of the International Co-operative Alliance as an approximate basis for calculating the number of co-operatives which currently exist. In 1974³ there were 663,510 co-operatives. The organisation distribution of these was as follows: 243,107 or 36.6 per cent in credit, 212,730 or 32.1 per cent in agriculture, 65,252 or 10 per cent in consumer, 59,914 or 9 per cent in housing, 12,891 or 2 per cent in fisheries, 42,013 or 6 per cent in manufacturing. At the same time the membership of these societies was 332 million. In terms of membership consumer co-operatives had the greatest number—over 125 million or 38 per cent of the grand total, next came credit co-operatives with nearly 113 million or 34 per cent, agricultural co-operatives had the third largest membership 62 million or 19 per cent. Given that most co-operatives in developing countries are agricultural, and that the bulk of the population in developing countries are in the rural sector, it is not unreasonable to state that agricultural co-operatives tend to be the most important in these countries both from the point of view of membership and

²See F. Long, "The technology question and social scientific inquiry", (*The American Journal of Economics and Sociology (forthcoming)*) for a general discussion of this problem.

³1974 Statistics, published by the International Co-operative Alliance (1977).

organisation. Of the ICA membership over 35 per cent or 117 million are from developing countries. The country with the largest membership among developing countries is India with 71 million, the smallest is Haiti with 170. If one uses a similar proportional breakdown in terms of societies, as distinct from individual members, then it could be roughly estimated that over 232,229 co-operatives are located in developing countries.⁴ Total turnover of co-operatives at the same time was US \$304 billion which make co-operatives, as a world production unit, larger than many multinational corporations and certainly larger than the GNP of most developing countries.

The role of co-operatives in developing countries is however greater than the ICA statistics show. For example China, Cuba and Algeria are not members of the ICA. This means that there is significant under-estimation of the number of co-operatives located in the third world. Further, not all existing societies found in countries with membership of the ICA are registered as ICA members. For example, it was reported that some 250,000 different co-operative units were in existence in India alone in 1977. Compare this with the total of 232,229 which we tentatively estimated to be the third world total of co-operative units.

The Relevance of Co-operatives to the Technology Transfer Problem of Developing Countries

It was mentioned earlier that co-operatives are a growing force in the economic activity of developing

countries. Current data for India, for example, show that co-operatives are currently responsible for distributing 60 per cent of chemical fertilisers and other important technological inputs used by Indian farmers.⁵ Further, such co-operatives are responsible for "almost 50 per cent of sugar production", and "dairy co-operatives had earned a name internationally by virtue of their achievement".⁶ Also, some 41 per cent of the rural population of India are engaged in co-operative activity: credit, banking, processing and marketing as well as agricultural production. In Guyana there has been a spectacular growth in co-operative activity as a result of the central emphasis placed on co-operatives in the socio-economic transformation of the country, which began in the early 1970's with the declaration of the Co-operative Republic of Guyana. Here again, co-operatives are active in agricultural production, credit, banking, and marketing. In other developing countries also, co-operatives are important features of their socio-economic life: China, Cuba, Kenya, Nigeria, Tanzania, Zambia, Uganda, Ghana, Argentina, Chile, Colombia, Puerto Rico, Uruguay, Bangladesh, Cyprus, Iran, Israel, Jordan, Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Singapore, Thailand, Fiji, Barbados, Jamaica, Trinidad and Tobago.

Although the need for international co-operative collaboration was stressed in 1972 at the ICA Congress in Warsaw to counter the growing dominance of

⁵See *Review of International Co-operation*, Vol. 70, No. 3, 1977, p. 232.

⁶Ibid, p. 238.

⁴This is however merely a tentative estimate since we have no other guide.

MNCs, and the 1975 Lima Declaration supporting accelerated industrialisation in the third world mentioned the role of industrial co-operatives in such countries in mobilising human and industrial resources, there has been very little explicit discussion on the role of co-operatives in technology transfer. As we showed earlier, MNCs are important agents for transferring technology from developed to developing countries. Since developing countries do not generate their own technology, it stands to reason that industrial co-operatives will have to import foreign technology. It is in the area of technology that the power and control of MNCs are mostly felt: for example, chemical fertilisers are controlled by multinational petro-chemical firms; agricultural equipment is often controlled by MNCs operating in the agricultural section of the capital goods sector; industrial equipment is controlled by a limited number of engineering firms with head offices in the developed world—including capital machinery for agri-business which is now being strongly emphasised by many developing countries. In terms of consumption goods, most of the imports of developing countries are controlled by MNCs and transnational marketing groups from the developed world. The importance of co-operatives in the transfer of technology is found in the fact that they are important users of technology—capital, organisation including marketing and management, and use of human skills. Also, they can be an important vehicle for the development of an indigenous technological capacity, that is the development of local technology and the assimilation

and adaptation of foreign technology, which could be a useful argument for incorporating co-operatives in national, regional and international development programmes aimed at strengthening technological capacity in low income countries.

Co-operatives, given their growing strength as users of technology and their international ties, can be an effective bargaining tool for improving terms of technology transfer between developed and developing countries. For example, agricultural co-operatives can exercise joint bargaining for prices and conditions of sale for imported technology from MNCs. The same goes for industrial co-operatives. In this context, it should be noted that already forms of joint action by co-operatives exist in the field of education and training. By acting as a market countervailing power, therefore, there seems to be much scope for co-operative activity to make a positive contribution to the improvement of terms and conditions of sale of foreign technology. One of the weaknesses of the world technology market, as we have already seen, is that developing countries, in a game theory sense, are as yet unable to bargain for optimal terms of transfer: co-operative bargaining power could be used to help abolish turnkey projects wherever possible, for the use of local engineering and consultancy services, and to eliminate restrictive business practices in the field of technology transfer which, as we mentioned earlier, tend to prevent the development of indigenous technology. Co-operative bargaining could, for example, take a regional form, i.e. in regional integration schemes in the Caribbean, Africa, Latin America and

Asia, with potential backing from the international co-operative movement should discriminatory treatment against national co-operatives arise. One of the standing features of the ICA, for instance, is the exploration of forms of international co-operative action and solidarity; this could be used to increase the bargaining strength of co-operatives in developing countries in the field of technology.

A related problem is the pooling of co-operative marketing resources in an effort: to develop a market intelligence network for alternative sources of technology such as the third world and socialist countries wherever these are available; to monitor technology price trends; and to provide an international information service regarding the prevailing terms of technology transfer. This would enable wiser counsel to prevail in developing countries regarding technology purchases. In this context, it might be a worthwhile idea to explore prospects of international co-operative trade in certain areas, for example, consumer goods which may fetch lower prices than prices for MNC products. This could be a useful avenue to explore in view of the importance of consumer co-operatives and the marketing infra-structure which many of such co-operatives have already developed. This could help in reducing consumer prices in developing countries and improving the quality of such products. Since co-operatives do not generally operate in oligopolistic markets in the private sense of the word and since their objectives are also social, it is likely that on balance, the prices they offer are more favourable than those offered by MNCs. This notion of inter-

national co-operative trade is a subject with ramifications outside the scope of this paper but it is a potential area of both international trade and technology policy formulation which calls for serious investigation.

In terms of the development of indigenous technology, co-operatives, given the resources, could be encouraged to develop research and development institutes with the aid of public support, to look into ways of developing new seed varieties, eliminating pests, saving processing costs and losses and improving agricultural practices. This could be a meaningful approach to agricultural development in quite a number of developing countries. Here again, co-operatives can benefit from international contact through which research and development specialists or advisers in particular fields can be made available on request as a form of co-operative technical assistance network. This could enable a cross fertilisation of research and development results, for the benefit of countries in which co-operatives are found. This is a further area of co-operative activity which does not appear to have been fully explored by most governments in developing countries. It does however seem to be a worthwhile pursuit.

Co-operatives are also active in the area of education and training, a necessary feature in the technological development of any society. It would be a good idea if such training and education could be made specific to the technological problems not only of co-operatives but of the wider society. In this way there could be a meaningful spread effect and in a sense greater national efficiency in the contribution of

co-operatives to solving domestic technological problems. The point is that since overheads are already determined e.g. teachers, schools, laboratories, the technological coverage could be greater for society as a whole if there is a larger number of persons to be trained than a smaller amount. There is certainly a limit to this idea however, of trying to generate a maximum technological impact without a major strain on fixed costs, so that the idea is to try to generate a tolerable maximum.

One of the central problems affecting technology in developing countries is that they often lack engineering, management and consultancy services. Here the tendency is to depend on foreign experts who may have a good technical grasp of the specific problems but not a good understanding of the culture and society in which the technological project is to be applied, so that major difficulties are often encountered in putting the project into operation. Co-operatives in these countries could be a useful instrument by making a concerted effort to develop such services in their particular areas of expertise, i.e. agriculture, manufacturing including processing, and housing. Here again co-operatives can draw on resources of the international co-operative movement. In this regard regional co-operative organisations for assimilating and adapting foreign technology can be a reasonable approach especially where financial and technical considerations make a "do it alone" policy appear prohibitive.

Further, it has been noted that co-operatives are often active in the credit field. Credit is needed to purchase goods and services. A considerable part of

agricultural credit goes to procurement of inputs such as seeds, certain types of equipment, fertilisers etc. Co-operatives, by developing technology advisory services, could give their customers advice as to purchases so that they obtain reasonably priced, and reliable equipment. Serviceability of equipment might be guaranteed through some independent co-operative unit, or in liaison with local consultancy firms.

In the case of improving the internal distribution of goods and services co-operatives can play a major role in improving the technological infrastructure of the countries in which they operate. Inefficient distribution, especially of agricultural equipment and perishable agricultural products, can be a major factor affecting the development of agriculture in the third world. If inputs are not received on time, this can affect output possibilities in agriculture; poor distribution of perishable agricultural products means that farmers will experience loss in real incomes. Both of these will adversely affect conditions of farm life. Co-operatives can develop distribution channels with industrial users of agricultural goods, e.g. processors (who incidentally may be members of co-operatives themselves).

We saw the importance of organisation to the technology question; co-operatives by offering possibilities for social participation in decision making, and in social profits, can be an important vehicle in the mobilisation of human resources and in the use of social initiative. Studies in behavioural psychology point to the fact that the level of motivation can be an important factor in boosting output, and can be legitimately considered as an input to

production. Lower levels of motivation with given resources will mean that output will be lower than with higher levels of motivation. Studies at General Electric in the USA confirmed this empirically many years ago.

Thus co-operatives by proper organisation of technological activities can be an important instrument for helping governments in poor countries to formulate suitable policies on the transfer and development of technology. They can also be an instrument for helping governments to execute a national policy for technology development and change.

The arguments developed above are necessarily incomplete, but it does seem clear that major benefits could be reaped in the area of technology policy-making and planning, if co-operatives, as important users of technology and as agents for generating technological change, are encouraged to play a more active and concerted role in the area of technology. The non-utilisation of this potential, especially in countries where the co-operative movement is active, would in a technical economic sense, represent a case of sub-optimal utilisation of development resources, in a problem area which seems to call for immediate action on the part of developing countries.

Conclusion

The focus of this paper points to a wider problem which seems to affect co-operatives in the Third World, namely designing an optimal development strategy in which co-operatives are called upon to deal with particular development problems *per se*. The general impression seems to be that

co-operative philosophy in developing countries limits itself to traditional areas of co-operative activity, such as marketing and distribution, credit, housing, and resource pooling in agriculture and industry. These have been the accepted notions of co-operatives, as developed in the industrialised world, and are indeed relevant to societies irrespective of their states of development. The point is that in countries undergoing rapid social change, co-operative activity should not be limited to these traditional areas.

In a few developing countries such as China, Cuba, Algeria and Guyana co-operatives have taken on the role of a radicalising social and economic agent. In Guyana, for example, co-operatives have been charged with the responsibility of leading the country along a socialist path of development. This indeed points to an interesting radical interpretation of the co-operative movement, and hard evidence awaits the outcome of this experiment. But even here no strategy for mobilising co-operatives as agents of technology transformation and change can exist in the absence of a wider technology planning strategy. Without the wider strategy, it makes little sense to talk about a more restricted strategy related to technology, because the technology problem, as we saw, is an all embracing problem which is best tackled in terms of a concerted national development strategy. Co-operatives can only serve as an instrument, albeit an important one, of such a strategy.

Another important area for which the relevance of co-operatives seems to await serious programmatic exploration, is in the area of a basic needs type development strategy. Given the evidence of

stark dispossession in many rural areas in the Third World where the bulk of population resides, it would seem that human mobilisation and participation through co-operative activity could serve as a powerful vehicle for development. But for this to be translated into action, decisions must be taken by developing countries themselves in the final analysis.

Here the situation is not wholly optimistic in general terms. Co-operatives still feature marginally in the current debate on a new international economic order, and in discussions at regional and international fora on development strategies in the Third World. Maybe the situation will undergo some drastic change in the not too distant future.

The Role in the Agricultural

Introduction

by
Roger Kerinec, President, ICA

It is appropriate that the International Co-operative Alliance has chosen to dedicate a special section to the role of women in the agricultural world, and particularly their responsibilities in the agricultural co-operatives.

It is an appropriate initiative, I repeat, since our *Review* is not aimed at a public which is strictly or essentially female, nor at a public strictly or essentially agricultural—as is often the case when such matters are discussed.

In doing this the Alliance is responding to a wish expressed by the General Assembly of the United Nations in December 1976, when it invited, among others, “non-governmental organisations concerned and the mass media to undertake massive information programmes with a view to making all sectors of the population aware of the need to implement fully the Programme for the Decade”¹ for Women.

We are all concerned. And our review reaches every sector of human activity touched by co-operatives. We know that the great majority of the officials in our co-operative movements who receive—and I hope read—this journal, are men, and for once we rejoice in this. For if it is important that women should become aware of the importance of their role, of their potential, of the difficulties to combat and the possible solutions, it is no less indispensable that men, still mainly responsible for co-operative development, should understand that this is not a case of demands, nor of old rivalries, but quite simply of justice.

We are all concerned, even if our own co-operative activities do not lead us into direct contact with agricultural life. And here I regret that the agricultural co-operative movement is not represented within the Alliance in proportion to the importance of its work in the national economies, and particularly in the economies of the developing countries.

Women working in the fields were such a common sight that the excessively laborious nature of their work was hardly noticed, until the day came when education gave them a choice of alternatives and they were off to the towns, leaving the men alone in the fields.

¹A/RES/31/136—8 February 1977—UN 31st session—16/12/76.

of Women Co-operative Movement

Photo: ILO Library



The patient routine work carried out by women for food crops was so simple and so natural, that very often its economic and human dimensions were forgotten in the agrarian and land reform programmes, and the traditional life of the villages was overthrown.

Women's problems, certainly, but problems which also concern the whole community today and tomorrow. Men and women must join to combat them together and to find just solutions.

COPAC² understood this, when it asked the participants of its symposium—mostly men—in spring of last year to consider together "Women's Participation in Co-operative Development". The very concrete conclusions which they reached prove an awareness that the solution to these problems is not a matter of indifference to men, and not only from the negative aspect of loss of privileges.

Women's Year had the specific result of leading women to discuss among themselves the situations inherited from the past and the solutions to be sought, for the present and for the future. In deciding on a Women's Decade, the United Nations recognised that there are no short-term solutions and that the road will be long.

We are thus invited to widen the debate, and co-operatives have their own role to play in this respect. They recognise this. The Plan of Action of the United Nations—of which the difficult wording is regrettable in view of the public concern—makes several references to the irreplaceable role of co-operatives: "Where co-operatives already exist, women should be encouraged to take an active part in them. New co-operatives, and, where appropriate, women's co-operatives . . . food production, marketing, housing, nutrition and health. Co-operatives may also be the most appropriate and feasible arrangement for child-care and could also provide employment opportunities"³ to quote only one of the paragraphs dedicated to them.

All these areas are familiar to us. It is necessary to approach them with new vision, because the non-government organisations are required to submit to the Secretary General of the United Nations their comments on the improvement of the law and the role of women in education; they are also required to present an evaluation of their programmes of action insofar as these have been developed in favour of women. What shall we be able to say?

Here is a vast programme for our consideration and action, and I cannot too strongly recommend the whole co-operative movement and all organisations in membership of the Alliance, to support the work of the Women's Committee engaged in this primordial task. This is the sense of the ICA XXVIth Congress Resolution.

R. KERINEC
President, ICA

²COPAC: Joint Committee for the Promotion of Aid to Co-operatives.

³Mexico Declaration—Plans of Action, para. 94.

Mara Rupena-Osolnik

Chairman, ICA Women's Agricultural
Working Party

Introduction

When speaking about economic and social problems in the modern world we should never neglect women, who represent more than half of the world population. This is equally true of the problems related to agriculture and nutrition, to which numerous international conferences have been devoted in the past decades. It is thus natural that particular attention has also been paid to these burning issues by the ICA.

The Alliance initiated the Co-operative Development Decade, and special attention has been paid to agricultural co-operatives and lately to problems of women co-operators.

The problems are covered by the activities of the ICA Agricultural Committees as well as the Women's Committee and its Agriculture Subcommittee. A few years ago they initiated surveys and polls concerning the role of women co-operators in the world. Extensive experiences were presented by papers at ICA congresses, symposia and seminars, and the representatives of developed and developing countries have expressed the desire for these experiences to be collected and published in a special brochure to serve as a manual for work with rural women.

We are glad of this opportunity to inform readers of the Review what has been done by ICA, and what are its plans for future work in this field.

It is opportune—before starting a detailed discussion of its activities—to

take into account the broad dimensions of the role of women in the agricultural co-operative movement. We refer particularly to the need for improving conditions in a major part of the world and the struggle for the creation of the new economic order, as well as equality of rights and the human dignity of women. Particularly important is the role of women as agricultural producers in the solution of problems related generally to nutrition of the world population and the struggle against hunger, as was pointed out especially at the XXVIth ICA congress in Paris (September 1976).

I

The conviction that it is necessary to change the existing international system of economic relations is becoming gradually prevalent in the modern world. Economic crises, monetary disturbances, energy problems, inflation, unemployment and other problems affect every country and have particularly serious consequences in developing countries. The gap between developed and underdeveloped is still increasing. A major part of humanity is severely affected by the consequences of poverty and underdevelopment, hunger, disease, unemployment and other social problems, which point to the need for a more just distribution of wealth and opportunities within a global framework. The present intolerable situation does not affect only economic development,

it also creates serious new problems in international political relations. Within UN the awareness is present that the existing gap between the rich and poor nations, with all its repercussions, represents the most serious potential threat for international peace and security. The Secretary General of UN said as long ago as 1975, after the Sixth Special meeting of the General Assembly that adopted the declaration and programme of action for the establishment of the New Economic Order: "The existing economic order was criticised for functioning well only in favour of the rich and against the poor. It is no longer possible to say that it is good even for the rich. This is an additional reason to stand for a new economic order."

In spite of extensive acceptance and support by the UN for the idea of the NEO, there still exist various views concerning methods of implementation of the idea of a new economic system in the world. There is particularly a big difference in this respect between the expectations of developing countries on the one hand and the readiness and willingness for changes and greater assistance on the part of developed countries on the other. It is however clear that the world community can no longer avoid this question. It is obvious that in the field of economic relations in the world the will and spirit of just co-operation will have to prevail, which will take into account the rights and needs of all nations not only with regard to the satisfaction of basic and essential human requirements, but also with regard to social and human rights.

The struggle for NEO thus requires deep changes in the minds of people,

particularly greater understanding for human needs, more solidarity and willingness to co-operate on an equal footing at any level—from local communities onward—including co-operation at the level of the entire international community.

In view of the fact that the co-operative movement's objectives are just, good-neighbourly and brotherly relations between people, and their co-operation based on good will and equal rights, it is obvious that the co-operative movement can play an important role in the establishment of NEO, which has been the topic discussed at meetings of the ICA for many years, including the last Congress in Paris. It is natural that women co-operators and their Committee should also have been confronted by these questions in numerous forms.

II

There is no need to present special evidence for the fact that women are particularly affected by all problems of an economic or social nature in their countries, as for example mass hunger, disease, unemployment etc. Particularly difficult is the position of women in economically underdeveloped countries, in predominantly rural areas that are underdeveloped also with regard to health, culture and other possibilities for a decent life. It was not by accident that the World Conference in Mexico¹ paid special attention in its action programme to the needs and problems of women in under-developed areas e.g. literacy, nutrition, increased agricultural production and improvement of medical services; therefore it is of paramount

¹UN Conference in Mexico City, 19th June to 2nd July, 1975.

importance to include women in co-operatives and small-scale industries, as this is important from the economic aspect, from the aspect of employment for women and has a decisive impact on her social status, as well as leading towards equality of rights. The programme of action recommends an active role for women in co-operatives, particularly with regard to food production, marketing, housing, nutrition, health and child-care where women are most involved.²

In view of the difficult situation in the world with regard to nutrition—where 1.5 billion people suffer from insufficient and inadequate nutrition and 500 million live in permanent hunger—attention should particularly be paid to education and training of women for production and proper consumption of food. We have attempted to link problems of production and consumption—through processing, transport and storage. These questions have often been discussed at the meetings of the Women's Committee with the active participation of members of the Agriculture Sub-committee. The importance of water supplies and mobilisation of their own forces has often been underlined by the representative of Bulgaria—stating their own experiences as well as those of Hungary, Soviet Union, Romania, Czechoslovakia and Yugoslavia. Participation of women in co-operatives should contribute to their consciousness of being citizens and co-operators with full rights. Practice has proved that co-operative activity increases their self-confidence in

accepting public responsibility and prepares women for more extensive social activity.

The Congress in Paris adopted, after amendments by the Swedish co-operative organisations, the resolution "Women and the Co-operative Movement". The Resolution:

- firstly states that in International Women's Year awareness became obvious in the world that the difficulties with which humanity is faced—hunger, social injustices, threats to peace, destruction of environment etc.—cannot be successfully solved without the participation of women;
- underlines the need for collaboration of co-operatives in the struggle for full equality of rights for women in the political, social and economic life of their respective countries. It thus demands extension of the activities of co-operative organisations through which women participate in the broad economic and social activities of the co-operative movement, including co-operative education, family planning, cultural activities etc.;
- recommends national co-operative movements to expand international contacts between women and, through delegations, conferences, symposia and seminars, their participation in the discussion of international questions;
- pays special tribute to the activity of the ICA Women's Committee and recommends that its work for equality of rights, development and peace in the world be supported to a greater extent.

²World Plan of Action, page 18, a summarized version—United Nations Decade for Women 1976-1985.

III

The Women's Committee—as well as ICA in general—has for many years been dealing with assistance to and collaboration with developing countries. Space available unfortunately does not allow us to enumerate all the activities. Let me therefore mention only that in 1963 the Guild³ discussed in Bournemouth “Forms of Aid and Collaboration with Developing Countries”. We opted for the execution of the following tasks:

- close collaboration with the UN and its agencies FAO, WHO, UNICEF, UNESCO, and ILO as well as other international bodies in order to establish a joint pool of experience, and finance to support existing and projected programmes for developing countries;
- demonstration that through co-operative activity the developing countries can utilise their natural resources and engage the whole force of their population, thus creating an important self-help programme;
- stimulation—through co-operatives—of a basic education in:
 - (a) agriculture, gardening, poultry-keeping, cereals and other farming activities;
 - (b) home economics, including nutrition, child-care, hygiene and sewing;
 - (c) provision of facilities for child-care, nurseries, playgrounds and particularly school-meals programmes;

³Guild—international co-operative women's organisation, later Council of ICA, now Committee of ICA.

(d) handicrafts, such as weaving, knitting and many other forms;⁴

—influence on the public opinion of their countries, particularly developed ones, and authorities as well as social organisations, for the developed countries to increase their assistance to the developing countries with long-term credits, long-term projects, experts and scholarships, training and support to training centres with facilities, teaching aids, etc.

Although in 1963 the concept of the new economic order had not yet been worked out, the conclusions from Bournemouth already reflected some of its basic elements. We were aware then that developing countries should be made capable of utilising all their potential opportunities and that collaboration between the developed and underdeveloped should be based on ideas of solidarity and justice, the respect of equal rights for all nations. We were already then able to see that women's role in the economic and social development of their countries required a programme and forms of collaboration that should enable women from developing countries to receive “such education and training as will help them to raise the standard of living of their homes and their countries and fit them for their important tasks in social, political and professional life”.⁵

Such orientation towards developing countries reflected the entire concept of ICA for which its then president,

⁴Resolution from Bournemouth, XII Congress of the guild tasks 1-6.

⁵Number 6 of Bournemouth Resolution.

Dr. Bonow, struggled together with its director, Dr. Saxena.

The co-operative movement thus participated, according to its power and by its own methods, in UN efforts that initiated, through development strategy and the First and the Second Development Decades, a more intensive and planned solution of the problems of developing countries. ICA joined these efforts with the Co-operative Development Decade.⁶ The then Secretary General of UN welcomed the efforts of ICA and said: "By mobilising numerous co-operative organisations all over the world for the support of co-operative development in developing countries, you will make an extremely important contribution to implementation of the objectives of the UN Second Development Decade."⁷

Co-operative movements of individual countries have participated in various ways in the implementation of the Decade, thus gaining new experience. The need for an exchange of experiences became evident, and therefore a series of agreements and surveys was made, concerning the role and position of rural women as well as collaboration and assistance to developing countries. Development brings about new tasks and requires corresponding discussions on women's role. At the Vienna meeting a discussion was held on women in agricultural co-operatives, on the basis of a paper from Poland.

The ICA Hamburg Congress adopted a special resolution from Hungary, on the rights of women in co-operatives.

In 1970 the problem of agricultural women and their families was dealt with by a special symposium in Milan. Collaboration between ICA, FAO, ILO, IFAP, and co-operators from Italy and Yugoslavia bore its first fruits: in 1972 an international open conference was held in support of the CDD on the role of agricultural co-operatives in economic and social development, which included a paper on co-operatives and women's role in agriculture.

In Warsaw 1973 new recommendations were drawn up on the work and organisation of women co-operators. A special meeting of IFAP in Baden, May 1974, concentrated its work on the role of women in agriculture and co-operatives. It was part of preparations for International Women's Year and pointed to the importance of participation by rural women in the solution of problems related to economic and social development of their respective countries, and of the necessary training to be able to perform this role. The chairman of the agricultural sub-committee informed participants about the efforts of ICA, particularly the Women's Committee, in this direction. The view was confirmed that the problems of women co-operators are a matter for the entire co-operative movement, just as the problems of women are a matter for the whole of society.

In 1975 a special panel discussion was organised in Rome in collaboration between ICA and FAO about the "Involvement of Women in Rural Development Through Co-operatives". The representative of FAO⁸ underlined

⁶Co-operative Development Decade 1971-1980, beginning with January 1st, 1971.

⁷U Thant, the then UN Secretary General.

⁸Dr. N. J. Newiger, representative of FAO at panel discussion, Rome 1975.

that "co-operatives are an integral element in the concept of overall rural development and are some of the most suitable institutions capable of integrating rural masses with society, by providing for them just access to production, employment and income and by directing them towards active participation in the development of local self-government and decentralisation of power". This meeting further strengthened collaboration between FAO and ICA, and reconfirmed the concept that through co-operatives, women must be part of the process of production and of decision-making. Positive experiences were also reconfirmed with regard to collaboration between international bodies dealing with such problems and taking part in the FAO ad hoc group in which representatives of the Women's Committee take an active part.

The meeting in Rome was followed by the meeting of the Agriculture Sub-committee in Ljubljana, when delegates could get acquainted, *in situ*, with the role of women in production and public life in a system of self-management.⁹

It is necessary to mention the very close co-operation between the FAO ad hoc group and COPAC¹⁰ to which our representatives make an active contribution, which was particularly obvious at last year's symposium in

Wageningen¹¹ which paid special attention to the participation of women in development through co-operatives. The scope of the problems was for the first time presented at such an international gathering by a representative of the developing countries.¹² The President of ICA, Mr. R. Kerinec, underlined the contribution of co-operatives to the establishment of a new economic order.

In International Women's Year, representatives of women co-operators were included in every major national and international event, including the UN conference in Mexico and the International Women's Congress in Berlin. International Women's Year and the adoption of a plan of action for the improvement of women's status recommended by the UN, caused interest in the solution of problems related to the status of women, and extensive social action against any form of discrimination against them. An atmosphere was created in which new and broader possibilities have opened for the activities of all, including women co-operators. It would however be unrealistic to forget the deeply rooted prejudices with regard to women that still prevail in some areas—a woman should only be a mother and housewife, and find her place only at home and in her family.

In the struggle for their proper place

⁹Ljubljana, Yugoslavia, capital of Socialist Republic Slovenia.

¹⁰COPAC (Committee for the Promotion of Aid to Co-operatives) is a liaison body of UN agencies and international non-governmental organisations set up to promote and co-ordinate assistance to co-operatives in developing countries.

¹¹International symposium on the changing pattern of co-operative development—International Agricultural Centre, Wageningen, Netherlands, March 14-18, 1977.

¹²Diana Opondo, Regional Office for East and Central Africa, "The Involvement of Women in Development through Co-operatives".

in the co-operative movement and the new economic order women must therefore fight against prejudices and out-dated views of two kinds:

- firstly, as representatives of the sex that in many a country still has to fight for its equality in economic and public life;
- secondly, as representatives of their nations who have to fight for the overcoming of national conservatism and egoism, for relations between people based on equal rights and for a just world system; in the industrially developed countries there are still many misconceptions about the proper use of natural resources and human labour of developing countries; we must eradicate all remnants of colonial mentality.

These tasks are—like most others adopted at co-operative congresses, conferences and symposia—of a long-term character. They will be carried out

mainly by national organisations according to their circumstances and possibilities.¹³

For 1978 COPAC has planned a symposium devoted to participation of the rural poor, "Co-operatives and the Rural Poor". The Women's Committee and its Agricultural Sub-committee are included in its preparation.

"The international co-operative movement, that extends from villages in Asia and Africa to the large central co-operative organisations of the industrial world, is fully capable of reaching the objectives that were set up by UN" says Sirkka Räikkönen, Chairman of the Women's Committee of ICA. All the tasks of the co-operative movement are also tasks for women co-operators.

¹³The importance of national organisations of both developed and developing countries has often been pointed out by the Director of ICA, Dr. Saxena.

II

Annie Blondé

Chairman, Women's Committee of COPA*

The word "Co-operation" bears different meanings in different countries.

For some it is a broad term which covers the whole of the organisations serving the agricultural profession; for others, as in France, it is a specific organisation to which farmers belong to secure supplies for their farms and the marketing of their products. It is in this sense that co-operation is understood in this article.

Born at the beginning of the century

through the desire of a group of farmers wanting to organise themselves in the economic field, the co-operative movement—as with all institutions at that period—only drew in men. The role reserved for women was to stay at home or on the farm to look after production: it fell to the men to take care of market-

*COPA—Comité des Organisations Professionnelles Agricoles de la Communauté Européenne (Committee of Agricultural Organisations in the European Community)

ing problems and relations with the outside world.

These stereotyped models no longer exist. Economic problems bear a different form, farms have opened outward and women in agriculture, like women in society generally, have taken up their responsibilities side by side with their husbands.

Although this evolution has happened quite naturally within the family and in the management of the farms, it operates much more slowly and with greater difficulty in the agricultural organisations where there is still resistance to official recognition of the professional quality of the farmer's wife.

Co-operation in the Service of Family Farms

What changes has the co-operative made to farm management?

The necessary organisation and association of the farmers have considerably changed farming methods; farmers and their families have had to adapt to new economic requirements.

The decision centre has moved: henceforth the produce of a farm is decided upon in accordance with the economic situation and the outlets available, and thus depends in large part on the co-operative organisation in the region.

It may be that some farmers feel themselves deprived of some of their right to make their own decisions. This in fact is a danger which should be avoided, mainly by a good information service and understanding of the co-operative, but particularly through active participation in all co-operative events.

Co-operation, a tool for the use of the

farmer, is the extension of his farm, a service simply, which can no longer be secured by each farm individually.

It is therefore the farm which justifies the co-operative. The type of farming chosen by the farmers of Western Europe is family farming based on personal responsibility. It is at this level that the basic responsibility lies, and that the practical decisions are taken which will affect both the farm's revenue and the co-operative's profitability.

This responsibility and these decisions are taken by husband and wife together, when the two have chosen to work together at the same trade in the same enterprise.

Why not, in such a case, admit that the two co-farmers have the same rights of access to the same organisations? How can they exercise common responsibility if they do not have access to the same sources of information, training, and participation?

The idea of family farming does not rest on the exercise of responsibility at the level of the farm only, but also within all the organisations acting as extensions of the farm. That is why an organisation that refuses to admit any women to its meetings does not conform to the European principle of protecting family farming.

Husband and Wife together in the Co-operative

How to achieve women's participation in co-operatives?

It would be tempting to reply: in the same way as is done on the farms. There are two levels to be examined.

On the one hand, technical training and information meetings and general

assemblies must be open to husband and wife. This practice is spreading in most countries. More and more, husband and wife are both attending co-operative meetings, especially in those co-operatives dealing with products which are the joint responsibility of both. Some meetings will be of more interest to the wife, for example, calf rearing or dairy production, while the husband is more likely to go alone to the cereals co-operative. But this division of roles must be made by the couple themselves; invitations must be addressed to husband and wife together.

Is it not strange to see the man still by himself at dairy co-operative meetings, when all the work and the management of the cattle-shed are done by his wife? Does this practice not lead to loss of energy and reduced efficiency, when the husband on his return has to give an account to his wife—that is, if he does so! One could also ask what could be contributed by a member who does not know every aspect of the problem as it is experienced in practical work on the farm. In this connection, there was one co-operative where the siting of the milk tanks on the farms had to be altered, because the matter had not been discussed with the people who would use them, that is the women. This was a case of practical details, to which women tend to give more attention.

So it is for the greater profit of the farm, and of the co-operative, and above all of the individuals themselves, that husband and wife should together take part in the activities of the co-operative, or at least, if this is impossible, that the choice should fall on the one directly responsible for production.

But there are two fundamentally important and much more active forms of participation: first of all, participation in decision-making through votes.

As they are cultivating the same farm, it is natural that husband and wife should discuss the activities of the co-operative together, as it affects the economy of their jointly-owned farm, and express their approval or disapproval.

Why should the one, rather than the other, be arbitrarily given the right to speak for both? Would it not be more natural if it were left to the couple themselves to decide which of them should explain their joint view? It is quite common, in fact, to meet husbands who prefer that their wives should represent the farm, and couples who have split up their responsibilities in the various professional bodies.

Surely this is the reality of a family farm, where husband and wife divide the tasks between them as seems most convenient.

The second basic form of participation is on management bodies such as the Administrative Board or the Board of Directors. Here too husband and wife should have an equal opportunity to stand for election. However, although each or either of them can act for the other at such meetings as the General Assembly, in the case of election to a management body the administrative function would normally always be exercised by the elected partner.

More and more co-operatives are opening their doors to the farmers' wives, that is to women farmers. How-

ever there are still obstacles to overcome.

Recognition of Husband-and-wife Co-farming

Some obstacles are a matter of rules, others are psychological.

Those who are unwilling to see women taking responsibility shelter behind legal arguments to prove the impossibility of any kind of evolution.

In fact, in most countries the farming enterprise itself has no status; one of the pair, usually the husband, is defined as the farmer and can take advantage of all the rights of the farm, and is the one recognised by the professional bodies. Thus no account is taken of the division often operated between husband and wife, concerning everything to do with the farm: the patrimony, financial commitments, labour, and management of the farm.

It is urgently necessary that the law should adapt itself to reality, and recognise as co-farmers a husband and wife who work the same farm together.

Some co-operatives have taken this step, and have given precedence to fact over law, by electing women to their Administrative Boards.

This practice should spread in the future, to the extent that husband and wife are genuinely co-managers of their farm.

The objection is sometimes put, though less often, of the lack of training of the wives. It is true that more is always expected of women and that they have to prove themselves more fully than a man, to be accepted by

their colleagues. There has been considerable progress here in the past ten years. The women's committees of the professional bodies have made great efforts at training, and women farmers have been known to understand a working balance-sheet more easily than an administrator, thanks to their experience with their own farm's balance sheet.

Experience has shown that good training and their own abilities will enable women to overcome the final psychological barriers. Opinion will change, and people will become accustomed to seeing women side by side with their husbands in the professional organisations, even those with economic aims.

In conclusion, the role of women in co-operatives is the same as the role of women on the farms. Their participation in the organisations will reflect their participation on their farms. This role depends on women themselves, as much as it does on men and on public opinion. Their different aptitudes and modes of behaviour must find their natural balance. Nevertheless one should guard against establishing ready-made stereotypes or models of women's participation which bear no relation either to reality or the wishes of the interested parties.

To give to each one free expression of his or her will and aptitudes, to work side by side, towards a common goal, men and women—this is surely the etymological meaning of the word *co-operation* and the true reflection of family farming.

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Mrs Tokuyo Haga speaking at a General Assembly of the National Federation of Fisheries Co-operative Women's Associations (Japan)

III

Tokuyo Haga

Chairman, National Federation of
Fisheries Co-operative Women's Associations (Japan)

Birth of Fisheries Co-operative Women's Associations (FCWA)

The Second World War ended with Japan's defeat in 1945. Great efforts for the rebuilding of the national economy were made to overcome the aftermath of war, and as a result, Japan's economy has recovered.

Coastal fisheries did much to contribute towards providing the animal proteins needed by the people. However, as industrialisation progressed, manpower began to desert the coastal fishing communities for the urban areas in search of higher incomes. This necessarily called for an increase in the role of women's working power, to maintain the

coastal fisheries.

Growth of the national economy and the resulting higher living standards stimulated people's demand for fish. In order to meet this demand, considerable investments were made to build larger fishing vessels and obtain modern equipment. Expansion of the fishing areas followed, from coastal to offshore, and from offshore to distant waters. The total catch increased and a greater variety of fish became available on the home market.

The living standard of fishermen remained, however, at a low level compared with other industries, and it was natural for women in the coastal

fishing communities to want their living standards to become at least equal to those of people in other occupations.

In 1949, fisheries co-operatives were founded in almost every local fishing community in Japan, whose purpose was to help fishermen increase their economic viability and enhance their living standards as well as their social conditions. They developed new activities and progressed steadily.

It was in this period that Fisheries Co-operative Women's Associations (FCWA) began to be established within the existing fisheries co-operatives in many areas, in order that the women could work together to improve and enhance their socio-economic status, thereby contributing to building happier and richer fishing communities. FCWA's activities have carried out this task well.

Initial activities of the FCWA included various study programmes for improving home life and for rationalising the economic life of the fishing communities. For example, they studied methods of economising on costs in order to improve their home conditions. They learned how to budget, and started to save money, which helped to build up a reserve for housebuilding and for education for their children. The deposits were made with the fisheries co-operatives, which in turn helped strengthen the co-operatives in their fishing and other operations.

Activities of FCWA

There are at present 1,342 Fisheries Co-operative Women's Associations in Japan, with a total membership of about 200,000. As the organisations expanded, their activities increased in

scale and scope. The declaration of FCWA reads as follows:

1. *We shall bear our responsibility in the fishing communities and recognise the importance of women in life. In order to achieve these goals, let us learn much.*
2. *We shall unite and strive together to improve our socio-economic status.*
3. *We shall co-operate in the common cause of healthier development for fisheries co-operatives, and build rich and contented fishing communities.*

The activities of FCWAs are designed to meet these basic aims. Some activities worthy of note are described below.

(1) As industrial development progressed, harmful effluents have increasingly flowed into the sea from factories and private houses. In order to protect the environment for their livelihood, various anti-pollution activities began to take place in coastal fisheries co-operatives. On the part of FCWA, domestic (sewage) effluents was taken up as a subject for study. In particular, FCWA learned that chemical detergents would adversely affect fish living in coastal areas; therefore scientific evidence to prove their harmfulness and toxic capacity was collected by the FCWA. As a result, it is expected that the use of chemical detergents will be prohibited throughout the country, and that natural soap will largely replace them in the future.

(2) Another example of FCWA's activities has been concerned with preventing young people from leaving home for other occupations, thus decreasing the number of young successors of the fishing business. The FCWA has been

trying to produce a better living environment for young people in local fishing areas.

(3) Dangerous fishing operations at sea and unexpected accidents may happen, and fishermen lose their lives. In order to help bereaved families, fisheries co-operatives started a fund for providing scholarships for their children. The FCWA has fully recognised the importance of this and co-operated in fund-raising activities. FCWA has also conducted temporary recreational activities to comfort the bereaved children.

(4) In order to modernise and rationalise village life, co-operative purchasing programmes of necessary supplies, such as household utensils, have been conducted. Other programmes of FCWA include health instruction programmes, indoor and outdoor recreation programmes, etc. The important and basic element of FCWA's activities lies in members getting together and studying the various problems relevant to their lives; this helps in finding out what should be done by the FCWA to overcome problems as they arise.

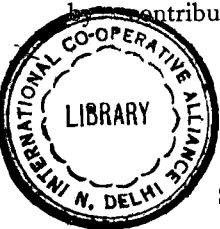
The expenses of FCWA are covered by contributions from individual

members. This is because the FCWA insists on being independent in every respect, and hopes to contribute to the whole fisheries co-operative movement.

Problems

FCWA expects to play an increasingly large role in the fishing communities as its activities widen into various fields. However, the problems cannot be solved by FCWA's activities alone. For instance, the aforementioned anti-chemical detergents campaign will not produce worthwhile results unless wider co-operation from the general public is assured. It will be remembered, in this sense, that the 26th ICA Congress selected "Collaboration between Co-operatives" as its main theme. In this spirit, our own movement must develop links with the agricultural and consumers' co-operatives.

The prevailing worldwide emphasis on 200-mile exclusive fishing zones suggests that coastal fisheries will have to bear a much more important role than before. In order to help solve the many problems, now and in the future, FCWA will make every effort in the spirit of the co-operative movement for the betterment of our life.



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7.9.79 IV
Zakia Meghji¹

Senior Tutor, Co-operative College, Moshi (Tanzania)

I was asked to make this paper on *women in agricultural co-operatives* a short one. As such it will not go into great detail, but will try to touch on the main issues.

The Tanzanian economy depends mainly on agriculture. More than 90 per

cent of the people at the moment live in the rural areas and mainly engage in

¹Zakia Meghji is a Senior Tutor at the Co-operative College, Moshi, Tanzania. She is presently the Head of Women's Co-operative Education; she also teaches Co-operation as a subject at the College.

agricultural work. Women—who have been traditionally oppressed—form the main labour force in the rural areas: they are involved in digging, in planting, in harvesting, and even in sending the produce to the market: all this in addition to the burden of feeding and looking after the children.

It is the rural woman who has to walk miles and miles to get water for the family; it is the rural woman who has to pound maize even during the night; it is the rural woman who has to cut grass for the cattle (in those areas where cattle are kept in the cattle sheds as there is not much land on which the cattle can feed).²

One therefore sees that women are an important labour force in rural production. However, compared to their menfolk their living conditions do not match the amount of work they do. Most peasants, especially the poor and those in the middle position, do not have much influence on their husbands. It is thus that while “the woman produces, the man consumes”. It is the man for the most part who controls the purse, the woman has to start begging for sugar or salt.

With the development of a market economy and the growth of cash crops due to colonialism, men made sure that they very much controlled these crops. Thus with the introduction of such crops as coffee, cotton, cashew nuts, which were mainly for exchange with the colonial powers, the local people tried to control both the production and market-

ing of such crops by forming co-operative societies. However these were marketing co-operative societies. Thus even though women were involved in the different processes of production, they were for the most part not members of the marketing societies. The laws formulated were such that women for the most part could not be members.

The customary laws in most African countries favoured men rather than women. It is very common when the father dies that nothing goes to the daughters, but rather to the sons. The argument given is that when the woman gets married, then the wealth is lost to the man's family. This has meant that a woman who is not married has not much say on her brother's land. She has ultimately to leave the rural area and go to town looking for a job, which is difficult to find as the development of agriculture does not go together with the development of industries. Thus the only alternative would be to stay in the rural areas and work on her brother's land or look for work on a rich peasant's farm, especially during the harvesting period.

This meant therefore that even though marketing societies in Tanzania developed quite fast, they left behind the women folk—the women folk who were mainly engaged in the produce to be marketed. In his essay on “Socialism and Rural Development”³ President Nyerere states that in pre-colonial as well as in present day Africa “women did, and still do, more than their fair share of the work in the fields and in the

²This situation is very prevalent in Kilimanjaro, where it is a common sight to see women and children carrying heavy loads of cattle feed on their heads, walking miles and miles to their homes.

³Socialism and Rural Development in Ujamaa: Essays on Socialism (Dar es Salaam: Oxford University Press, 1968) pg. 109.

homes". Thus although they played a great role in the country's economy, they did not get a fair share for their labour. Peasant women in fact received "the least of even the little crumbs that are thrown to the peasants of the underdeveloped world".⁴

With the introduction of the Policy of Ujamaa Villages, the position of women in agriculture has changed to a certain extent, although much more is still needed. Women can now be treated equally as men in dividing what has been produced. Each one is weighed according to what he/she contributes. Thus each is paid according to the work done. This is unlike the marketing co-operatives where, although women took part in production, they basically did not become members of the marketing societies.

Though in ujamaa villages women have the same rights as men, one finds that more facilities to relieve women of household chores are still to be desired. Even though many child-care centres have been established, the situation still demands the setting up of more. Without child-care centres, women will not be able to participate fully in socialist production; furthermore they will lose economically compared to their menfolk. A person who does not go for work does not get any "pay", and thus if women have to stay at home because they lack child-care centres, it will be a great hindrance to the development of women as a whole.

The situation in many ujamaa villages is as outlined above. Men and

women co-operate in production, and the whole running of the village. However there are variations depending on the practical conditions. In some areas women are given some portion of land to work on, specifically for women, apart from the communal work they do together with the menfolk. One such example is in a village called Chekereni in Kilimanjaro region, where women have a six-acre farm growing maize and finger millet. In the case of Sumbawanga rural district about nine hundred and ninety-one women also engage in agricultural activities. In Morogoro region at a place called Magereza, women have a twelve-acre farm of cotton, maize and simsim. These are only a few examples, but generally women are very much engaged in agriculture.

Apart from agriculture many women in Tanzania are also engaged in other activities—such as handicraft—which is being greatly emphasised today. Other activities which are characteristic of underdeveloped economies, whether private or communal, include running lodgings, bars and restaurants, shops, brickmaking and so on.

It is true that women have started and are conducting a number of activities as listed, but they also face some problems. The most important one is training—the question of adequate training to run these multitudinous activities is not only a problem for the women folk, but also for the general running of the co-operatives. This is why the colleges are filled with people receiving training in book-keeping, management and the whole running of economic activities in Tanzania. The education of women is thus one of the activities now being

⁴H. Mapoln—"Social and Economic Organisation of Ujamaa Villages—The Case of Mwanza District"—p. 94.

pursued by Women's Education at the Co-operative College Moshi, together with the Co-operative Union of

Tanganyika, Dar es Salaam. It is greatly appreciated that ICA is deeply involved in this exercise.



The following figures show women's economic activities for Tanzania (mainland)*

Co-operative Shops	..	..	..	..	..	..	..	..	203
Co-operative Farms	..	..	..	..	..	..	..	..	107
Small Scale Industries	..	..	..	..	..	..	..	..	315
Handicraft Activities	..	..	..	..	..	..	..	..	560
Bars	..	..	..	..	..	..	..	..	138
Poultry and Hotels	..	..	..	..	..	..	..	..	45

*Figures obtained from Mzalendo—a local weekly newspaper, Sunday, July 24th, 1977.

V

Christina Vodenicharska

Expert in Agriculture (People's Republic of Bulgaria)

After the establishment of the people's rule in Bulgaria in 1944, rural life was radically changed. Before 1944 the land was fragmented into small private plots, cultivated exclusively with primitive agricultural tools and draft animals—oxen, horses and donkeys. Now, with the help of the state, that small-scale and backward agriculture has developed into a large-scale, up-to-date and highly productive one. The small peasants' plots, pooled together in agricultural producers' co-operatives, have been turned into large tracts of land, without any field boundaries, where modern technologies and mechanisation are used in all stages of the farming process—from breaking the ground for sowing to gathering and

processing of the crop. But naturally, even with such highly intensive agriculture, there are places where human labour is absolutely necessary. Such processes as operating and repairing of agricultural machines, processing and marketing of agricultural products, are impossible without the activities of man.

The Bulgarian countrywomen with their progressive ideas were zealous upholders of the establishment of agricultural producers' co-operatives, and are now taking an active part in all co-operative activities, in plant-growing and animal-breeding, on equal terms with men. They are skilled machine-operators, working in the fields, in the fruit orchards, vegetable gardens and cattle-breeding farms, where a great



Vegetable planting machinery in the fields of Thrace (Bulgaria).

deal of the working processes are fully mechanised. But to operate this complex machinery and apply modern technologies in the production of agricultural crops, the countrywomen had to meet new higher demands. And while it was rare to find women agronomists,

livestock experts, engineers, economists and technicians in the years before the liberation, now the needs of agriculture are satisfied with cadres of these specialists. Many countrywomen are graduating from agricultural vocational schools and qualification courses.

Women make up almost 30 per cent of all specialists with higher education and 44 per cent of those with semi-higher and secondary education working in agriculture. It is already the usual practice in the agricultural producers' co-operatives to nominate women to responsible posts in all fields and at all levels, including planning and decision-making. They are helped by a number of women working in the scientific research institutes on agriculture.

The countrywomen of today differ entirely from those of 35 years ago, in their initiative and self-confidence. In those days they worked hard in the fields from early dawn till late at night and then had to bake bread and cook food for the family, to spin and weave to clothe the children. Now they have got rid of this life of servitude and there is almost no difference between the rural and town woman's way of life. The countrywoman's home is arranged in the same way as it is in the town, her children are in the creches and nursery schools, her bread is baked in the co-operative bakery, she can always get food cooked in the co-operative restaurant/canteen, and find everything necessary for her home and family in the shop of the village consumers' co-operative. More than half of the shop-assistants and a large number of the managers in these co-operative shops are women. The rural consumers' co-operatives own not only shops, supermarkets, department stores and catering establishments, but small industrial enterprises as well, where different kinds of snacks, confectionery, soft drinks and

consumer goods are produced, thus making easier women's work at home. At the same time these establishments and enterprises create additional possibilities for rural women's full employment.

According to the legislation in this country, Bulgarian women in town and village enjoy equal rights with men. Rural women are entitled to the same social benefits as factory and office workers: paid annual leave; sick-leave allowances of 70 to 90 per cent of their wages; pregnancy and birth paid leave between 120 and 180 days and additional maternity leave of six to eight months during which they are paid the country's minimum wage; they can also take further unpaid leave until the child is three years old, the period being included in their length of service. All peasant women at the age of 55 have the right to a pension after the same length of service as the working women in the towns.

All these social acquisitions are of great significance in creating better living conditions for the working peasant women. But there are still some specific problems to be solved by our socialist society. For this purpose the Women's Councils were established, with the task of demanding the improvement of labour conditions where necessary, and to take care of enhancing women's professional qualification, stressing the role they play in the social life of our country as mothers, wives, socially active persons and producers, whose labour is highly appreciated.

VI

Göran Kuylensjerna

Chairman, ICA Agricultural Committee

Agricultural co-operation of today represents comprehensive and diversified activities and is perhaps the most developed and inclusive of all forms of co-operation. This is to a great extent due to historical factors. Agricultural co-operation has many roots, but three sources of inspiration stand out as particularly important: the farmers' own ancient organisations for mutual aid, the German Mayor F. W. Raiffeisen, and the Rochdale pioneers.

Among the earlier organisations, the wine growers' association of the 1760's in the Haut Beaujolais district in France, acted both as a purchasing and marketing organisation as well as a supplier of credit; its purpose was to eliminate the middleman and to sell direct to the consumer. Better known, perhaps, are the jointly operated chalets in Switzerland with traditions from the Middle Ages. It was also farmers in the canton of Vaud who organised the first known dairy association. Similar associations have existed in many other places.

F. W. Raiffeisen (1818-1888) built his co-operative philosophy on a Christian foundation. He established co-operative savings and credit associations in order to make the farmers independent of the usurers in the villages. Soon the Raiffeisen credit associations also undertook purchasing of cattle, seed, fertilisers, tools and machinery as well as marketing of, among other things, grain. In the

1870's it became necessary to form regional and central organisations. In this way the Raiffeisen credit associations became pioneers for co-operation in agriculture.

The Rochdale association has also been very important for agricultural co-operation. In the first place, thousands of farmers all over the world made their first acquaintance with co-operation as members of consumer co-operatives organised and operated on the model of the Rochdale pioneers. Secondly, the principles established on the basis of the Rochdale programme have strongly influenced and served as guidelines for the agricultural co-operatives. As far as agricultural co-operation is concerned, Rochdale created well-functioning models as well as providing the basis for the democratic and economic ideology of co-operation.

The Rochdale pioneers, as well as other utopists, aimed at achieving a society wholly built on a co-operative foundation. This is far from being accomplished, and such a society will probably never be realised. However, one thing is certain—without the participation of women it is impossible. For this reason a statement made in 1924 by Emy Freundlich (1878-1948, President of the International Women's Guild) still has obvious validity for co-operators of all kinds today and in the near future:

"Without the housewives and the mothers the co-operative world can

never become a reality. The housewives will either be favourably disposed towards it and then it will become victorious, or they will be hostile or indifferent, and in such case it will never accomplish the first stage on its way towards conquering the world."

However, the farm sector has been, and still is, in several respects dominated by men. The tasks of the woman are heavy and loaded with responsibility, but in spite of this she has seldom been given a more prominent position. Traditionally the responsibility for the management of the home and other chores on the farm have been delegated to the wife while the husband has been responsible for the economy and the external representation of the farm. The man has represented the family at village and other meetings while the woman has stayed at home taking care of the animals, the household and the children.

So it has been for a long time, and so it still is to a great extent. The change in women's conditions, which we see especially in Europe, has been preceded by new legislation giving her the right to inheritance and suffrage, the right to education and employment and—at least theoretically—equality with men as regards pay for equal work. All this has contributed to a gradual change in the public mind as regards the woman's position. Among other things, it has become increasingly common that women hold positions previously reserved for men.

This development towards improved conditions for the woman has occurred simultaneously with the evolution of the co-operative movement in Europe. In

spite of this women are still strongly under-represented in the decision-making bodies within the co-operative movement, notably in the agricultural co-operatives. Let me indicate some reasons which I believe have contributed to this situation.

In an agricultural co-operative association the membership is individual and each farm has only one membership in each association. This means that one single person represents the farm in the association. And this has traditionally been the man.

The responsibility for home and children has meant that the woman has been more firmly tied to the farm than the man. In addition to this, resistance and prejudices in society have counteracted development towards equality with the man.

But the situation is changing as farm wives acquire their own professional training. In Sweden, for instance, every fourth farm wife is professionally active outside the farm. In such cases the farm will obviously be represented by the man in the agricultural co-operative organisations. Better training possibilities also mean that many women engage in training to become farmers. In Sweden we find at present frequently more girls than boys in our agricultural schools. As a result of this, I believe that we will see greater co-operation between husband and wife on the farm, where the responsibility for the operation and economy of the farm is equally shared. In some instances, this development may also result in the woman taking the main responsibility for the management of the farm. In fact, the growth in the number of part-

time farmers suggests that such a development will take place.

One of the basic principles of co-operation is that all individuals are equal. Considering this and the position of the woman on the farm, it is obvious that a larger number of women should be represented in the associations' decision-making bodies. True, we can notice that an increasing number of women participate in the meeting activities of the associations. Some of them have also obtained important positions of trust. It has become more and more obvious that the role of the woman is no longer to attend to man but instead—to the extent that she is actively engaged in the work of the farm—participate together with him in the activities of the agricultural co-operatives. However, even though attitudes have changed, we have a long way to go until the woman has reached her true position in the agricultural co-operative movement.

Another basic co-operative principle is training for members. Such training of members and elected representatives has for a long time been concentrated on the men. I believe that we must now

change this and encourage women to participate in the training. This calls for information and a changed attitude on the part of the men. A special concentration on women in the training programmes would lead to an increasing number of women with an intimate knowledge of the co-operative form of enterprise. Consequently they would have a better chance than before to compete with the men as regards positions of trust. Without stretching the parallel too far, I believe that it is necessary to encourage the participation of women in the co-operative training programmes also in the developed countries, in the same way as in several developing countries.

Finally, we must not forget that it is the woman who already today maintains most of the contacts with the agricultural co-operatives. Normally she is the one who answers the telephone, handles the accounting, orders the supplies, and gives notification concerning products to be delivered. Therefore, it should not be difficult to train her in co-operation and to engage her in various positions of trust in agricultural co-operative enterprises.

ICA Appointments

1 Secretary for Agriculture

On his return to Poland at the end of 1977, Dr Z. Juchniewicz was succeeded at the ICA by Mr BRANKO ZLATARIC, who held the same post previously between 1964 and 1970.

Mr Zlataric was an official in the Serbian and Croatian co-operative movements before World War II. After the War he held high executive positions in the Yugoslav administration of industry and foreign trade. He later became General Secretary of the Croatian Co-operative Union and then Secretary of the Federal Chamber of Agriculture in Belgrade.

In 1959 he settled in the UK where he became an economic consultant with *The Economist* Intelligence Unit in London, before being appointed Agricultural Secretary of the ICA in 1964 to serve the Agricultural Committee and the Fisheries Sub-Committee.

At the end of 1970 Mr Zlataric was asked to join the FAO where he held, in succession, the following posts: Chief, Fishery Institutions and Co-operative Section; Secretary of the Intergovernmental Committee on Tea; finally, Co-operative Officer in the Rural Institutions and Human Resources Division, dealing with co-operatives and farmers' organisations.

We wish Dr Juchniewicz all success on his return to the Polish Co-operative Movement, and are glad to have Mr Zlataric again at the ICA, where his experience with the FAO will be of great benefit to international co-operative work.

2 Secretary for Education

Mr BILL CRAW joined the International Co-operative Alliance on 1st February 1978, succeeding Mr Trevor Bottomley who has taken up an assignment in Jamaica. Mr Craw brings a substantial experience of developing countries to his new office. He spent some thirteen years in Kenya, in the course of which he held the following posts:

Co-operative Development Officer

Head of Co-operative Education and Training

ILO Co-operative Development and Training Adviser.

In 1969 Mr Craw was appointed ILO Regional Co-operative Adviser for Africa. Operating from a base in Addis Ababa (Ethiopia) Mr Craw acted as consultant to the co-operative movements and governments of the continent.

In 1972 Mr Craw became project manager of the ILO Co-operative Development Centre in Mbabane (Swaziland), a training and business advisory services centre which he assisted the Swaziland authorities to plan and launch. Since his return to the United Kingdom, Mr Craw has led an FAO/UNESCO/SIDA* evaluation mission to examine the impact of the Project on Agricultural Co-operatives and Credit (PACCA) in Afghanistan.

Mr Craw's understanding of co-operative potential and problems gained through his long and varied experience, will be of great value in his new post.

*SIDA—Swedish International Development Authority

Recent Books

by
Anne Lamming
ICA Librarian

The books listed should be ordered
direct from the publishers.

ICA can only supply its own publications

ABRAHAMSEN, Martin A.: Co-operative Business Enterprise
USA, McGraw-Hill Inc. 1976. 491 pp; diagr; illustr; tabs.

A basic college textbook for teaching co-operative enterprise in the USA.

BURNS, Campbell B.: Co-operative College Papers No. 17—Co-operative Law
Loughborough (UK), Co-operative Union Ltd. 1977. 93pp.

A comparative study of the legal framework for co-operative societies in Britain, France and Hungary.

COMMISSION OF THE EUROPEAN COMMUNITIES—INFORMATION ON AGRICULTURE: Forms of Co-operation in the fishing industry—Denmark, Ireland, United Kingdom, No. 9 April 1976.

Luxembourg, European Communities, 1976.

An analysis of the economic and social structures set up by producers and public authorities to organise the fishing industry in Denmark, Ireland and the UK.

CONSEIL NATIONAL DE LA COOPERATION: La Coopération en Belgique.
Brussels (Belgium), Conseil national de la coopération, 1977. 121 pp; illus; tabs; diags.

This book covers all parts of the Belgian co-operative movement, first by analysing the position of the societies in membership of the national co-operative council, then by describing the five big movements, and finally by commenting on the application of co-operative principles today.

CSIZMADIA, E.: Socialist Agriculture in Hungary.
Budapest (Hungary), Akadémiai Kiadó, 1977. 178 pp; tabs.

A review of the changes in agriculture and food production in Hungary, as they have taken place within the economy and the evolving economic policies of the country.

FEKETE, Ferenc, HEADY, Earl O., HOLDREN, Bob R.: Economics of Co-operative Farming.

Budapest (Hungary), Akadémiai Kiadó, 1976. 138 pp; bibliogr; tabs; graphs.

A description of co-operative farming in Hungary (history and socio-economic background), leading to optimum solutions for this form of farm organisation.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Report of the National Seminar on Integrated Approach to Agricultural Co-operative Development in Nepal, Katmandu, 1976.

New Delhi (India), ICA Regional Office, May 1977, 22pp; photos.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Directory of Co-operative Press in South-East Asia (3rd edition—revised)

New Delhi (India), ICA Regional Office, 1977. 30 pp; tabs; mim.

KLIMOV, A. and others: The Socialist State and Co-operation

Moscow (USSR) 1977. 178 pp.

Material of the international seminar of leaders of co-operative organisations from the developing countries—November 1975.

LAAKKONEN, Vesa: The Co-operative Movement in Finland 1945-1974

Helsinki (Finland), 1977. 180 pp; tabs; diags.

The object of this study is to analyse the significance of co-operation in the Finnish national economy and in the various sectors of trade.

LAMMING, Anne: A Co-operator's Dictionary

London (UK), CEMAS/ICA. 1977. 54 pp.

A basic list of co-operative and commercial terms for use at primary level in developing countries.

MILLETTE, Marc: Problème de Commerce Coopératif International des Produits Agricoles en Afrique Francophone

Quebec (Canada), Centre d'Etudes en Economie Coopératif, 1975. 49 pp; bibliogr; tab. graph (mim).

An analysis of international trade relations of co-operatives in Cameroon, Ivory Coast and Senegal in 1974, and the restraints on such trade, with suggestions for improving trade relations.

MIYAKAWA, Seiichi: Farming Guidance in the Co-operative Movement in Japan.

New Delhi (India), ICA Regional Office & Education Centre. 44 pp; tabs.

A revised edition of a booklet which first appeared in 1962, describing farm guidance and the encouragement given to co-operative farming in Japan.

RICHARDSON, Sir William: The C.W.S. in War and Peace 1938-1976

Manchester (UK), CWS Ltd., May 1977. 399 pp; tabs; diags; photos. Price £7.50.

“Published in May 1977, to record the experience of the CWS during the Second World War and post-war years; and to recall with admiration and affection the memory of the co-operative pioneers who founded in England a movement so beneficial to humanity that it has spread to almost every country in the world.”

UNIVERSITY CENTER FOR CO-OPERATIVES, UNIVERSITY OF WISCONSIN—EXTENSION: Federal Regulations and Co-operatives

Madison (USA), University Center for Co-operatives, University of Wisconsin, 1976. 205 pp (mim).

Proceedings of the Third National Symposium on Co-operatives and the Law.

Book Reviews

Correspondence Education: A manual published by the Co-operative Educational Materials Advisory Service. CEMAS, ICA, London (1977). £10.00.

Correspondence Education is a valuable addition to a series of manuals on methods in Co-operative Education. When the series is complete, most of the techniques likely to be useful for teaching about Co-operatives in less developed countries will have been thoroughly described in simple and practical manuals.

This manual comes in a strong plastic folder with two pockets. In one there is a 32 page *Guide for Planners, Course Writers and Tutors*. In the other, there are six *Specimen Correspondence Lessons*, each separately bound.

The *Guide* covers the organising of a correspondence education unit, the production of courses, tutoring and course evaluation. There is a good list of books for further reading. Particular stress is given to the view that correspondence courses work best when linked with other means of distance teaching, such as radio, audio cassettes and programmed texts. It is also pointed out in the *Guide* that, "change in behaviour is unlikely to happen without the motivation provided by direct contact with other people". Therefore, distance education needs to be supported by study groups and by face to face contact with teachers.

The six *Specimen Lessons* are each pitched at different levels. Number 3 is designed for use by a study group of peasants. It assumes that the majority in each group are illiterate, and are led in their studies by the literate minority. At the other extreme, Number 6 is aimed at civil servants with post-secondary education. There is an example of the opening lesson in a course and of a closing one. Each specimen has been specially

written for the manual. The subjects chosen are all related to the actual needs of Co-operative development. Each specimen is accompanied by notes which point to its most important features. The binding and printing methods are varied to illustrate some of the possibilities from which correspondence course organisers can choose.

One criticism relates to one of the specimen lessons, presented as the opening of a course on book-keeping. It is not till page 7 of this lesson that the student first learns anything about book-keeping. There is value in the clear, stage by stage, introduction, especially for students who aren't used to study. It is better than frightening them off by rushing the start. However, it is also very important for students who find reading hard work that they quickly come to the point at which they learn something useful. Putting in extra words because a reader is only just literate could be as bad as shouting at foreigners because they don't understand English.

Another small complaint is that the manual is too lavishly produced. The very heavy folder does not seem to be necessary. It could discourage people who have no funds available to make the correspondence courses they produce look equally opulent. Alternatively, it could encourage others to do things which are equally expensive, but have even less educational justification.

Generally, the manual is most impressive. It is written in admirably clear language without unnecessary jargon. It sticks closely to its purpose of providing practical guidance without academic digressions. Many readers will acquire from it the enthusiasm and confidence needed to work effectively in a team setting up a correspondence course. They should stop feeling that they have

to wait for "experts" from abroad before they can start providing this kind of education. The high quality of both content and presentation is likely to attract readers from outside the Co-operative movement. This could result in greater collaboration between Co-

operatives and other development agencies in running distance education programmes for rural people.

PETER YEO
Senior Tutor,
ICTC Loughborough (UK)

Co-operation and Dynamics of Change: Editors P. Y. Chinchankar and M. V. Namjoshi, *Somaiya Publications Private Limited, Bombay, pp. 468, Price Rs 90/-*.

What was the perception of the role of co-operatives in social and economic development by the earlier social reformers and thinkers? What has been the performance of co-operatives as agents of change? What is their contemporary relevance to society? What potential do they hold? These are some of the questions that the book under review seeks to answer through the contributions of thirteen distinguished authors.

The co-operative form of organisation emerged as a practical response to the then prevailing socio-economic environments in some of the west European countries. Its subsequent proliferation and acceptance on a world-wide scale, and the deifying of its ideals and philosophy and newly found relevance in various regions following different political philosophies and economic systems, are explained by reasons of a historical and socio-political nature and the administrative convenience of the ruling classes. It is true, though, that a great many economists, social reformers and others viewed co-operatives in a different light.

Yair Levi rightly remarks: "evaluation of recent experience seems to indicate that co-operatives that are more tolerated by both traditional structures and official authorities are frequently those which make little contribution to change". This is the reality. Let us see

what was the vision? Namjoshi, while discussing the rationale of co-operative doctrine, quotes the Utopian Socialists: "man has tampered with the original, perfect, constitution of human society, which was in a sense communistic, and by such artificial devices as private property has destroyed its natural harmony and as a consequence the happiness of the individual".

Apparently co-operatives were expected to change the pattern of human relationships in society. Not all the earlier social reformers however were of the same view. To Marx, for instance, a co-operative or any similar institution appeared of doubtful validity because of the inherent weakness in the concept itself. And of course subsequent events proved them right.

Despite the yawning gap between the promise and the performance of co-operatives, contemporary interest in them rests on their widespread acceptability and modest success in some selected sectors of the economy in different parts of the world. The book under review in a way also attempts to explore the ways of rationalising the concept of Co-operation so that it becomes capable of subserving the larger goals of social and economic development in a developing country. As Namjoshi points out, if the theory of 'optimum regime' developed by Tinbergen were to be accepted, a great many possibilities open up for the role of co-operatives as relevant institutions of planning and development.

The underlying idea in Tinbergen's theory may be defined as an approach to state policy that starts from desired

optima, i.e. from concrete policy objectives as regards growth, income distribution and allocation and asks what institutions will achieve them—it does not start with institutions and uncritically assert that certain optimum results will follow. Given the orientation, potential capacity and ideals of the co-operatives, these can certainly be considered as important instruments in the total institution mix selected to optimise allocation, distribution and growth. Namjoshi rightly states: “modernising elites can be thought of as using a variety of movements, including co-operative movements, for constructing the required approximation to the optimum regime”.

The barriers that have to be overcome if co-operatives are to succeed as agents of change and instruments of planning—whether centralised or decentralised—are many. They include both those that relate to internal aspects of organisation and management of co-operatives and those that relate to the external aspects of their functioning, including social and *political environments, the role of the state and other similar factors.*

Several contributions in the volume refer to the limitations flowing from the restrictive nature of the co-operative principles. Levi, Namjoshi and to some extent Bhawe, in particular, are emphatic in asserting the need to change and enlarge the scope and thrust of co-operation and to redefine the co-operative principles in tune with the rapidly changing social and economic environments. “Traditional structures seem to make impossible the application of the principles of equality and voluntarism. It is chiefly because of these obstacles that attempts at introducing co-operatives based on formal adherence to classical principles result more frequently than not in further strengthening the status and power of traditional leaders.” Levi rightly points out “the more co-operation is called to contribute to radical changes in prevailing structures, the more the need will arise to substitute the rigidity

of classical principles by more flexible educational and operational tools”. It needs to be mentioned here, however, that Levi perceives co-operatives as instruments of social action rather than mere economic enterprises or even associations. He views co-operatives as instruments for creating a new society rather than changing the present one. Chinchankar is of course wide of the mark when he asserts that the gap between the promise and performance of co-operatives stems from the ethical nature of co-operative principles which do not quite accord with economic imperatives. Then there are problems of size, professional management, limited financial resources and external control and intervention, notably from the state administrative apparatus. These may be said to be some of the internal barriers.

Of the external barriers the most notable is the social structure in which the co-operatives have to function. The traditional structures, characterised by illiteracy, ignorance and stratification along caste and class lines, may make it impossible to organise co-operatives on a voluntary and democratic basis. Studies also reveal that the growth and development of co-operatives are also functions of the political awareness of the people.

The absence of supporting economic environments as in the USA, also makes the task of developing co-operatives almost impossible. In addition the negative or even neutral role of the state in economic, administrative and legal domains can cripple co-operatives. In India, for instance, co-operative development has become co-extensive with state aid. In such circumstances, in the words of Carrol, “dependence, control and reliance on outside resources overshadow and frequently prevent local initiative, self-management and effective organisation”. And yet it is unthinkable to conceive co-operatives playing any meaningful role in a developing country, without direct or indirect support from the state. These are some of the

dilemmas that have to be sorted out before co-operatives can make an impact on society.

While the editors, as indeed the other contributors, make generally adequate analyses of the role of co-operatives in different parts of the world—USA, Japan, Israel, parts of Africa, and of the different branches in India—it is on the strategy which should be adopted for co-operative development that they fail. One may perhaps exclude here the contribution from Levi. He has a distinctive approach which is discussed later in this review. Namjoshi treads on slippery ground when he suggests that “the co-operative movement in the contemporary world can be thought of in terms of four types of models. These are (1) the single society or integrated model, (2) the partially integrated model, (3) the federal model and (4) the decentralised model” in the context of strategy for co-operative development. He clearly prefers the fourth model for co-operative development in the developing countries for “it seems to be compatible with the situation in which co-operatives associate with a variety of political parties (which would facilitate the movement) in adopting an optimal role and strategy in the particular system”.

Several points need to be noted here. There are in fact only two models—one co-operative (for a particular sector) for the whole country, or several co-operatives but highly integrated with the federal organisations. The other two models that Namjoshi refers to are in varying stages of development and connote under-developed stages of the above two models.

It is a pity that neither the contributions on Israel, Japan, and Sweden, nor the two editors, have been able to appreciate the key role that the apex organisations—Histradut (though not really a co-operative) in Israel, CUAC in Japan and KF and SL in Sweden—have played in building up the co-operative movement in the respective countries.

The other key factor, i.e. positive, sustained and sizeable support from the state in developing these structures, has also been overlooked. Let it be stated that co-operatives flourish and become instruments of social action and economic development only if they function as a movement with a strong, powerful federal organisation enjoying some overriding powers over the affiliated units. It is inconceivable to imagine that genuine co-operatives can flourish without a strong, powerful, federal organisation closely integrated with its affiliated units. Freedom to associate with political parties, as Namjoshi seems to suggest, is almost certain to prove suicidal. The external support, if at all, must of necessity come from the state.

Levi views a total village group including farmers, trade union members, labour, artisans and others as the minimum co-operative unit capable of social action, especially for rural development. He disfavours the service type of co-operative, for these perpetuate the forces of *status quo*. He also suggests a gradualistic approach towards integrated co-operative development through regional planning where a region consists of several village-co-operatives. Thus the two basic principles that he underscores in his approach towards rural development are “(1) the assumption that a rural co-operative form of organisation, to be effective, has to go beyond the conventional concept of providing such basic economic services as credit, marketing and supply and aim at an integrated model of improved production methods by the farmers, and of community facilities favourably affecting their conditions of life, (2) the belief that the whole village and not the individual holding has to be considered as the valid unit in any programme aiming at a multi-functional co-operative sector”. To that extent it is an improvement upon Namjoshi’s model for co-operative development within the conventional framework.

K. K. TAIMNI

International Co-operative Alliance

11 Upper Grosvenor Street, London W1X 9PA, U.K.

Tel: (01) 499 5991 Cables INTERALLIA

President: Roger Kerinec

Director: Dr. S. K. Saxena

General Secretary: R. P. B. Davies

Regional Office & Education Centre for South-East Asia

Bonow House, PO Box 3312,

43 Friends Colony, New Delhi 110-014, India

Tel: 631541 Cables INTERALLIA

Regional Director: R. B. Rajaguru

Regional Office for East & Central Africa

PO Box 946,

Moshi, Tanzania

Tel: 4706 Cables INTERALLIA

Regional Director: Dan Nyanjom

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Asociación Argentina de Cooperativas y Mutualidades de

Seguro

Avenida de Mayo 1370 Piso 1°, Buenos Aires.

Tel. 33-0222/7138

Asociación de Cooperativas Argentinas

25 de Mayo 35, Buenos Aires.

Tel. 30-8741 Cables ASOCOOPAR Telex 012-1876

Confederación Cooperativa de la Republica Argentina Ltda.

(COOPERA)

Moreno 1729, Buenos Aires.

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Avda. Suarez 2034, Buenos Aires.

Tel. 28-5381/3 Cables COOP

Federación Argentina de Cooperativas de Crédito Ltda.

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Tel. 86-6283

Instituto Movilizador de Fondos Cooperativos

Urquiza 1394, Rosario, 1 (Sta Fé)

Tel. 44223

Intercoop Editora Cooperativa Ltda.

Alberti 191, Buenos Aires.

Tel. 47 21 49

AUSTRALIA

Co-operative Federation of Australia

(36 Northbourne Avenue), POB 347, Canberra City A.C.T. 2601.

Tel. 062-48 7816

AUSTRIA

Österreichischer Raiffeisenverband

Hollandstrasse 2, 1020 Vienna.

Tel. 26 360 Telex 07/6769

Österreichischer Verband gemeinnütziger Bau-

Wohnungs- und Siedlungsvereinigungen

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Tel. 65-71-63 Cables GEBEVERBAND

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Tel. 57-75-38 Cables KONSUMVERBAND Telex 11803

BANGLADESH

Bangladesh Jatiya Samabaya Union
"Samabaya Sadan" (1st floor), 9/D-Motijheel Commercial Area,
Dacca 2.
Tel. 255846 Cables RANGDHENU

BELGIUM

L'Economie Populaire
30 rue des Champs, 5300 Ciney (Namur).
Tel. 21-28-01

Fédération belge des Coopératives (FEBECOOP)
26-28 rue Haute, 1000 Brussels.
Tel. 513-28-60 Cables ESGECE Telex 02.224.95

Fédération Nationale des Coopératives Chrétienness
135 rue de la Loi, 1040 Brussels.
Tel. 735-60-90

Office des Pharmacies Coopératives de Belgique (OPHACO)
602 Chaussée de Mons, Anderlecht-Brussels 7.
Tel. 522-56-90

Société Coopérative d'Assurances "La Prévoyance Sociale"
P.S. Building, 151 rue Royale, 1030 Brussels.
Tel. 218-80-80 Telex 25.566

BULGARIA

Central Co-operative Union
Rue Rakovski 99, Sofia.
Tel. 88-03-11 Cables CENTROCOOPSOYUS

CANADA

Conseil Canadien de la Coopération
2030 boul. Père Lelièvre, Québec, G1P 2X1.

Co-operative Union of Canada
111 Sparks Street, Ottawa, K1P 5B5, Ont.
Tel. 232-9657

CHILE

Cooperativa de Empleados Particulares Ltda.
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Teatinos 601, Casilla 424, Santiago.
Tel. 82935

Instituto de Financiamiento Cooperativo (IFICOOP) Ltda.
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Tel. 398253

Unión de Cooperativas de Consumo y Servicios de Chile Ltda. (U-COOP)

Agustinas 1141, 7° piso, Casilla 14439, Santiago.
Tel. 715256

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Faellesforeningen for Denmarks Brugsforeninger (FDBB)
Roskildevej 65, 2620 Albertslund.
Tel. 64-88-11 Cables EFDEBE

Det Kooperative Faellesforbund i Danmark
Reventlowsgade 14, 2-1651 Copenhagen V.
Tel. 12-22-62 Cables UNICOOP

De samvirkende danske Andelselskaber
(Central Co-operative Committee of Denmark)
Vester Farimagsgade 3, DK-1606 Copenhagen V.
Tel. 12-14-19

FIJI

Fiji Co-operative Union
Registry of Co-operative Societies, Development Bank Centre, Suva.
Tel. 211-258

FINLAND

Keskusosuusliike O.T.K. (Central Co-operative Society)
POB 120, 00101 Helsinki 10.

Tel. 750731 Cables OSUUSTUKKU Telex 12-454

Kultusosuuskuntien Keskusliitto (K.K.) r.y.

(Mikonkatu 17) POB 740, 00101 Helsinki 10.

Tel. 170491 Cables KESKUSLIITTO Telex 121261 EKKSF

Pellervo Seura (Central Organisation of Farmers' Co-operatives)
(Simonkatu 6) POB 10077, 00101 Helsinki 10.

Tel. 602066 Cables PELLERVO

Pohja Yhtymä

(Runeberginkatu 5) POB 10180, 00101 Helsinki 10.

Suomen Osuuskappojen Keskuskunta (S.O.K.)

(Finnish Co-operative Wholesale Society)

(Vilhonkatu 7) POB 460, 00101 Helsinki 10.

Tel. 650611 Cables KESKUSKUNTA Telex 12-456

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(General Co-operative Union)

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Tel. 033-93-31

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29 avenue MacMahon, 75017 Paris.

Confédération des Organismes de Crédit Maritime Mutuel

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Tel. 267-14-50

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La Maison de la Coopération, 27-33 Quai le Gallo, 92517 Boulogne Billancourt.

Tel. 604.91.78 Cables FEDECOOP

Telex FEDCOP BLSGN 260846

Fédération Nationale des Sociétés Coopératives d'Habitation a Loyer Modéré (H.L.M.)

20 rue de Richelieu, 75001 Paris.

Tel. 266-4520

Société Générale des Coopératives de Consommation

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Tel. 581

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Tel. 28 651 Cables VOLKSACH HMB Telex 21 61 740

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GHANA
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Cables GACOCO

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Caisse Populaire Dominiqu Savio
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HUNGARY

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Tel. 113-600

National Council of Agricultural Co-operatives
Akadémis ucta 1-3, Budapest V.
Tel. 113-600

National Council of Consumers' Co-operative Societies (SZOVOSZ)
Szabadság tér 14, Budapest V.
Tel. 113-600 Cables SZOVOSZ

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Tel. 635387 Cables KONFED

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Tel. 74081-88

IRAN

Central Organisation for Rural Co-operatives of Iran
357 Pahlavi Avenue, Tehran.
Tel. 64210

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Ministry of Labour and Social Affairs, Tehran.

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Lega Nazionale delle Cooperative e Mutue
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Tel. 841371 Cables LEGACOOOP

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Tel. 03 279 0111 Cables CCBAF Telex J.23918

Central Union of Agricultural Co-operatives—Zenkoku Nogyokyodokumiai Chuokai
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Tel. 270 0041 Cables CHUOKAI

Hokkaido Federation of Co-operative Fishery Associations
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1-13 4-chome Sendagaya, Shibuya-ku, Tokyo.
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8-3 1-chome, Ohtemachi, Chiyoda-ku, Tokyo.
Tel. 03 (279) 0211 Cables ZENNOHREN
Telex ZENNO 222-3686

National Federation of Fisheries Co-operative Associations (Zengyoren)
Co-op Building (7th floor), 1-12 1-chome Uchikanda, Chiyoda-ku, Tokyo 101.
Tel. 2949611 Cables NAFEDDEFISH
Telex ZENGYO J TOKYO 222-6234

National Federation of Forest Owners' Co-operative Associations

Co-operative Building (8th floor), 1-12 1-chome Uchikanda, Chiyoda-ku, Tokyo 101.

National Mutual Insurance Federation of Agricultural Co-operatives (ZENKYOREN)

7-9 Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo 102.
Tel. (265) 3111

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2a Manhattan Road, Kingston 5

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Tel. 23101/3 Cables ALOUN

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Tel. 73-0021 Cables KONAFKO

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(29 Leboh Ampang) POB 685, Kuala Lumpur 01-19.
Tel. 26531/4

Co-operative Union of Malaysia Ltd.
Peti Surat 685, Kuala Lumpur.
Tel. 23903

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National Union of Co-operatives (ANGKASA)
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Tel. 771258

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MAURITIUS

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Nieuwe Gracht 5, Utrecht.
Tel. 331 331

NIGERIA

Co-operative Federation of Nigeria Ltd.

PMB 1301, Ibadan.
Tel. 61727

NORWAY

Landbrukets Sentralforbund

POB 3746, Gamlebyen, Oslo 1.
Tel. (02) 19 88 00

Norges Kooperative Landsforening (NKL)

(Revierstredet 2) POB 451 Sentrum, Oslo 1.
Tel. 20 62 90 Cables KOOPENGROS Telex 19 450 HQ

Norske Boligbyggelags Landsforbund (NBBL)

Trondheimsveie 84-86, Oslo 5.
Tel. 35 75 20

PAKISTAN

Mercantile Co-operative Finance Corporation Ltd.

Block 5, Sargodha. Tel. 3754.

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Tel. 276569 Cables BANCOOP

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Tel. 27-3752

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No. 170, Máximo Abril 552, Apartado 4360, Lima 11.
Tel. 46769

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Tel. 20666

POLAND

Central Agricultural Union of Peasant Self-Aid Co-operatives
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Tel. 26-39-69 Cables CENTROLNA

Central Union of Building and Housing Co-operatives
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Tel. 20-90-29

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"Spolem"—Union of Consumer Co-operatives
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Tel. 45-32-41 Cables SETESSES

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PORTUGAL

UNICOOPE

Rua Alvaro Gomes 112, 3292 Porto.
Tel. 684606

PUERTO RICO

Co-operative League of Puerto Rico

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Tel. 764-2727

ROMANIA

CENTROCOOP (Central Union of Consumer Co-operatives)

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Tel. 13-96-23 Cables CENTROCOOP

UCECOM (Central Union of Handicraft Co-operatives)

Calea Plevnei 46, Sectorul 7, Bucharest.
Tel. 13-16-48

UNCAP (National Union of Agricultural Producers' Co-operatives)

Bd. Gheorghe Gheorghio-Dej 25, Bucharest.

SRI LANKA

National Co-operative Council of Sri Lanka

(Co-operative House, 455 Galle Road) POB 1669, Colombo 3.
Tel. 85496 Cables NACOSIL

SWEDEN

Folksam Insurance Group

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The International Co-operative Alliance 1895-1970

by **W. P. Watkins**

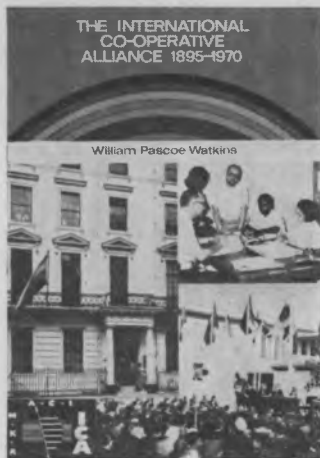
This volume of ICA history commemorated the 75th Anniversary of the International Co-operative Alliance tracing its evolution from its first manifestation as a phrase on the lips of a few 19th century co-operators to its present status as the largest consultative organisation recognised by the United Nations with over 330 million adherents.

The first chapter shows how the idea of the ICA arose out of the growth of co-operative association at local roots through national organisation to international level, to be finally realised when the basis of its constitution was laid at the London Congress of 1895.

The second chapter traces the development of the ICA's democratic constitution, its efforts to recruit members, hold them together and devise effective administrative organs and working methods in its first fifteen years.

The third chapter relates the struggles of the Alliance to maintain its existence and keep on its proper course amid the successive wars, political revolutions and economic depressions and upheavals which shook the world between 1914 and 1945.

The fourth chapter outlines the growth of the ICA, its expanding activities in the newly-developing regions, the development of its auxiliary, technical, economic and financial organisations from the start of a new era of international collaboration, inaugurated by the Charter of the United Nations in 1945, to the opening of the United Nations Second Development Decade.



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Review of International Co-operation



Vol 71 No 2 1978

The official organ of the International Co-operative Alliance

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The ICA is not responsible for opinions expressed in signed articles.

56th International Co-operative Day

Saturday 1st July, 1978

“... Wherever the flag of International Co-operation flies, man can take hope that poverty, denial of freedom, apartheid, war — all the conditions which prevent mankind's full development — need not endure for ever.

“Drawing inspiration from the achievements of a single century, co-operators can look forward with slowly increasing confidence to an era when, through their collective efforts, the right of every man and woman to live his or her life under conditions of personal freedom, social and economic justice, and enduring peace, will be more firmly established.

“Wielding greater economic power than ever before in their history . . . co-operators can now speak with a voice of authority which, had it fallen on the ears of Rochdale's humble pioneers, would have sounded like the fanfare to the millennium . . .”

A Message from the Director of the International Co-operative Alliance

Dear Co-operators,

The International Co-operative Alliance hopes that, on the occasion of this 56th International Co-operative Day, all Co-operators will review the achievements of their Movements during the past year, and initiate measures that will enable Co-operation to face the future with optimism and enthusiasm.

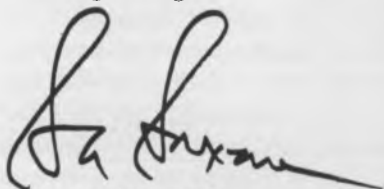
On this day, when millions of Co-operators stand united under the Rainbow Flag, the International Co-operative Alliance calls on Co-operators everywhere, and especially those in membership:

- TO WORK for the establishment of lasting PEACE AND SECURITY;
- TO ASSIST in the promotion of the ECONOMIC AND SOCIAL PROGRESS of workers throughout the world;
- TO COLLABORATE with the United Nations and its Specialised Agencies and all voluntary bodies which pursue AIMS OF IMPORTANCE to Co-operators; and
- TO PROMOTE friendly and economic relations BETWEEN CO-OPERATIVE ORGANISATIONS of all kinds, nationally and internationally.

In order that 1978 may be the Year of Co-operative Solidarity, your Movement may wish to consider, as was approved at our 1976 Congress in Paris, the creation of a Co-operative Liaison Committee in your country (where a body fulfilling such a liaison function does not already exist), so that the different branches of the Movement may pull together and provide, through the International Co-operative Alliance, co-ordinated responses to the major issues affecting all humanity.

In this important task, we seek your assistance and guidance.

With Co-operative greetings,



S. K. SAXENA

Summary of Statistics

	<i>Number of Societies</i>	<i>Percentage of Whole</i>		<i>Individual Members</i>	<i>Percentage of Whole</i>
Agricultural ..	215,506	32.31%	Agricultural ..	61,740,509	18.34%
Consumer ..	64,302	9.64%	Consumer ..	127,808,328	37.96%
Credit ..	240,111	36.00%	Credit ..	114,150,038	33.91%
Fishery ..	14,422	2.16%	Fishery ..	2,048,548	0.61%
Housing ..	63,144	9.47%	Housing ..	12,015,660	3.57%
Productive ..	41,987	6.29%	Productive ..	5,619,424	1.67%
Miscellaneous ..	27,561	4.13%	Miscellaneous ..	13,285,012	3.94%
Total no. of Societies:			667,033		
Total Turnover:			\$372,351,209,000		
Total Membership:			336,667,519		

ICA World Membership

AFRICA

Cameroon*	37,220
Gambia	70,000
Ghana	207,100
Kenya	643,867
Mauritius	31,031
Morocco	—
Nigeria	302,506
Tanzania	640,463
Uganda	1,038,032
Zaire	—
Zambia	50,123
<hr/>	
	3,020,342

AMERICA

Argentina	3,813,295
Canada	9,124,111
Chile	281,231
Colombia	152,871
Guyana*	29,085
Haiti	170
Jamaica	—
Peru	—
Puerto Rico	326,452
Uruguay	149,326
U.S.A.	48,251,417
<hr/>	
	62,127,958

ASIA

Bangladesh	4,489,865
Cyprus	210,887
India	71,828,738
Indonesia	8,492,197
Iran	2,305,056
Iraq	91,312
Israel	699,090
Japan	15,612,762
Jordan	11,759
Korea	2,336,189
Malaysia	1,343,401
Pakistan	1,631,965
Philippines	414,986
Singapore	63,377
Sri Lanka	1,905,184
Thailand	817,013
<hr/>	
	112,253,781

OCEANIA

Australia	3,410,478
Fiji	30,440
<hr/>	
	3,440,918

EUROPE

Austria	2,481,948
Belgium	1,625,141
Bulgaria	2,930,290
Czechoslovakia	3,896,904
Denmark	1,526,304
Finland	1,958,696
France	10,114,344
German Dem. Rep.	4,275,141
Germany, Fed. Rep. of	8,871,672
Greece	572,890
Hungary	3,880,694
Iceland	38,929
Irish Republic	160,175
Italy	3,964,647
Malta*	785
Netherlands	112
Norway	905,400
Poland	9,976,304
Portugal	3,877
Romania	13,526,698
Sweden	4,136,365
Switzerland	928,339
Turkey	4,271,196
United Kingdom	10,795,669
U.S.S.R.	63,476,000
Yugoslavia	1,506,000
<hr/>	
	155,824,520

Figures for 1975, where available, have been used throughout.

*No longer in membership of the ICA.



From left to right: Dr S. K. Saxena, Director, ICA; M. Denis Bra Kanon, Minister for Agriculture and M. Niangoïn Oka, President, Chamber of Agriculture, Ivory Coast.

ICA and the Co-operative Movements in West Africa

by
S. K. Saxena
Director, ICA

For many years now, West African co-operative movements in membership of the ICA have asked for the creation of a regional framework under ICA auspices to achieve an accelerated interchange of co-operative experiences. As late as October 1977 at the ICA's Central Committee meeting in Hamburg, the request was re-stated force-

fully by the delegates of Ghana and Nigeria. The request arose partly out of an absence of facilities for dialogue between the movements in the region and also as a result of the realisation, based on the experiences of ICA's two existing regional offices, that movements operating under broadly similar social and economic conditions have a lot to

learn from each other. The two regional offices, established in 1960 in New Delhi, India, to serve the movements in South-East Asia and in 1968 in Moshi, Tanzania, for the movements in East and Central Africa, have, as is now generally recognised, made some fairly impressive gains in arranging for programmes of co-operative education and training, promoting closer relations between the movements in the two regions, implementing technical assistance projects in the fields of insurance, consumer co-operation, agricultural credit etc, imparting research training, extending support to the United Nations and to the Regional Economic Commissions and offices of Specialised Agencies. The regional offices have also enabled, and indeed encouraged, the movements in many developing countries to articulate their needs, problems and achievements at various international meetings of the ICA.

ICA Mission to West Africa: its composition and terms of reference

The authorities of the Alliance, therefore, decided to send a Mission to countries of West Africa in March of this year, to study the situation in the field. At the end of the field enquiries, the Mission was to discuss its findings with leaders of co-operative movements in a conference in order to ensure that its findings were realistic and indeed reflected the more fundamental and urgent needs of the movements. The Mission consisted of the following members:

Mr Alf Carlsson, Leader (Sweden),
Mr Graham Alder (ICA), Miss
Françoise Baulier (France), Mr L.

Chapalay (Switzerland), Mr S. M. D. Gabisi (Sierra Leone), Mr Dominique Gentil, Deputy Leader (France), Mrs Lorraine Hubbert (Canada), Dr K. A. Mariko (Niger), Mr Arne Nielsen (Denmark).

The Mission was asked:

1. to investigate the nature of co-operatives in the region with regard to structure, economic and social activities, democratic controls, financial requirements, education and research programmes, relationship with the Government, etc;
2. to identify the needs of co-operative movements in the region and to specify the content of an ICA Regional Programme which might make a contribution to satisfying those needs; also to identify the organisational structure of such a programme including ways by which the movements might advise democratically on the operation of the programme;
3. to determine and assess the activities of existing regional programmes in order to ensure co-ordination with those programmes;
4. to assess the resources which might be available locally to support a regional programme.

Findings

After an initial meeting in Dakar, Senegal, the Mission divided itself into two teams in order to be able to visit a sufficient number of countries, one team visiting Nigeria, Benin and Togo (a visit to Ghana had unavoidably to be cancelled) and the other going to Senegal, Gambia, Sierra Leone, Upper Volta and the Ivory Coast.

In all countries visited a clear desire was expressed for the ICA to help in creating a regional platform to enable West African movements to work together more closely. Many international agencies already active in the area supported the idea. On the content of a regional programme, the following aspects were emphasised. First, there was an urgent need for exchange of experience between movements in the region and between the region and members of the ICA in other parts of the world. Such exchanges should also help to disseminate information about special developments in the various co-operative movements.

In education and training, an area in which the need for sharing of experiences was particularly voiced, the following were considered to be important: education for members and office bearers, training of trainers, senior management personnel training, development of co-operative studies and introduction of co-operative principles and practices in rural development courses. External assistance in promoting trade was needed and action should be initiated through project identification, locating financial resources and by helping to create a climate which would facilitate trade links between co-operatives in West Africa and movements in

A group of participants.



other parts of the world. It was felt that ICA's regular task of promoting democratic co-operative principles and practices, advising on structures and bringing more movements from the region into membership of the world body, were equally important. A practical and effective programme would consist of: seminars, study tours, regional bulletin, provision of consultancy services and research. The supporting administrative structure for the programme should be light and co-operative movements in the region should be able to advise democratically on the operations of the programme. So far as sources of finance were concerned, movements would be prepared to accept an equitable share of costs provided specific proposals were put to them. Many qualified people were available within the region and should be able to man the programme.

On the basis of the above findings, the ICA Mission agreed to recommend to the authorities of the Alliance that an ICA Regional Programme should be established in the region and that the programme should respond to what were seen as the principal needs in the region. Finally, the Mission spelled out the criteria which should be considered in deciding upon the location of the office. These were: strength of the co-operative movement, attitude of Government to the proposed plan, facility of communication, cost of living and the convenience of contacts with other international organisations.

The Abidjan Conference

In order to test the validity of the recommendations of the Mission and to amend them in the light of further remarks, a conference of West African

co-operative leaders, representing both the movements and the Governments, was held in Abidjan, Ivory Coast. The Conference was hosted at the premises of the *Chambre d'Agriculture* with the considerable support of the Government of the Republic. Participants came from Benin, Cape Verde, Gambia, Ghana, Guinea Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo. A number of observers from various international organisations, including the EEC, ILO, the World Bank, UNESCO, UNDP, also attended.

The Conference was inaugurated by His Excellency, the Minister of Agriculture, Mr Denis Bra Kanon, who in his opening speech referred to the emphasis placed by H. E. Houphouet Boigny, the President of the Republic, on rural development. Mr Bra Kanon identified the constraints on rural development, the significance of agriculture in the economy of Ivory Coast, and outlined the ways in which human resources were being mobilised for the progress of the country. The leader of the Mission, Mr Alf Carlsson, presented the report of the Mission, and comments were made by various national delegates. The delegates to the Conference, with some minor shifts in emphasis, generally endorsed the recommendations of the Mission and emphasised the need for early action. Offers to host the regional programme Ministry of Agriculture, Ivory Coast. Nigeria and Togo. The concluding address of the Minister was read by Mr Ousmane Diarra, Directeur du Cabinet, Ministry of Agriculture, Ivory Coast.

The report of the Mission, which will take into account the comments made at the Conference, will be submitted to the

authorities of the Alliance at the meeting in September in Copenhagen for their consideration and decision.

In conclusion, it is appropriate to express our warm thanks to members of the Mission for the quality of their report, to the Government of the Republic of Ivory Coast and its Ministry of Agriculture, the Chamber of Agricul-

ture, the various agencies and movements who supported the ICA's initiative, and above all to the delegates and observers attending the Conference whose comments helped in achieving a consensus on the needs of the movements to which ICA's regional programme of work would provide a response.

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A Village Success Story from the Kingdom of Tonga

by
Jan Worth*

The year was 1961. A hurricane had just ravaged the island of Vava'u in the South Pacific seas of the Kingdom of Tonga, and the leaders of the village of Tu'anekevile sat together pondering how to feed their people.

Since 1959, they had been saving money, hoping to join in a World Health Organization project to provide water systems to the Kingdom. They had raised £153—just enough for one well and a pump.

Dr 'Alo 'Eva, a retired surgeon born in the village who has returned there often with moral support and financial assistance, said to the men, "Perhaps you should use this money to buy food . . ."

The men returned his hard look, then replied, "You've seen us. We're all hollow-eyed. We feel the hunger. But the money for our water supply will not be touched." They survived the crisis and the fund for the WHO water supply remained intact.

Several years later, when Tonga's Prime Minister declared that only villages with their own savings would be given WHO aid to instal water systems, Tu'anekevile was the only village in Vava'u to qualify.

Left:

Fragrant frangipani blossoms will scent the hut where Baron Vaea and the co-operative leaders of Tu'anekevile will meet.

Since then it has distinguished itself with the same spirit and determination in other areas. Starting with the water supply, the village has devoted itself to a variety of energetic community development projects, mostly funded from its own savings and profits.

In the latest Tu'anekevile success story, the village has registered itself as a co-operative society, both to manage a feast it sponsors for cruise ship visitors to the island, and to proceed with even more ambitious programmes of neighbourhood progress.

The feasts began in 1970, when the village learned from the agent for a cruise ship line that the big ships would begin stopping at the harbour of Nieafu, capital city of the Vava'u island group.

"I want to have these people occupied. I don't want to have them bored when they stop at Vava'u," the agent said at a picnic where the prospects were discussed.

Sensing a great opportunity for his village, Dr 'Alo rushed from the picnic to Tu'anekevile, where he hastily called together all the elders—even though it was nearly 2 o'clock in the morning.

"Let's make a tourist spot of 'Eneio Beach," he proposed. The beach, a

*Public Relations Officer, Ministry of Labour, Commerce & Industries, Kingdom of Tonga.

serene and secluded curve of sand, rock and trees near the village, seemed a perfect spot for tourists. "If you proceed carefully this can become your source of steady income."

The elders agreed. But they had less than a month to prepare for the first cruise ship's arrival.

At 6 o'clock that morning, they organized the villagers into five groups. Soon most of the town's 300 residents were at the beach, clearing bush, digging coral out of the sea bottom for a swimming area, and constructing small huts for craft displays.

The plan was to transport the tourists the six miles from Nieafu by lorry, to give them several hours to swim and browse among a variety of huts. In the huts were to be demonstrations of Tongan tapa making and basket weaving and of the kava ceremony, an ancient and modern social custom consisting of making a chalky beverage from the root of the kava tree.

After the morning's activities, the villagers would give a Tongan feast, complete with rows of pigs baked whole over an open fire, mounds of baked yams, watermelons, pineapples, fish, chicken, Tongan dumplings, and coconut milk. Then the schoolchildren would dance and the guests would be entertained for a while until their dinners settled; then they would be taken back to Nieafu with enough time left to stroll around town before the boat left.

Four days before the ship arrived, the agent got the word: 496 passengers were scheduled to sample the programme at 'Eneio Beach. Preparation for the feast was furious. A rate of \$3.50 per person was charged.

And when the appointed day arrived,

the tourists came and the feast happened without a hitch. It made money and the villagers were enthusiastic about continuing. So began a project bringing in a steady income to the village as Dr 'Alo had predicted; an average of one cruise ship a month stops in Nieafu.

Since 1970, the village has remained divided into its five work groups. Each Thursday is devoted to maintaining 'Eneio Beach and the feast area. Since most people in the village are farmers, it is possible for them to mould their schedules around the maintenance needs of the beach. Each group keeps a book in which is entered a record of who attends each work day, with the idea that if they have enough money after each feast, it is distributed to the workers according to the time spent.

In 1976, with over \$8,000 on long term deposit in a savings account accumulated over six years, the village registered as a co-operative society with the Government of Tonga's Co-operatives Department. In a sense, Tu'anekeviale had been a co-operative since the feasts began, but had never made formal liaison with the government.

The year also brought more good news and opportunities for the village. Dr 'Alo had been dreaming and hoping to help Tu'anekeviale upgrade its agricultural and sanitation facilities. In 1976, a few things occurred which led to an answer to those dreams.

In 1975, Dr 'Alo had heard about a foundation in New York called the Foundation for the Peoples of the South Pacific, Inc. He learned that the non-profit organization, which gathers and distributes contributions from all over the world, had assisted several other projects in Tonga.



Baron Vaea, Hon. Minister of Labour, Commerce and Industries, with co-operative advisers and (far right) Dr. 'Alo 'Eva.

He talked to a representative of the group during a visit to Tonga, and finally, Dr 'Alo went to America himself to talk to Foundation officers.

He had a clear idea of what he wanted: initial capital to build a modern, sanitary piggery, a methane gas digester fueled with the pig excrement, a fish pool where algae from the water treatment would provide nutrients, a community centre, a fowl-run and a refrigeration unit.

'Alo's plan had been carefully considered. The pigs, which are the foundation of the Tongan diet and highly esteemed food for all kinds of family and religious celebrations, roam freely through most Tongan villages, rooting

up crops and snorting through trash heaps.

'Alo wanted to see Tu'anequivale's pigs penned under sanitary conditions, with the village organized to provide feed. The pig diet will be a combination of corn, tapioca, fish, greens and garbage collected from each home. These together would be boiled, with the gas from the digester providing fuel for the feed processing.

In addition, 'Alo theorized, "If we use the waste digester to get gas out of the piggery, we could use the community centre to teach the women how to cook with gas and how to look after a modern home. So, when we build a new home in the village, the women would move not



Women of Tu'anequivale preparing for a visit by Baron Vaea at 'Eneio Beach feast site.

only into a new home, but to new ideas as well. For the men, the community centre could be a place for learning how to use and maintain power tools—they could make carvings for 'Eneio Beach instead of just sitting around drinking kava."

The foundation reacted swiftly and positively. They said: "Alo's proposals have something to do with the people." They said: "This would be aid that reaches right down to the basics and would help Tu'anequivale stand on its own two feet."

Within months, \$4,300 in Australian currency had arrived from Foundation members in Australia. Another \$18,000 is forthcoming from Canada.

All of the money and the projects it will fund will be channeled through Tu'anequivale's co-operative organization, with village elders taking responsibility for its use just as they have for the feast money for the last six years.

More important, however, the people of Tu'anequivale will build all the projects themselves. Their labour will be voluntary, in line with the co-operative structure they have believed in since the feasts began. Work on the projects has been divided into three groups, on a daily Monday through Thursday schedule.

The day to work on 'Eneio Beach has been changed to Friday, but the people are not in all the groups so everyone

works only one or two days a week on the beach or community projects and has the rest of the time to work on his individual bush farm.

“There is no end to the things that can be done, once we have begun,” Dr 'Alo says. “The important thing is that in Tu'anequivale there are people who are trying to help themselves.”

In all, the projects planned will cost about \$45,000, and it seems that by combining their own elbow grease and

savings with the contributions of the Foundation, the people of Tu'anequivale are on their way. Work on the piggery has begun. The waste digester will come next.

“I have dreamed about this for so long, and now it's finally happening. This kind of job is never finished,” Dr 'Alo said. “In our village, we are builders. If you don't have a dream you don't have anything to build on. And if you don't have something to build on, you don't have anything.”

Open World Conference on Industrial Co-operatives

October 25-28, 1978 ROME

Midas Palace Hotel, Via Aurelia 800

Six main speakers dealing with the problems and potential of industrial co-operatives. Papers are invited from participants and non-participants. The Conference will work in English, French, Spanish and Italian. Documents will be printed in English and French.

For full details please contact:

**Mr Bruno Catalano, Secretary,
ICA Workers' Productive Committee
Via Torino 135
00184 Rome, Italy
Tel: Rome 475 4483**

Registration Fee:

US\$ 60.00, made payable to *EGA Cooperazione Industriale*

The Open World Conference on Industrial Co-operatives

by

Bruno Catalano

Secretary, International Committee of Workers'
Productive and Artisanal Societies

The Open World Conference on "Development and Industrial Co-operatives" will take place from 25th to 28th October 1978, in Rome in the 'Sala grande' of the Midas Palace Hotel. The Conference is being promoted by the International Co-operative Alliance at the suggestion of the International Committee of Workers' Productive and Artisanal Societies (CICOPA) which discussed the matter in Paris in September 1976. The organisation of the Conference is in the hands of the Italian co-operative apex organisations, *Lega, Confcooperative* and *Associazione Generale*, working through a joint committee on which each organisation has equal representation, assisted by a policy secretariat at Via Torino 135 (Rome) and a conference secretariat at Viale Tiziano 19 (Rome), the office of the EGA. Over 600 participants are expected to attend the Conference, representing the industrial co-operative movements of many countries in and outside Europe, trade unions, university experts and those studying co-operative economics, management and governments. The UN international agencies,

ILO and UNIDO, will be represented at the Conference and have undertaken to support participation by co-operative representatives from developing countries.

The general themes of the Conference are:

1. Origin and development of industrial co-operatives in relation to the modern world.
2. The role of industrial co-operatives in economic and social development.
3. The role of international organisations in the development of industrial co-operatives.

They will be introduced by six official speakers as follows:

1. J. Bray (United Kingdom); R. Prodi (Italy);
2. S. Dandapani (India); B. Trampczynski (Poland);
3. Officials from ILO and UNIDO respectively.

The Conference programme will comprise:

25/26 Oct. Reports and
 Discussions

- 27 Oct. morning Conclusions
 afternoon Meeting of Working
 Group to draft Final
 Report
- 28 Oct. morning Plenary Session: Final
 Report and Conclu-
 sions

This important event in Rome, which it is hoped will be opened by the President of the Italian Republic, will be attended by the ICA President, Mr Kerinec, the Director Dr. Saxena, the General Secretary, Mr. Davies, and other ICA officials.

What are the basic reasons for holding the Conference? They can be summarised briefly as follows: the part of the economy seen to be most severely affected by the general economic crisis is the industrial sector. Social conflict, and the refusal to accept inequality increasingly manifested by the desire for "participation" of the working classes, find fertile ground in the industrial productive system.

Self-management now appears as a new weapon—new, because in addition to its ideological and ancient historical connotations from the pre-industrial era, it clearly has economic significance. Co-operation is essentially such a type of self-management.

That is why, in this ferment of ideas in which economists, trade unionists, industry and governments are involved, the co-operative movement is also feeling the necessity of re-examining its own "ideas" while adhering strictly to its basic principles. And the Rome Conference hopes to provide the forum for analysis, and then proposals to indicate how the co-operative model can provide a modifying factor of the present

socio-politico-economic order at world level.

This model will bear different aspects according to different national situations: countries with high industrial potential; market economy countries; those with planned economies; emerging countries rich in valuable natural resources; countries poor in such resources.

In addition to a general model as far as possible applicable to all, it will be necessary to recognise variations in individual cases in method and time of putting it into operation. The Rome Conference cannot expect to resolve all these problems, but it can reasonably hope to lay them on the table.

Several considerations influenced the choice of Rome as the place for the Conference, which can be summarised as possible:

- the geographical position of Italy, Mediterranean bridge between the European industrialised economy and the developing economy of Africa;
- the presence in Italy of a strong co-operative movement in the industrial sector, with ancient traditions and a significant position;
- the social and economic situation in Italy, which has great relevance for a conference on industrial co-operatives, approaching co-operative production in small and medium sized enterprises from a variety of different points of view.

And finally, there is the ferment in the trade union world and in the world of industrial relations—at many levels in industry. A solution to these problems will certainly require greater participation of workers in the control of indus-

try, from which they have hitherto been barred.

The conditions are right for a major world conference in Rome on industrial co-operatives. But if success is to be

achieved, it will require an effort of will on the part of all members of production and labour co-operatives, to bring their ideas and suggestions to Rome and give the Conference their full support.

Financing Industrial Co-operatives

by

Paul Derrick

Secretary, Co-operative Productive Federation, U.K.

The Open World Conference on Industrial Co-operatives to be held in Rome in October is going to need to discuss *why* there are so few co-operatives of this kind and *what* can be done to encourage their formation and the conversion of conventional enterprises to a co-operative basis. On the face of it, an industrial co-operative appears to be a more sensible way of organising production than a conventional capitalist company. Because an industrial co-operative is run in the interests of its worker members, incentive and productivity would seem likely to be greater and industrial relations better. Moreover with profits accumulating on behalf of workers, it is likely to be easier to develop an incomes policy that will be accepted as fair by trade unionists and to contain inflation, and easier to sustain demand and employment without deficit spending and inflation. An increasing number of trade unionists seem to be interested in the formation of industrial co-operatives as a way of reducing unemployment.

Yet the number of industrial co-operatives is minute compared with the number of conventional enterprises. Capital required per member tends to be

greater with industrial co-operatives than with consumers' co-operatives or agricultural marketing or supply co-operatives or with credit co-operatives; and risks tend to be greater. It may be that most of the people considering the launching of new enterprises are unwilling to risk their savings and perhaps also those of others for the kind of return allowed by co-operative law—and one vote. They form companies or start private businesses instead. Moreover the resources of people wishing to form co-operative productive societies are often very limited and significantly less than the enterprise is likely to require.

Initial Capital

When any workers' or other co-operative is formed the first thing necessary is for the potential members to raise as much share capital as they can from their own savings. There may sometimes be some who claim not to be able to find the minimum shareholding required by the Rules for membership; and in some cases a co-operative productive society may be compelled to raise some share capital from people or organisations other than worker members. In Britain, for example, some productive societies

in membership of the Co-operative Productive Federation have sometimes had to raise some share capital from outside individuals or from organisations such as consumers' co-operatives and trade unions. For a productive society to have shareholders who are not worker members or worker members who are not shareholders does not help it to develop a clear sense of common purpose; but some outside share capital may sometimes seem essential. It may, therefore, be helpful for co-operative law to authorise the issue of non-voting preference shares to persons or organisations other than members, as in India, USA, Canada etc. In India the report of the Second Working Group on Industrial Co-operatives in 1963 recommended the provision of share capital for industrial co-operatives by state governments.

In some developing and other countries state banks or other public bodies provide loans for the development of industrial co-operatives. In India, for example, the Reserve Bank of India has provided substantial funds for the development of industrial co-operatives; in France the Banque Française de Crédit Coopératif has a similar role, as does the Banco di Lavoro in Italy. But such loans are normally only provided to supplement share capital provided by members. Sometimes, as with Indian sugar mills, the share capital provided by members may be very small in relation to loan capital provided by governments or banks; and sometimes share capital may be dispensed with altogether.

Share Capital

In Britain, for example, the Government in 1975 established the Meriden

Motorcycle co-operative to take over a factory after a company producing motorcycles had failed, providing a loan of £4,200,000 repayable over fifteen years and a grant of £750,000. The shares of the co-operative were held by a trust and there were no personal shareholdings. In the same year a grant of £3,900,000 was made to Kirkby Manufacturing and Engineering Ltd. at Kirkby near Liverpool to produce radiators, soft drinks and other things. Shareholdings in the company were limited to one share per member. In 1951 the shares of a successful chemical company in Northamptonshire were transferred as a gift by the proprietor to a company limited by guarantee without share capital called the Scott Bader Commonwealth Ltd. It had plenty of own capital but there were no personal shareholdings. Otherwise the constitution of the enterprise was rather like that of a co-operative. Since that time the Industrial Common Ownership Movement, founded on the initiative of the Scott Bader Commonwealth, has promoted the formation of co-operatives with Rules restricting shareholdings to one share per member.

This is a very odd kind of provision in the Rules of a co-operative. The worldwide experience of industrial and other co-operatives over the last hundred years is that co-operatives need to raise as much share capital as they can from their members—and then borrow what they can from outside sources. On the face of it it would seem that any attempt to launch co-operatives or other enterprises with all their capital as loan capital and no own capital is likely to be very difficult and to have an adverse effect upon borrowing capacity and

trade credit. An enterprise such as the Scott Bader Commonwealth, operating for thirty years as a conventional company before converting to a "common ownership" basis may have substantial own capital from accumulated profits and no personal shareholdings; but a new enterprise does not.

External Financing

Professor Jaroslav Vanek, Director of the Programme on Participation and Labour Managed Systems at Cornell University, New York, has been arguing for the last ten years that co-operative productive societies and "Labour-Managed Enterprises" should be *externally financed*, which appears to mean that *all* their capital should be loan capital and that capital should be provided externally by loans and not internally by the ploughing back of earnings. Professor Vanek in his *General Theory of Labour-Managed Market Economies* (1970)⁽¹⁾ and *The Participatory Economy* (1971)⁽²⁾ has been primarily concerned with a Yugoslav type economy in which assets are owned not by the workers in an enterprise, as in a co-operative productive society, but by society as a whole. The *profits* of an enterprise belong to the workers and it is *controlled* by them; but the assets belong to society. He says at the beginning of his *General Theory* that one of the five basic assumptions of the book and of the characteristics of a Labour-Managed Firm is that the members of the enterprise "enjoy collectively the usufruct of the assets of the enterprise but not full ownership in the sense that they can neither destroy the assets nor sell them and distribute the proceeds as income."

Such Yugoslav-type enterprises differ

basically from co-operative productive societies in that, in the latter, the enterprise is owned by the worker members and they may be issued with shares in the co-operative when earnings are ploughed back so that they participate in the growth of assets. The residual assets if any, of a co-operative are not usually distributable to shareholders in proportion to shareholdings in the event of a winding up, like the residual assets of a conventional company, but they are sometimes distributable in proportion to trade or to work over a period of time. In some countries co-operative law requires that any such residual assets should be handed over to some other co-operative organisation or to charity.

In some countries, such as Britain and America, the residual assets of a co-operative *may* be distributed to shareholders in proportion to shareholdings, and this can lead to anomalies and even to the premature winding up of a successful co-operative if shares are not issued to members when earnings are ploughed back so that a significant gap arises between share values and asset values. This happened with the successful plywood co-operative, Olympia Veneer, in Oregon, USA, in the 1950s, and with Wigston Co-operative Hosiers in Leicester, England, about the same time. Instead of workers in the co-operative productive society sharing in the growth of assets in proportion to work as earnings were ploughed back, capital gains were made on a winding up which could not have been made if the co-operative had been trading. This danger of a premature winding up following a gap between share and asset values is greatest if some shares are held by people other than worker members in

the case of a productive society.

This question of the distribution of the residual assets of a co-operative in the event of a winding up was discussed in the debate on co-operative principles at the 23rd Congress of the International Co-operative Alliance in 1966 in Vienna, but the proposal to incorporate something about the distribution of residual assets in the resolution on co-operative principles was defeated.

The Growth of Assets

The essential point is that in industrial co-operatives worker members can and should participate in the growth of assets when earnings are ploughed back by being issued with shares, whereas in the Yugoslav system the ownership of assets is vested in society as a whole so that the worker members, like the members of labour contracting co-operatives, do not participate in the growth of assets. One result appears to be, as Mr Ljubo Sirc has noted in the booklet *Can Workers Manage?*⁽³⁾ that workers' co-operatives tend to distribute too much and not to invest enough in Yugoslav enterprises in spite of changes in regulations about the distribution of earnings.

Professor Vanek in the two books mentioned and in his new collection of essays *The Labor Managed Economy*⁽⁴⁾ has analysed in considerable detail the way in which labour-managed economies can be expected to work, and has demonstrated convincingly that, where the ownership of assets is vested in society, it is wise to arrange for financing to be external so that a scarcity price is paid for capital and so that under-investment and certain other distortions are avoided. What appears to apply in Labour Managed Enterprises of the Yugoslav

type does not *necessarily* apply in industrial co-operatives if, as with the successful industrial co-operatives based at Mondragon in the Basque Provinces of Spain, they plough back a high proportion of earnings and worker members participate in the growth of assets. It seems probable from the report⁽⁵⁾ on the Mondragon co-operatives from the Anglo-German Foundation for the Study of Industrial Society, that they owe some of their success to ploughing back something like 90% of their earnings with workers participating in the growth of assets, except to the extent that earnings are allocated to social purpose. There are more than sixty of these industrial co-operatives with the largest employing about 3,500 people; and it seems probable that their success is also partly due to their close association with their own bank, the *Caja Laboral Popular*, which helps with the launching of new co-operatives, provides about 60% of the initial capital in the form of loans and keeps a close watch on their performance. It has not yet lost any of the money it has invested in these industrial co-operatives.

Taxation

In some other countries, such as Britain, co-operative productive societies have tended to plough back a lower proportion of earnings than the companies with which they compete, for various reasons. One is that the worker members do not always participate fully in the growth of assets when earnings are ploughed back. This may be partly because when a co-operative productive society in Britain issues shares to its worker members these are liable to be taxed at the time as income, whereas

when a conventional company ploughs back its earnings the shareholders automatically participate in the growth of assets through the appreciation of share values. It has been proposed in Britain in a Consultative Document from the Inland Revenue, and in the 1978 budget, that when workers are issued with shares they should be exempt from paying tax at the time and should only pay tax when the shares are transferred or repaid (as company shareholders do when capital gains are realised), and that if they hold the shares for more than five years the rate of tax should be reduced by half, while if they are held for more than ten years it should be reduced by three quarters.

A tax change of this kind could clearly do much to encourage co-operative productive societies in Britain to plough back a higher proportion of earnings—and would do so at a time when there is widespread interest in co-operative production with the introduction of a Bill to establish a Co-operative Development Agency that is likely to be concerned mainly with co-operative productive societies. Co-operatives in Britain already pay corporation tax at a lower rate than companies and if the gap between the rate for conventional companies and the rate for co-operative societies were further increased it could help co-operatives to accumulate capital out of earnings and encourage the formation of new co-operatives and the conversion of conventional companies to a co-operative basis.

A Scarcity Price for Capital

This would be encouraging the development of co-operatives by helping them to accumulate capital out of earn-

ings, that is with self-financing. It also seems probable that the proposed new Co-operative Development Agency in Britain will explore ways and means of providing industrial co-operatives with external financing. Professor Vanek has argued that Labour Managed Enterprises on the Yugoslav model need to be financed as much as possible externally, if under-investment and some other distortions are to be avoided. Co-operatives normally require initial risk capital in the form of share capital, borrowing what they can from external sources and the accumulation of capital out of earnings. It may be that Professor Vanek will be able to explore further whether the ploughing back of a high proportion of earnings, as with the Mondragon co-operatives, is important for co-operative development *if* worker members, as at Mondragon, have their share accounts credited with shares in respect of such ploughed back earnings so that a *scarcity price is paid for capital*. Perhaps this could provide a valuable link between Professor Vanek's important work on the theory of Labour Managed Enterprises and the experience of the Mondragon co-operatives.

The Mondragon co-operators say that personal shareholdings in their co-operatives are important not only because they enable members to participate in the growth of assets when earnings are ploughed back but also because they help to promote member involvement. It may therefore be that the formation of new industrial co-operatives in Britain following the establishment of the Co-operative Development Agency and the conversion of conventional companies to a co-operative basis will usually involve personal shareholdings

by worker members rather than, as with Meriden Motorcycles Ltd, attempting to dispense with them.

Conversion

It may also be that more attention will be paid, in Britain and elsewhere, to the conversion of established enterprises to a co-operative basis as distinct from launching new co-operatives. One problem with new industrial co-operatives is that workers have limited resources and may be unwilling to risk their savings for the kind of return allowed by co-operative law. If it is important for a scarcity price to be paid for capital when earnings are ploughed back and workers participate in the growth of assets, it may be equally important for an adequate price to be paid for capital when a new co-operative is formed. Otherwise the capital may not be forthcoming. Co-operative law or company law or both might be amended in such a way as to allow a new enterprise to pay an unlimited return on initial risk capital for a limited period, such as five or ten years, and a limited return thereafter on asset values at the end of the initial period and with the conversion of any shares held by persons other than those working in the enterprise into non-voting shares or loan stock. This would be equivalent to launching an enterprise on a conven-

tional basis with a built-in conversion to a co-operative basis after a period of time. An attempt to encourage the conversion of conventional enterprises to a more or less co-operative basis was made in Britain in 1976 with the Industrial Common Ownership Act; but its definition of a "common ownership enterprise" oddly excluded companies limited by shares while its definition of a co-operative enterprise made no mention of co-operative principles and was so broad that it appeared to entitle any little company issuing shares to a majority of its workers to describe itself as a "co-operative enterprise".

If the development of industrial co-operatives is to have a significant impact on contemporary economic problems—such as improving industrial relations, increasing incentive and productivity, reducing unemployment and developing an incomes policy that will be accepted as fair by trade unionists—it is clearly important that it should involve the conversion of conventional enterprises to a co-operative basis as well as the formation of new enterprises on a co-operative basis. In some European countries such as Italy, there has been considerable interest in the conversion of established enterprises to a co-operative basis. It is a matter to which the Commission of the European Economic Community could usefully pay some attention.

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- (1) *General Theory of Labour-Managed Market Economies*: Prof. J. Vanec. Cornell University Press, 124 Roberts Place, Ithaca, New York 14850 USA. (1970) £15.65.
 - (2) *The Participatory Economy*: Prof. J. Vanec. Cornell University Press. (1971). £10.00.
 - (3) *Can Workers Manage?* Institute for Economic Affairs, 2 Lord North Street, London SW1. £1.50 (mentioned under *Recent Books* in this issue).
 - (4) *The Labour Managed Economy*: Prof. J. Vanec. Cornell University Press (1978) £12.00.
 - (5) *Mondragon Report*: Anglo-German Foundation for the Study of Industrial Society, St. Stephen's House, Victoria Embankment, London S.W.1. £2.90.

The Formation of Integrated Systems of Co-operative Societies*

by

Hans-H. Münkner

University of Marburg, Fed. Rep. of Germany

1. Definition of Terms

1.1 *Co-operative Society*

There is no universally accepted standard definition of the term "co-operative society". This is mainly due to the fact that in the past, ideological or political components or references to peculiar social and economic conditions were included in the various definitions, thus making it difficult, if not impossible, to apply these definitions in countries where different socio-economic or political conditions prevail.

In the report of the ICA Commission on Co-operative Principles (London, 1967) and in the Recommendation No. 127 of 1966 of the International Labour Conference (Recommendation concerning the role of co-operatives in the economic and social development of developing countries, para. 12(1) (a)) efforts were made to come to a more general definition by reducing the ideological elements to a minimum and by placing main emphasis on general and universally accepted characteristics of co-operative societies as a form of organisation.

Under a non-ideological, pragmatic concept there are four elements which determine the co-operative structure:

Münkner article—cont.:—

- a group of persons with at least one economic interest in common;
- self-help motivation as the driving force of group action;
- the formation of a jointly owned and managed enterprise as a means to achieve the common objective; and
- the object of the common enterprise, which is member promotion.

All organisations which correspond to these four structural elements can be regarded as co-operative societies, irrespective of their legal form or denomination.

1.2 *Different Types of Co-operative Societies*

In German co-operative science it has been agreed for several years that co-operative societies—whenever they have a basic structure in common—have to be classified in three different structural types with regard to the relationship between the co-operative enterprise and the members' enterprises.

These structural types, namely the

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traditional co-operative, the *market-linkage co-operative* and the *integrated co-operative* were described in detail by Dülfer in his paper on "Organisation and Management of Co-operatives" (Sixth International Conference on Co-operative Science, Gießen 1969, Vandenhoeck and Ruprecht, Göttingen 1971, pp. 74-101).

These structural types of co-operatives are of interest in the context of this paper, because in the third type, the "integrated co-operative", most of the problems of integrated systems of co-operatives occur at the primary level, i.e. integration of individual members' enterprises into a co-operative complex.

1.2.1 *The Traditional Co-operative.* In the traditional co-operative the common enterprise is not fully developed. The co-operative is a purely executive unit of the members' enterprises.

The members express an explicit demand for well defined services (e.g. to supply 10 bags of fertiliser type x at a given time). The committee of management of the co-operative society is told exactly what kind of services the co-operative should provide in terms of quality and quantity and the activities of the management committee are limited to executing the orders of the members. Hence, the co-operative is not a fully-fledged enterprise but rather an auxiliary organ for the members' economic activities.

1.2.2 *The Market-linkage Co-operative*

Where the co-operative has to work in competition with other (private) business organisations, which are offering similar services to members, it has to develop into a co-operative enterprise.

The relationship between members' enterprises and the co-operative enterprise becomes more and more similar to the relations between ordinary partners in the market. As a result of economisation of the member/society relationship the co-operative enterprise has to assume a more independent position.

The policy of the co-operative enterprise is not only determined by the members and the committee of management, but also by the employed professional management. The problem may arise that the aims of the professional management differ from the aims of the members. Where the co-operative enterprise develops its own aims-system there is the danger that members may lose interest in participating in co-operative action and in goal setting for the co-operative enterprise.

Members may cease to use the services of the co-operative enterprise, while the co-operative enterprise expands its business with non-members and the co-operative enterprise may be transformed gradually into a company.

1.2.3 *The Integrated Co-operative.* The integrated co-operative is characterised by a peculiar relationship between the members' enterprises and the co-operative enterprise.

From the legal point of view the members' enterprises remain independent units; however, from the economic point of view the members' enterprises are tied up with the co-operative enterprise in the following manner:

(a) the co-operative complex (i.e. the combination of the members' enterprises and the co-operative enterprise) takes a form similar to that of an industrial combination: members retain

certain competences in internal management and production but follow a common strategy of operation;

(b) the members' enterprises are integrated into the co-operative enterprise in such a way that the management of the co-operative enterprise determines simultaneously the operations of the co-operative enterprise and of the individual members' economic units, by establishing:

- a common production plan,
- a common market strategy, and
- a centralised system of decision-making;

(c) the members can only influence the general policy of the co-operative complex and have to empower the employed professional management to set the operational objectives for the entire co-operative complex, i.e. the co-operative management takes decisions not only with regard to the co-operative enterprise itself, but also with regard to members' enterprises and thereby determines on behalf of the members what operations are necessary for the promotion of the members' enterprises;

(d) the members' enterprises work more or less under the control of the co-operative management (group-management, group-farming).

This type of "integrated co-operative" is relevant for co-operative action in highly industrialised countries as well as in less advanced countries. It is of relevance in all instances where members lack sufficient technical know-how and information to determine the best way of running their individual enterprises.

Under such circumstances it is necessary to turn the traditional power

structure in co-operative societies upside down:

- members cannot tell the management what to do in order to promote their economic interests;
- members have to elect and/or appoint a professional management and are told by this co-operative management what to do in order to promote their (the members') economic interests.

1.3 *Integrated Systems*

An integrated *system* exists where there is organisational and/or functional collaboration of more or less independent economic units in pursuit of common objectives.

The characteristic features of an integrated system in the economic field are:

- an agreement between more or less autonomous economic units to work together in a planned, organised way (under a contract, by-laws or regulations);
- financial interdependence of these economic units; and
- voluntary subordination of the member units to a joint leadership.

Integration may take place at horizontal level: formation of working groups or amalgamation of economic units at the same level of organisation, or in vertical direction: distribution of tasks or functions and co-ordination of activities between units at various levels of organisation and/or stages of production.

The formation of integrated systems is reasonable from the economic point

of view, where:—

- some of the objectives of a group of enterprises can only be achieved jointly or
- some of the functions of a group of enterprises can be exercised jointly at reduced cost and/or in a more efficient way.

Hence, integration can be defined as:—

co-ordinated distribution of tasks and functions between various organisations in such a way that each member unit of the joint organisation takes over all those tasks and functions which can be executed by the respective unit with best expertise and at minimum cost.

There are various possibilities of distributing the powers of planning and decision-making among the member units that form an integrated system:

- the lower level units may retain decision-making powers only for matters of internal management, while all other powers of planning and decision-making are delegated to higher level units (full integration);
- all member units may retain their full autonomy in planning and decision-making, deciding *ad hoc* on the forms and ways of collaboration (voluntary, functional integration).

The full economic advantages of an integrated system, namely:—

- joint action by various enterprises as one organised group;
- strengthening of the market position;
- increase of efficiency; and
- reduction of costs

can only be realised when the leading unit is empowered to plan, decide and act on behalf of the member units and where the member units accept to work under the leading unit whenever this is necessary and beneficial for each and all member units.

2. Special Features of Integrated Systems of Co-operative Societies

Integrated systems of co-operative societies are characterised by special features which originate in the specific structure of co-operatives as democratic organisations with the peculiar object of member promotion.

2.1 *Dualism within Leading Units*

Co-operatives are both social and economic institutions.

Accordingly, as a rule two types of regional and national institutions are formed from below:

- non-trading bodies which act as spiritual leaders of affiliated co-operatives and provide education and training, advisory services, audit and supervision; and
- economic centres for some or all of the functions of wholesale, supply, banking, marketing, transport etc.

2.2 *Relative Weakness of Leading Units*

In integrated systems made up of autonomous entities with an internal democratic structure, locally elected leaders are often found to be reluctant to delegate powers of planning and decision-making to higher level units and to accept unity of command within the entire system.

However, this relative weakness is at the same time a source of strength. Voluntary collaboration within an inte-

grated system of co-operatives can only be brought about if member units are aware of real economic advantages derived from delegation of functions and powers to higher level units. This enhances effectiveness of the leading units.

Such informal, functional integration corresponds best to the internal democratic structure of co-operative organisations; however, from the purely economic point of view it is not the most effective form of integration.

2.3 *Special Financial Structure*

In an integrated system of co-operative societies the money contributions usually run from the lower level units to the higher level units.

Central institutions, especially non-trading bodies, depend financially on contributions made by their member units.

The primary object of all co-operative organisations is member promotion. Accordingly, the higher level units are not supposed to draw unjustified financial benefits from their dealings with the lower level units. They rather have the task to strengthen the lower level units so as to enable them to render best possible service to their members.

Leading units within integrated systems of co-operatives often remain financially weak and therefore become ineffective.

3. **Factors Determining the Development of Integrated Systems of Co-operatives**

The following factors have helped to speed up the formation of integrated systems of co-operatives in industrial-

ised countries both at primary level and at regional, national or even international levels:

- rationalisation and concentration as general trends in the economy;
- strong competition of co-operative enterprises with private business firms;
- rapid development of modern technology which requires services of professional staff even at local level and largely rules out co-operative management committees composed of laymen;
- the need to invest substantial sums in modern equipment, to work with large amounts of borrowed capital, requiring co-operatives to pool their resources, to strengthen their bargaining position *vis-à-vis* banks and to improve their credit-worthiness by joint guarantee.

These developments have made collaboration between co-operatives within integrated systems a necessity. Individual organisations at local level cannot cope with these problems and are more or less forced by circumstances to become part of an integrated system or to go out of business.

In less advanced countries the trend to form integrated systems of co-operatives is often initiated from above to deal with the following difficulties of co-operative work:

- low standard of general education and vocational training of members and office-bearers of primary societies;
- the need to introduce modern technology even at grass-roots level in order to increase production;

- marketing of cash-crops at distant markets with strongly fluctuating prices;
- distribution and supervision of credit for productive purposes among persons who are not accustomed to work with borrowed capital.

The advantages of forming integrated systems of co-operative societies are obvious. However, there is need to underline some problems.

Where powers of planning and decision-making are delegated to higher level units the distance between the members and the decision-makers increases. There is the danger that local level units may degenerate to purely executive bodies of the higher level units, which may lead to reduced member support and loss of active member participation. Where too much power is concentrated in leading units, a sophisticated superstructure may develop without adequate checks and balances.

It is one of the built-in weaknesses of co-operative societies that they are entities of a dual nature with the co-operative group being most effective when small, and the co-operative enterprise being most efficient when above a certain minimum size. The organisation of co-operatives into integrated systems may be a means to overcome this weakness.

Where co-operative societies already exist, it is not easy to reorganise existing structures so as to bring them together to form an integrated system. According to experience this has to be done in several stages:

- one or several harmonisation phases

(adoption of identical by-laws, amalgamation into units of comparable size, introduction of same type of liability etc.);

- integration of non-economic functions (education, training, audit, supervision);
- integration of economic functions.

It is easier to form integrated systems of co-operatives where this is planned from the outset (e.g. the Swedish Housing Co-operatives of HSB, the Samahang Nasyon—Kilusang Bayan of the Philippines).

4. Trends towards Nation-wide Integrated Systems of Co-operative Societies in the Asian Region

Today, it is generally accepted that as a rule individual small village societies or even larger but isolated societies cannot be considered as effective and economically viable units.

Furthermore, the traditional three-tier federal structure of primary co-operative, regional union and national apex “often does not have the combined strength expected of it and results in only the illusion of unity rather than reality” (Laidlaw, Alexander F., Report of the Royal Commission on the Co-operative Movement in Ceylon, Colombo, 1970). In many cases the national apex organisations are found to be structurally and financially weak.

There is a trend to encourage the development of larger basic units by integrating primary societies and secondary societies to form area co-operatives or by amalgamating small primary societies into larger primary

societies (e.g. Japan, Sri Lanka, Iran, Indonesia).

The criteria for the right size of primary society are mainly of an economic nature:

- the ability to employ well-qualified staff;
- the ability to use modern technology; and
- the ability to reach all members with its services.

Where small village societies have amalgamated into a large primary society this does not necessarily mean that the old primaries would have to be totally dissolved. The old primary societies may retain certain functions as service points, branches or sections of the new co-operative society, as informal small local groups based on social criteria.

The Co-operative Division of the ILO, Geneva, has designed a model of such a co-operative organisation with a two-level structure: area co-operatives with several local sections (cf. Co-operative Aspects of Rural Development Programmes, ILO/SiD/CooP—March 1974, pp. 15 *et seq.*). According to this model, local committees are formed at branch level to ensure full democratic participation, and to implement a system of delegate control in order to avoid ultimate control by employed management.

At branch level, individual members participate in branch meetings with real though limited powers, dominated by social and community considerations.

The directors of the area co-operative are elected at branch level and the general meetings of the area co-operative are attended by branch delegates.

The functions performed at the branch level on behalf of the area co-operative are as follows:

- collection of produce, storage, distribution of supplies, simple book-keeping;
- supervision of the use of credit—the branch remains collectively responsible *vis-à-vis* the area co-operative;
- conduct of membership education programmes supported by central institutions.

The area co-operative is conceived as a multipurpose society with a centralised business management, its functions being marketing, supply, credit, advisory services, use of heavy equipment. It has a small, high calibre professional staff and serves as the principal contact with other institutions.

Where this model is used, the traditional middle tier (union level) may disappear so that national apex organisations would deal directly with the large area co-operatives.

There is a tendency to facilitate the formation of integrated systems of co-operative societies by including such models of integrated systems into co-operative legislation (e.g. Presidential Decree No. 175 and letter of Implementation No. 23, Philippines, 1973; the Co-operative Laws of Iran and Thailand).

Co-operation in Denmark



The 1978 meeting of the ICA Central Committee
will be held in Copenhagen
from 11th to 13th September,
and as is our custom,
we have devoted a section of this *Review*
to the co-operative movement of
the host country.



Brugsen in town and country.



Coop Denmark — a Tied and Voluntary Chain

from the
FDB Press Department

When the big American magazine *Time* some years ago featured a "portrait of Scandinavia", five Danish towns were mentioned: **Copenhagen** (with the Queen and the Tivoli), **Helsingor** (in English named Elsinore—with Hamlet's Kronborg), **Odense** (birth-place of the great fairy-tale writer, Hans Christian Andersen), **Aalborg** (producer of the strong Danish aquavit, *snaps*—today also manufactured in Svendborg by Coop Denmark's wine company), and **Thisted** (because it was here that the first consumer co-operative society in Denmark was founded in 1866 on the initiative of the Reverend Hans Chr. Sonne).

In spite of this placing of the Danish co-op among the nation's treasures and celebrities, you should not expect very many people in Denmark to know the name of Hans Chr. Sonne. But everyone knows **Brugsen**—the Danish name of a co-op retail shop and also the everyday word for the whole consumer co-operative movement. Approximately 1 million households—every second family—are members of the Danish co-ops, and as the shops are open to everyone, an even greater number of consumers will visit **Brugsen** more or less regularly. Put together their purchases last year amounted to 11 billion Danish crowns (more than 1 billion British pounds)—against 9 billion crowns the previous

year. It means a clear improvement of the co-op market share, which is now about 22 per cent of the total Danish sale of everyday goods. The target is 25 per cent in the year 1981.

This turnover is dispersed over some 1800 retail-outlets. From the 1st of January 1973 FDB (the traditional wholesale society) went into retail operations through amalgamation with the largest retail society, HB. Nearly 300 outlets are now operated by FDB (Coop Denmark), the others by 1450 individual co-op societies. Practically all co-ops make use of FDB as a wholesale supplier and service organisation. Around 75 per cent of the retail co-ops' total wholesale purchasing is done from FDB.

To secure maximum benefits from the collaboration, 97 per cent of the co-op societies have joined "the voluntary chain"—a contract agreement between the co-ops and FDB aiming at the most effective large-scale utilisation of production, purchasing and distribution facilities through an overall products policy, sales policy, etc. To secure this improvement the members of the chain are obliged to purchase—with certain specified exceptions—all goods from FDB and to follow the sales programme. As the shop plays an important role in the marketing scheme, the members are also obliged to consult FDB regarding lay-out of the store, renovation, invest-

ment, etc. On the other hand FDB is obliged to supply the members of the chain with a competitive assortment, to provide the sales programme, which also means to participate in advertising, etc., and FDB also assists with investments in stores as regards planning, fitting up and financing—it partakes in the risk involved in the investment as well as the operation. Part of the agreement is a bonus for purchase of stock goods from FDB and an extra bonus on goods manufactured at FDB's own factories. Last year goods to a value of some 2 billion crowns were produced or processed by FDB or its subsidiaries or affiliates.

New developments within the industrial field are FDB's participation in jointly owned Scandinavian co-operative enterprises like Nordchoklad and Nordtend. As a matter of course FDB is also a member of NAF, effecting purchases for all Scandinavian co-ops on the world markets, chiefly of food stuffs as well as raw materials for the members' industries in these fields. In addition to this Coop Denmark is an active partner of the co-operative business collaboration within Inter Coop, whose headquarters are situated in the same premises as NAF's head-office in Copenhagen.

Today the voluntary chain of Danish consumer co-ops has about 62% of the movement's total turnover, and about 36% is represented in FDB's own stores (the tied chain), so Coop Denmark today can be considered as a "tied and voluntary chain".

The backbone of the highly computerised distribution system consists of seven regional and three national warehouses, storing together approximately 20,000 items, but a new standard was set

last year with the inauguration of a perishables depot in Jutland which will improve the distribution efficiency and thus raise the competitive ability of the shops in the field of fresh foods. The depot serves the western half of Denmark, and a corresponding one in the eastern part of the country is expected to be ready soon. The depots are a phase in an overall strategy for improving the efficiency of distribution, merchandise management and computerised control of the product chain. They also reflect the growing importance of perishables in the Danish food market—a trend which has also influenced the layout of most Danish co-op shops.

The retail outlets vary in size from one-man shops to hypermarkets—the largest with a sales area of 21,000 square metres. The very small shops have had some difficult years in Denmark as in a lot of other countries. Over the last decade about 300 small co-ops have been forced to close down, but thanks to a series of measures of special value to the local shop, and supporting initiatives from FDB, the death-rate among the co-ops has been substantially lower than in the private retail sector. The survival of as many co-ops as possible is an issue of special importance, because the depopulation of the Danish countryside has resulted in the disappearance of a lot of social facilities from the smaller villages. In many of these communities the co-op is one of the last, or perhaps the last, rallying point, and for people without a car an almost indispensable shopping place.

However the commercial dynamics of the movement depend on the supermarkets and department stores which are the cornerstones in the extensive

shop expansion programme which the co-ops are putting into operation. Including new outlets, extensions and modernisation work, this programme was applied to 258 shops in 1976 and 250 in 1977; last year's new sales area totalled about 23,000 square metres.

The results in terms of increasing sales are already to be seen—not least in Copenhagen and its suburbs, where the competition is most intense. But in order to afford the investments in shops and in improving the distribution system, factories, etc. without endangering the necessary consolidation, a lot of co-ops have had to suspend dividend payments. At present this is the case in the 300 shops operated by FDB and in about 600 other co-op societies. The key words are expansion and consolidation to strengthen the movement's financial position and safeguard the co-ops' economic independence.

As to the sales figures no unfavourable effects of the suspension of dividends have been noted, and the co-ops have succeeded in attracting many new customers. The sad thing is that relatively few of these have become *members* of the co-op. For a couple of years the membership has been stagnating. One of the vital tasks, discussed by co-op representatives at all levels, is consequently to implement measures designed to cement the members' sense of affiliation and to interest more customers in the benefits of joining a co-op society.

One of the points to be stressed in connection with the attempt to win new members is the democracy of the Danish co-op movement. Last year nearly *200,000 people took part in meetings and other events arranged by the co-op. Through free elections of

roughly ten thousand committee members and other representatives, the members have full democratic control of all activities.

Another attraction in the eyes of a growing number of Danish consumers is likely to be the active consumer policy of the co-op movement. In that field it has for many years been a trend-setter. For instance its efforts to improve the nutritional value of food and to protect the consumer against the use of superfluous additives have won nationwide attention and approval. Much mentioned was the co-ops' introduction of a clear Cola, and the co-op central laboratory, in collaboration with the FDB factories, has developed a whole range of products without artificial colouring, aroma agents, or other additives—as an alternative to traditional foods.

The consumer policy of the co-op has, of course, many other sides, and just this year the congress of FDB passed a consumer-oriented action programme—after it had been discussed at meetings attended by 100,000 consumers. This programme is expected greatly to activate and extend the efforts of the co-op as a pioneer and an advocate for the Danish consumer in matters concerning health, economy, legal interests and influence upon the conditions under which they are living. It is a good thing that the market share of the Danish co-op is growing, but it is not the only way of measuring the value of consumers' co-operation.

*When judging this figure, it should be remembered that Denmark is a small country with 5 million inhabitants corresponding to about 2 million families, half of which are co-op members.



Co-operatives in Danish Agriculture

A letter from a travelling student
to his master far away

Dear Sir,

Upon your request I have in Denmark collected a certain amount of information about the co-operative movement within Danish farming. I was afraid, however, that it might be quite difficult to convey to you a fair picture, let alone a correct description, if I were to base my report only on the printed material and statistics available. Instead of trying that, I paid a visit to an ordinary Danish farmer, a fairly average and typical one among the 120,000 Danish farmers. I spent some time with him, and he told me of his close association with the co-operative movement, and how he makes use of this special form of business relationship in his everyday work.

HIS OWN BOSS

Strange though it may appear at first glance, the Danish farmer claims to be an individualist—yet makes extensive use of the co-operative movement. And his claim seems justified. Rasmus Madsen, the farmer I visited, explained it like this: he is his own boss and he does exactly what he sees fit; but recognising plainly that there are numerous advantages in collaborating with others of like mind, he supports the co-operative movement—voluntarily and on equal footing with his fellow-farmers and without forfeiting any of his sense of freedom, independence and individuality.

It is true that he is his own boss. Madsen has no landlord to answer to. He owns his own land and farm buildings, his livestock and machinery. No one has any say whatsoever in whatever he may decide to do with his property. In the old days, a couple of hundred years ago, he says, things were different; the land was owned by a privileged few, and the farming peasants were weak and poverty-stricken tenants. But successive changes in legislation altered the position slowly, and for more than 100 years all Danish farmers have owned their own holdings.

OWNS HIS FARM—BUT DEEP IN DEBT

Yet I couldn't help feeling that Rasmus Madsen is not in the affluent category. His standard of living is roughly on a par with that of a factory worker or suburban craftsman, although comparisons are difficult to draw directly. He says himself that he is not numbered among the rich, explaining that although it is true he owns the

Left: The family farm dominates Danish agriculture, all the work being done by the farmer and the members of his family. But for selling, processing and buying, the Danish farmer is assisted by his many efficient co-operatives.

farm, it is heavily mortgaged. His debts extend to more than half the value of the holding, and if he had not borrowed the initial capital he simply could not have purchased the property—let alone modernise the buildings and buy costly machinery. But he points out that he is economically independent and his own master. He has not borrowed from a professional moneylender or businessman who might conceivably interfere in his running of the farm—but from a co-operative credit association. It was set up for precisely that purpose: to grant extremely long-term fixed loans to property-owners. He and the other farmers appoint the executive committee that runs the association, and they all put up joint security for their loans, which are subscribed to by the general public through the medium of bonds. This has enabled Rasmus Madsen to borrow huge sums without endangering his valued independence. He simply has to keep making the regular repayments to the credit association.

FAMILY RUNS THE FARM

Madsen himself does most of the work on the farm, helped a good deal by his wife. Their two children, aged 12 and 14 years, also help out when they can but they have only limited time because they attend school five days a week. He gets most help from his powerful tractor and other machines—for field work, preparing the soil, sowing and harvesting and indoor work with the livestock (he has dairy cows, sows with young, and fattening hogs). Many of the processes are mechanised: feeding, milking, cleaning and all forms of transport.

All these things reflect the fact that Rasmus Madsen is his own boss because everything belongs to him and he—and he alone—uses it, buys it, replaces it. He has no faith in the idea of a community of work and ownership at the farm-production level, whether on a large-scale as co-operative or collective farms he has heard about in other countries, or on a lesser scale as he knows the principle from a few unsuccessful experiments in his own area. He used to be a member of a farm-machinery co-operative—but everybody wanted the harvesters at the same time, when the weather was good, so dissatisfaction set in. A few of his neighbours organised a co-operative cowyard, the idea being to relieve themselves of some of the work of handling dairy cattle—but it turned out to be far too expensive paying a communal cowman. So the project closed down.

SELLING AND BUYING TOGETHER

No, says Rasmus, down on the Danish farm the farmer prefers doing his own dirty work. But he will co-operate outside the farm in selling his produce and buying the things he needs.

And it is quite amazing the extent to which he follows the co-operative principle when he buys and sells.

Rasmus Madsen, I may say, grows barley on almost all of his fields—but does not sell a single ear. His barley production goes to feed his pigs. He also has a field of turnip and a bit of grass—feed for his dairy herd. What he sells, the produce that brings in his earnings, is milk, calves, beef cattle and porkers. Nothing else. He used to have hens but like other farmers he has specialised to cut back on labour. Now he



A modern Danish farm supply co-operative with its tall grain silos. Feed and fertilizers are delivered to farms by co-operative trucks.

is considering selling off his cattle and concentrating exclusively on pig production. A number of his neighbours have already done that.

MONEY FROM THE CO-OPERATIVE

But for the time being he earns money on both milk and porkers—and the money comes to him from his co-operatives. Rasmus Madsen is a member of a large co-operative dairy and an even larger co-operative meat-packing station. The two organisations buy his entire production. Perhaps “buy” is not quite the right word for it is no traditional transaction. There is no negotiation between seller and buyer to settle a price. A road tanker simply draws up at the farm each day to collect the milk. The driver pumps it himself from Madsen’s refrigerated tank by the cowshed and takes a sample of the milk—which is sent later to the laboratory and forms the basis of the price. The quantity is measured automatically as it is pumped into the tanker.

Madsen himself is seldom about the farm when the milk is picked up. He has unquestioning trust in the driver and other employees of the dairy; they will see to it that he gets the correct payment for quantity and quality of milk. Not that he ever sees payment in cash . . . the money is transferred by the dairy to his account with the

co-operative bank. The same thing happens with his pig production. Madsen puts a blue mark on the backs of those pigs big enough for slaughtering, and a truck comes to pick them up. The driver marks them with a number before delivering them to the meatpacking co-operative. A few days later Madsen receives a letter with details of the weight, quality and price of the porkers—plus the information that payment has been made directly to the co-operative bank.

He keeps most of the heifers for milk production. The bull calves are fattened for a spell before they are taken to the same meat-packing station. The same applies to old dairy cows that are retired from production. So Rasmus Madsen can keep his worries and headaches to a minimum as far as sale of his livestock is concerned. He doesn't need to bargain with a private businessman. He trusts the co-operative society to pay him the correct price. Most Danish farmers who produce milk and porkers do the same as Madsen—turn everything over to the co-operative units. But he told me that many farmers prefer selling their fatstock to private buyers or at auctions, and that they often discuss among themselves what pays the best.

When it comes to buying, Rasmus Madsen also makes full use of the co-operative services for everything from fertilisers, seed, feedstuffs, chemicals and machinery to farm buildings; and, of course, merchandise for household consumption, too. On the present-day Danish farm very few of the farm's own products are used in the home. Mrs Madsen buys bread, butter, cheese, meat, pork and vegetables at the local co-operative store, which also sells cleaning utensils, household goods, refrigerators and furniture.

OFTEN BUYS FROM PRIVATE MERCHANTS

But Madsen points out that not all farmers in Denmark are as vigorous and confirmed supporters of the co-operative movement as he is—neither in theory nor in practice. Many prefer buying from private merchants—fertiliser, other materials and goods. They are free to make their own choice. And Rasmus Madsen himself never feels himself religiously bound to do his trading with a co-operative organisation. In general, he prefers to. But often he buys from the private merchant, too. The most important thing as he sees it, is that the co-operatives exist and flourish, that they are on the market, that they can offer the farmer an alternative, a choice, that they can help to adjust prices and influence the market by virtue of their competitive element.

FARMERS OWN THE CO-OPERATIVES

All the various co-operative societies and associations were set up and are owned by the farmers themselves. Local co-operative grocery stores, however, are of course for everybody; the farmers today are a minority among the members. Co-operative organisations work purely for the benefit of their members, they are owned by members and controlled by members by a representative system stipulated in the statutes drawn up and approved by members and free from interference by public authorities. At local meetings, with each member entitled to one vote, representatives are elected to serve on executive bodies. Rasmus Madsen has been elected as a representative in his dairy co-operative. In fact he has been elected to the nine-man board of directors—all nine, including the chairman, are farmers. The board

appoints a manager and sees that the enterprise is run in accordance with the co-operative statutes and exclusively for the benefit of members.

It can be a problem, says Rasmus, for the ordinary farmer to obtain sufficient grasp of a co-operative's management and inner workings. But he has received a good schooling: elementary school, folk high school and agricultural school. After taking an active part in organisational work, he has participated in numerous special courses arranged by agricultural bodies precisely to qualify farmers for executive work.

ORGANISATIONS HAVE GROWN

All this training has been necessary, says Rasmus Madsen. It was probably easier in the earlier days of the co-operative movement when the co-op organisations were smaller, but many of them have had to amalgamate to keep costs down. But in both large and small societies and associations it has to be realised that no one but the farmers themselves can decide what best serves their interests, indeed what their interests are, and what objectives the co-operative organisation should have. The days when landowners and officials laid down the law to the farmer have gone—and Danish farmers don't want to turn the clock back. They have taken control of their own affairs, working by themselves on the farm, and joining with their fellows in co-operative associations and other voluntary groups.

I hope this talk with Rasmus Madsen, whom I have every reason to believe is typical of the modern Danish farmer, will help you form a picture of how independent Danish farmers make full practical use of the co-operative movement in conjunction with their colleagues.

Your obedient servant,
C.P.

P.S. For further information the following small table gives some additional statistical facts which, however, only include some of the most important groups. Further information may be obtained from the Central Co-operative Committee of Denmark, Vester Farimagsgade 3, 1606 Copenhagen V.

Danish Co-operatives 1977

	<i>Share of market, per cent</i>	<i>Membership</i>	<i>Number of co-op societies</i>	<i>Total turnover, Millions Dan. Kr.*</i>
Co-op Dairies	87	45,000	204	7,807
Co-op Bacon Factories	91	71,000	23	10,155
Co-op Egg Marketing	59	500	1	212
Co-op Cattle Marketing	60	46,000	36	900
Co-op Farm Supply	50	70,000	132	4,393
Consumer Co-ops.	14	900,000	1,400	11,000

*Approx. 10 Dan Kr. = £1.00

The Workers' Co-operative Movement

by

Jørgen Thygesen

President, National Union of Workers' Co-operatives

THE NATIONAL UNION OF WORKERS' CO-OPERATIVES

Det kooperative Fællesforbund (DkF) was founded in 1922 to serve as the ideological organization ensuring that member societies conform to the co-operative ideals and principles as established by the Rochdale Pioneers and as reformulated by the ICA.

Additionally DkF functions by safeguarding the interests of the member societies in relation to the government, parliament and public authorities, by educational activity inside and outside the co-operative movement and in an advisory capacity to member societies on economic, financial, legal and technical questions.

The members of DkF are the following:

1. The National Association of Co-operative Housing Societies;
2. The National Association of Co-operative Building Societies;
3. The National Association of Co-operative Canteens;
4. The National Association of Co-operative Bakeries;
5. The National Association of Fuel Co-operatives;

6. 30 individual Workers' Co-operatives with no national association (Bank, Insurance, Auditing, Printing, etc.). Characteristic of most of these 30 Co-operatives is their function as service organizations for the co-operative and trade union movements.

To promote local/regional collaboration between the above mentioned member societies, local *Co-operative Councils* (Committees) have been established in most of the larger towns. Together with the Workers' Educational Association (*Arbejdernes Oplysnings Forbund—AOF*) and the local Trade Unions, these Co-operative Councils take care of local information and educational activity, co-ordinated by the National Union (DkF).

Some of these local Co-operative Councils carry out some investment activity and take initiatives in developing existing and new co-operatives.

The Workers' Co-operative Movement and the Trade Union Movement

From the start of the organised labour



Building site

movement, there has always been very close co-operation between the trade unions, the labour party and the workers' co-operative movement, through which many practical results have been achieved.

The Economic Council of the Labour Movement (Arbejderbevægelsens Erhvervsråd)

The National Union of Workers Co-operatives and the TUC, the Trade Union Congress (*Fagbevægelsens Landsorganisation—LO*), established in 1936 the Economic Council of the Labour Movement to function as head organisation for the whole labour movement in its dealings with the government and

public authorities. It is among the organisations consulted in all essential political/economic questions, including legislation.

The Labour Movement's Co-operative Investment Fund

The Fund was started in 1953 by the trade unions and the National Union of Workers' Co-operative Societies. Its aim was to secure, in the Fund, an instrument for developing the co-operative sector through the investment of capital available for risk. By investing in many—at the moment 40—societies, the Fund can spread and thus lessen the risk to its investments. The Fund can also act as a co-ordinating link in development, partly through its invest-

ment of share capital, and partly through its participation on the boards of the societies in which it has invested capital. The management of the Fund has acquired economic and financial advisers in the Joint Secretariat, the Auditing Institute, and the Workers' Bank. In this way the Fund's investors can be sure that the co-operative societies are developed with professional advice and a general co-operative view.

The Fund has access to a good 23 million kr. of which four-fifths is invested by the trade unions movement and one-fifth by co-operatives. It has invested about 18 million kr. in stocks and shares and given securities and loans to a total of 4 million kr. to 40 co-operatives which employ about 5,000 people and have a combined turnover of about 900 million kr.

Co-operative ideas and principles

The bye-laws of co-operative societies which are members of the National Union of Workers Co-operative Societies must conform to the co-operative principles as established by the Rochdale Pioneers and reformulated by the 23rd Congress of the ICA.

At its annual general meeting in 1976, the National Union modernised its standard bye-laws and divided these into two groups for practical reasons, one for primary co-operatives and one for secondary co-operatives, briefly summarised as follows:

Primary co-operatives

Democratic management and control—one man, one vote—has been secured in the Articles, and the legitimate demand by employees for democratic participation has also been secured

through the right to elect one-third of the board members at elections held exclusively by the employees.

The principles of distribution of the economic results in proportion to purchases, and membership open to all regardless of religious or political views, are of course secured.

The law of limited interest on capital has been interpreted in the bye-laws by using the Danish National Bank rate plus a maximum 2%.

Secondary co-operatives

The case is much more complicated for the secondary co-operatives which are mainly limited companies with investments varying greatly in size.

In an ordinary limited company in the private business sector, voting is in proportion to the individual's investment. But this is in direct opposition to co-operative principles. In the bye-laws for secondary co-operatives, limitations have been introduced to ensure that no one group, e.g. the Co-operative Investment Fund which often has more than half of the invested capital, is ever in a position to dominate.

The standard Articles maintain that no individual person, regardless of the size of his/her investment, may have more than one vote at the electoral meetings; and that organisations, including trade unions, funds, etc., may only have a maximum of 40 votes, although there is often talk of reducing this to 10 or 20.

In addition it should be noted that in future shares will not be issued to individuals unless they are employees in the society.

To further safeguard co-operative democratic principles and to ensure

consumer and/or general public influence in the co-operative companies, the board members are elected thus:

- one-third to represent the employees;
- one-third to represent the shareholders; and
- one-third to represent the consumers or general public.

Distribution of economic returns, including interest on share capital, follows the same principles valid for the primary co-operatives, which means that a maximum of the Danish National Bank rate plus a supplement of 2%, may be paid out.

The Rochdale principles maintain that co-operative investment should not

result in unintended gains for participants, but very large capital sums are often saved up in co-operative societies. In the workers co-operative movement the bye-laws maintain that in the event of cessation of activity no one may be paid out more than their original investment, regardless of reserves. To ensure that the often very big amounts of co-operative capital saved up remain in the co-operative movement, the paragraphs dealing with termination stipulate that any surplus remaining after shareholders have received their investments at par, shall be transferred to the Labour Movement's Co-operative Investment Fund, thus safeguarding co-operative circulation.

THE NATIONAL ASSOCIATION OF CO-OPERATIVE HOUSING SOCIETIES (*Boligselskabernes Landsforening*)

Right from the first construction of co-operative housing societies in 1912, the principle of rents corresponding to actual costs has been in force. A central aim was to raise housing standards for the poorer groups of people, at the same time ensuring a reasonable mixture of all sections of the population in these properties so as to avoid the ghetto problems seen in many other countries. The cost-determined rent has played a vital role in this context. The higher starting-rent resulting from improved housing standards becomes through the years relatively lower in relation to wage-development and thus gives an opportunity to provide really good and well-situated housing, mainly for workers.

The interest of society in co-operative

housing has varied a great deal over the years, depending on economic and social conditions. During the *goulash* (profiteering) period after World War I there was very little interest, and at some periods there has been no chance whatsoever of public support. But the economic crisis of the 30's saw interest blossom, and by the end of World War II it had become vital for society to use the co-operative way of housing to relieve the war-time housing shortage and to provide homes for the large generation born during the war.

From 1946 until 1958 the state made low-interest loans available for house-building and that was a period of pronounced growth for the building-co-operative. In 1958 state-loans were



Packing Danish rye bread

abolished in favour of other forms of subsidy and support from national and local authorities for housebuilding.

The co-operative housing societies have had a decisive influence on urban and regional development through the initiation of very big building projects, and to accomplish these tasks a great number of co-operative societies for building, construction, joint buying, industrial production etc. were set up.

The National Association of Co-operative Housing Societies is the apex organisation for 512 co-operative housing societies. At the beginning of 1977 these societies administered more than 300,000 flats, 3,080 shops, and a wide

range of shared facilities: hobby rooms, recreation and youth clubs, ball grounds, etc.

Along with house building, the housing societies have also built more than 700 nursery schools, day nurseries and youth centres. These are usually run by local authorities or independent institutions.

In order to be approved by the public authorities as a co-operative housing society (in Danish legislation a public utility company), a society can be organised as a tenant-owners' society (a primary co-operative) or in two other forms more similar to a kind of limited company. The difference between these

three types of co-operative is primarily to be found in the shareholding and the election of board members (tenants), other co-operative shareholders, representatives of the local municipality etc.

All co-operative housing societies have to be organized in a parent association with one or more branches which are financially independent of each other. Most of the administration is managed by the parent association in a democratic way together with the branches.

The planning and construction of new buildings/branches is carried out by the parent association.

In this co-operative system a very great number of people, estimated at 8,000, take an active part as democratically elected board members or in other similar positions.

A deposit or a resident's share must be paid for a dwelling in a housing society. The payment today in a newly-built property is 3% of the cost of construction. To join the co-operative society, a membership share, normally 50-100 kr., must be paid in addition.

It is left to the co-operative society to

take into consideration the finances and household size of the applicant. Households with children have priority for flats of three or more rooms, and families with average or smaller incomes have priority for the slightly older and cheaper dwellings. In primary societies, seniority in membership is also taken into account.

The National Building Fund (*Landsbyggfond*) of the National Association of Co-operative Housing Societies was established by law in 1966. The Fund makes loans to finance new building projects, to cover running losses, to finance rent reductions and resident share payments. The resources of the Fund come mainly from the compulsory rent increases imposed on tenants in the older buildings of the housing co-operatives, and from state loans made for rent-reductions and resident share payments in most newly built properties of the housing co-operatives.

The Fund is administered by representatives of the Ministry for Housing, the National Association of Tenants, and the National Association of Co-operative Housing Societies.

THE NATIONAL ASSOCIATION OF CO-OPERATIVE BUILDING SOCIETIES

(Byggefagenes Kooperative Landssammenslutning)

This part of the workers co-operative movement has developed into an essential factor in Danish housing construction from a very modest start in 1899 when workers paid a pittance (in today's eyes) to make up its capital, along with a few thousand kroner from the trade unions. In particular, development in

the co-operative housing societies brought a great development of skilled worker co-operatives, of which some have federated and a few have become nation-wide.

Considerable financial resources were needed to keep up with developments in building activity and this has not always

been possible. The future will also need great investments if co-operative building societies are to live up to their aim of controlling a substantial part of the building market in order to introduce strong competition, while ensuring good attractive employment. Until now the capital has come from investment by trade unions, co-operatives, and the Labour Movement's Co-operative Investment Fund (*Arbejderbevaegelsens Kooperativ Finansieringsfond*). Capital requirements in Denmark are so high that investment by co-operative workers is insufficient.

To build quality flats at moderate prices, the co-operative housing societies and building societies had to develop a modern industry which includes factories producing concrete elements, kitchen units, and steel sink units. These factory products are used mainly by the

building co-operatives which work for the co-operative housing societies. Two architect-engineer-planning societies have also been started as service co-operatives for the housing and building co-operatives.

A staff of about 5,000 is employed at the National Association of Co-operative Building Societies and there are about 65 societies covering: bricklaying and contracting, water-ventilation-sanitation, painting, carpentry and joinery, electrical installation, plus the factories previously mentioned.

The members of the National Association are secondary co-operatives in the form of limited companies, in which the employees, the trade union movement, other co-operative societies and the Labour Movement's Co-operative Investment Fund are the shareholders.

THE NATIONAL ASSOCIATION OF CO-OPERATIVE CANTEENS

(Kooperative Marketenderiers Samvirke)

The co-operative canteens originated in the great dissatisfaction with conditions prevalent in the 1920s in canteens at the larger private industrial companies. The workers wanted to control the quality of food and the prices, and achieved this through trade union work by taking over the supplying themselves. The co-operative canteens worked with local trade unions to improve sanitary and restroom facilities.

The co-operative canteens and trade union movement have had a considerable influence on legislation which has stimulated employers to recognise the importance of satisfactory canteens and

other conditions at work. This led employers to give extensive financial support to canteens. Many co-operative canteens could not survive and were taken over by the employer.

Over the years, a great number of canteens have bought holiday houses where workers can spend holidays for a modest payment. Most canteens also have made arrangements for workers to buy the larger household items at discount prices (refrigerators etc.).

The National Union of Co-operative Canteens also arranges joint buying of raw materials for preparation in the canteens.

The National Union has 49 member societies with 250 employees who daily serve about 20,000 workers in some of Denmark's largest companies.

The co-operative canteens are primary co-operatives where workers are members either directly or through their local trade union club.

THE NATIONAL ASSOCIATION OF CO-OPERATIVES BAKERIES *(RUTANA-sammenslutningen)*

The Workers Co-operative Bakeries' first aim was to serve consumer interests by baking cheap and good bread, but in addition they have been an instrument in the struggle for better wages and working conditions.

In 1930 Denmark had 38 co-operative bakeries but technical developments led to many amalgamations and a few were closed so that the aims could be achieved through more rational management. In 1977 there were 18 co-operative bakeries with a turnover of more than 200 million kroner and employing about 800 people.

The bakeries have developed into a closely integrated industry with joint production of joint brand names. The

main customers for these products are the consumer co-operatives, although there are also considerable sales to private retailers.

The co-operative bakeries are a price-regulating factor in Denmark today with a 27% share of the market for rye-bread (20% in 1960).

In 1965 the bakeries and their national association started a biscuit factory which today has a turnover of 26 million kr. and exports 90% of its production.

The co-operative bakeries started out with share capital collected from workers, but today they are mostly organised as limited companies in which the trade unions also hold shares.

THE NATIONAL ASSOCIATION OF FUEL CO-OPERATIVES *(Fællesrådet for kooperative brændselsforretninger i Danmark)*

Difficulties with supplies during World War I were the direct cause of the Workers' Fuel Co-operatives being set up, and these soon spread everywhere, working up a considerable turnover. At that time solid fuel (coal, coke, etc.) was mainly used and a great many problems arose with the transition to oil heating. Large investments were needed and in 1962 the Workers' Fuel Co-operative in

Copenhagen joined Swedish OK-Oil and FDB in setting up the co-operative company Danish OK-Oil. Out of the 13 fuel co-operatives existing in 1948, only four are left and now deal in oil products. OK-Oil imports its own products which are refined at the Swedish OK refinery.

Danish OK-Oil has roughly 600 shops and 14 depots in Denmark of which 6

can be supplied directly from ships. The 600 shops are mainly attached to consumer co-operatives with which Danish OK works very closely.

Danish OK-Oil and the other fuel co-

operatives have a combined staff of 157 and a turnover in 1976 of 390 million kr., of which 116 million kr. returned to the state in taxation.

INDIVIDUAL WORKERS CO-OPERATIVE SOCIETIES

Banking and Insurance

The Workers' Bank (*Arbejdernes Landsbank*) was founded in 1919 by trade unions and co-operatives wanting to escape the influence of the private banks. The Bank is a limited company in which the shareholders are the trade unions, the labour movement's political organs, and co-operatives. The sixth biggest bank in Denmark with 36 branches all over the country, the Bank has a staff of about 700.

There are two insurance co-operatives—the nation-wide ALKA and a little company in a large provincial town. ALKA was founded in 1944 with the merging of two companies dating from 1903 and 1929. Apart from issuing ordinary insurance policies and thus helping to regulate the price market, the company has made group life insurance its specialisation. The principle is that a trade union or other organisation can take out a collective life insurance for all its members or employees. In 1976 more than 600,000 trade union members were insured this way. In 1976 ALKA had a 129 million kr. turnover and a staff of 150.

Newspapers, printing, publishing, and book binding

The Social Democratic Press in Denmark made its debut in 1871 with the

publishing of *Social-Demokraten*, which was soon followed by Social Democratic papers in all the larger provincial towns and districts. At one point in the 1940s the nation-wide Social Democratic Press was Denmark's biggest newspaper chain.

Developments in the newspaper world have led to the death of a great many newspapers also in Denmark, and the Social Democratic papers were no exception. The smaller papers closed down and others merged until the *Social-Demokraten* changed its name to *Aktuelt* and became a national paper. The A-Press, the Trade Unions Press Co. Ltd. (Fagbevægelsens Presse A/S), now publishes the national paper *Aktuelt* and two local papers *Ny Dag* and *Bornholmeren*.

The A-Press employs 481 people and its total turnover in 1976 was 99 million kr. The three daily papers appear on weekdays with a circulation of 83,000.

Besides newspapers, the A-Press prints a great number of papers and periodicals, including the Trade Unions fortnightly *LO-Bladet*.

The printing sector has two other member societies, one in Copenhagen and the other in Jutland. These printing works take on many orders for the trade union movement, the labour party and

the co-operatives. Together the printing works have a turnover of 14 million kr. and employ 50 people.

The printers work closely with the co-operative publishing societies, **Fremad**, whose duty is to publish books and pamphlets which provoke social debate and thus further the aims of the labour movement. Another aim is to get 'the public to discover the value of books, and here Fremad pioneered with a "people's library" in the 1960s, publishing quality books at very low prices. In this way people who normally would not buy books had the chance to collect good literature at a reasonable price. Fremad was so successful that other publishers were forced to copy the idea and produce books at much lower prices than usual.

The printers and publishers also work closely with the book binders, **Concordia**, which employs 30 people and has a 3 million kr. turnover.

Dairies

Three workers co-operative dairies are members of the National Union of Workers Co-operative Societies. The first and biggest is the dairy Enigheden

in Copenhagen, started by the biggest Danish trade union of unskilled labourers in 1897 (*Dansk Arbejdsmandsforbund*). The difference between the workers' and the farmers' dairy co-operatives is that the workers' dairy co-operatives aim at supplying the urban population with good quality dairy products at the lowest possible prices, while the farmers' dairy co-operatives aim at earning a reasonable profit for the farmers.

The prices of dairy products in Denmark must be approved by the Monopoly authorities, and here the dairy co-operatives are a regulating factor as their calculations are always taken into account when prices are fixed.

The dairy co-operatives are situated in Copenhagen and Jutland and have a combined staff of 290 and a turnover of 198 million kr.

Others

Other individual societies in the National Union of Workers Co-operative Societies include auditing, data processing, cinemas, a few consumer co-ops etc., all of which feel themselves part of the workers' co-operative movement.



A view of the town Nanortalik, where the first Greenland co-op opened in 1964.

The Greenlanders' Co-operative

by
Kaj Christiansen

If it is the truth that Santa Claus is a citizen of Greenland, the odds are 2:1 that he is a co-operator—a member of a consumers' co-operative society. If he lives in one of the towns on the Greenland west coast, the possibility is about 9:1. And if his home town happens to be Nanortalik, the possibility is almost a certainty. In that town—the birthplace of the Greenlandic co-operative movement—the co-op membership some years ago equalled the number of households—an unbeatable record of 100 per cent coverage.

These co-operative results are, one has to admit, produced in a tiny community. Greenland is the largest island in the world, but compared with the area the population is tiny: no more than 50,000 human beings are settled in Greenland (excluding the men on the isolated US military bases). But there is, apart from Santa Claus, one reason why the Greenland success could be of interest outside the North Atlantic: the whole time, from the very first beginning up to now, the consumers' co-operative movement of Greenland has stuck to the classic ways and methods of the earliest west and north European co-op to an extent experienced in very few other ex-colonial countries—if any.

All the Greenland co-ops are, in the true sense of the word, built "from below", and each of them functions as an independent, democratic organisation—both theoretically and in actual practice. No state authority or other central agency can supervise or in any other way interfere with their activities—except of course by rules laid down in common law.

To appreciate fully these remarkable results you have to bear in mind that Greenland only 25 years ago was a Danish colony with a wholly state-controlled economy. All imports and exports, all retail and wholesale trade, all handicraft and industrial activities, all traffic etc. were exclusively the business of state agencies. Only fishing, hunting and sheep-raising were free enterprise, but as the state was the only purchaser in the market, product-prices were fixed arbitrarily and a purely artificial level of prices and incomes was maintained.

This state of things came to an end when in 1953 the status of Greenland was altered from colony to a normal part of Denmark, and—at approximately the same time—the economic state-monopoly was repealed.

This last measure was intended to open up the development of free, pri-



Members of the staff in the furniture department of the co-op in Godthåb, the "capital" of Greenland with almost 10,000 inhabitants. The turnover of the Godthåb co-op last year was 30 million Danish kr. (5 million dollars) and this places it among the ten top consumers' co-operative societies in all Denmark.

vate, Greenlandic enterprises in the field of retail business and craftsmanship. But it didn't work that way. It was the Danes who skimmed the profits of the economic liberation. Thanks to better education and training, better connections and more capital, they very soon laid their hands upon all the really profitable business. The state-owned shops also continued in operation, and out of the new possibilities, the only possibilities left for the Greenlanders themselves were occupations such as taxi-driving and icecream-selling (yes, you *could* make a living out of ices in Greenland, but not a very good one).

This would still have been the situation, presumably, if the co-op hadn't entered the scene. The first was founded in the above mentioned town of Nanortalik in 1963 and started commercial operations the following year—with a membership of 85.

Now in 1978 there are seven working co-ops in Greenland situated in the seven largest towns, in which you will find concentrated 70 per cent of the total Greenland population. In these towns the co-ops hold a 50 per cent share of the market, taking all retail-business as a whole. In a further four towns co-ops have been founded but have not yet been

able to start commercially. In all the places the initiative has been Greenlandic, and everywhere the work started from the grassroots with the recruitment of members.

In three of the towns the co-op has taken over the state-owned shop, but in the other four the co-op is competing with the state-shop—and of course in all the seven towns with the private, mostly Danish-owned, stores. The newborn co-ops have really not spent their first years in an incubator.

The necessary capital was raised partly by the members and the co-ops own savings, partly by normal loans under normal conditions from banks or from public lending departments. In a few cases the central organisation of the Danish consumers' co-operative socie-

ties, FDB, has granted smaller loans or—more often—guaranteed loans elsewhere. Whoever the lender was, the Greenland co-ops have always paid everyone his due.

All the Greenland co-ops are affiliated to FDB. They use FDB as a wholesale supplier and service organisation, but maintain their independence also in relation to the Danish central organisation. And they have administered this independence in a brilliant way.

Put together, they had in the business year 1976-77 a turnover of 116 million Danish crowns (nearly 20 million dollars). This was up 20 per cent compared with the preceding year. The net profit was 4 million D.cr. (700,000 dollars) which went into funds or were repaid as dividend. Today, when the oldest co-op

Most Greenland co-op stores are situated in modern buildings like this one. "Brugsen" is the Danish word for a co-op, and as the Greenland language has no special name for it, the Danish designation is used all over Greenland.





Members of the co-op committee in the town Manitsok (Greenlandic) or Sukkertoppen (Danish), which means "sugar-loaf", from the name of a nearby mountain. The women are wearing Greenland national costume because they are celebrating the tenth anniversary of the co-op; such clothes are only worn on special occasions.

is fourteen years old and the youngest four, they own capital amounting to 23 million D.cr. (4 million dollars).

The basis of this impressive development is, of course, firstly that the co-ops have been commercially competitive. (They are dealing in practically the same goods and commodities as a Scandinavian co-op. Prices are about 10 per cent higher, due to the high cost of freight).

But secondly, an important factor has surely been that the Greenland co-ops clearly presented themselves as *the Greenlanders' own undertakings* in contrast to the state-owned shops with their smell of tutelage and old colonial times,

and to the private shops with their taste of new foreign profiteering. The co-op was the place, where *the Greenlanders* took the decisions, the risks and the possible profits—and the place, where they demonstrated, that they—united—could manage modern business activities successfully. The Danes in Greenland are welcomed as co-op members, but in the committees you will find almost exclusively Greenlanders.

It is the first time since the Danes came to Greenland 300 years ago, you have seen this reversal of roles. And it means a lot to the national self-reliance, that the performance seems to be a lasting success.

Recent Books

by

Anne Lammings

ICA Librarian

The books listed should be ordered
direct from the publishers.

ICA can only supply its own publications.

BOLGER, Patrick: The Irish Co-operative Movement; its History and Development

Dublin (Irish Rep.), Institute of Public Administration, 1977. 434 pp; index, photos.

The author traces the development of the Irish agricultural co-operative movement from its tentative beginnings over 90 years ago to its predominant position in the Irish business world of today. It is a comprehensive account, showing how the movement was part of Ireland's political, social and economic history.

BOTTOMLEY, Trevor: Business Arithmetic for Co-operatives and Other Small Businesses

London (UK), Intermediate Technology Publications, 1977. 87 pp.

This manual is designed to enable co-operative society managers and staff, and officers of co-operative departments, to train themselves to do the calculations necessary to run a co-operative business.

CHIPLIN, Brian; COYNE, John; LJUBO, Sirc; WOOD, J. B.; HARRIS, Ralph: Can Workers Manage?

London (UK), Institute of Economic Affairs, 1977. 112 pp; bibliogr. (Hobart paper no. 77)

A collection of "post-Bullock essays in the economics of the interrelationship between ownership, control and risk-taking in industry, with special reference to participation by employees".

CO-OPERATIVE COLLEGE OF CANADA: Report: the Conference on Co-operative Thought and Practice, Economic Efficiency and Democratic Control. May 24-26, 1977.

Saskatchewan, Co-operative College of Canada, 1977. 161 pp., diags., photos., bibliogr.

DRIMER, Bernardo; de DRIMER, Alicia Kaplan: Manual de Cooperativas.

Buenos Aires (Argentina), INTERCOOP Editora Cooperativa Ltda., 1977. 400 pp.

Handbook for Argentine co-operators containing a general, historical and ideological section, a section dealing with types of co-operatives, and a final part on legislation, organisation and administration.

HÖNEKOPP, Joseph: 100 Jahre Raiffeisenverband 1877-1977.

Wiesbaden (Fed. Rep. of Germany), Deutscher Genossenschaftsverlag eG. 1977. 116 pp., bibliogr.

A history of the German agricultural co-operative movement from F. W. Raiffeisen's first society to today's gigantic 3.3 million member organisation, 150,000 employees and a turnover in 1976 of DM 5.5 billion.

INTERNATIONAL CO-OPERATIVE ALLIANCE: REGIONAL OFFICE FOR EAST & CENTRAL AFRICA: Co-operative Research Perspectives in East and Central Africa; Papers and Proceedings of the 2nd ICA Regional Co-operative Research and Planning Conference, Lusaka, 18-23 April 1977.

Moshi (Tanzania), ICA RO ECA, 1977. 76 pp; tabs; diags.

JANCZYK, Tadeusz: The Co-operative Movement in Poland (2nd Edition, Revised and Supplemented).

Warsaw (Poland), Supreme Co-operative Council, 1977. 76 pp; tabs.

Revised version of a basic publication on co-operatives in Poland, covering development, structure, relations with the State, urban and rural societies, special activities i.e. for youth, women and international relations.

KING, Roger: Farmers' Co-operatives in Northern Nigeria: a Case Study used to illustrate the Relationship between Economic Development and Institutional Change.

Reading (UK), Dept. of Agricultural Economics, Reading University, Sept. 1976. 305 pp; tabs; bibliogr. (mim)

Case studies of six villages in Northern Nigeria, describing how the economic opportunities and social characteristics influenced co-operative policy to different effect in each of the six villages.

LLEWELYN DAVIES, Margaret (Ed.): Maternity: Letters from Working Women.

London (UK), Virago, 1977. 211 pp.

A reprint of a book first published in 1915. The writers were members of the UK Women's Co-operative Guild, and provide a stark record of working-class life at the time.

LOUIS, Raymond: Les Coopérateurs et leur comptabilité coopérative.

Geneva (Switzerland), ILO, 1977. 196 pp; tabs; diags.

This book is a new approach to co-operative accounting. It concentrates on how to present the co-operative aspects of the business to the members, on social accounting and on budgeting, which all members should be involved in.

MARKIE, John; PERL, Susan (Eds): Common Concern: a Guide to Collaboration between co-operatives and family planning associations in education for population awareness and responsible parenthood.

Rome (Italy) COPAC, and London (UK), International Planned Parenthood Federation, 1977. 32 pp; photos.

A publication produced to help co-operatives and family planning agencies to find ways of actively supporting and assisting each other at national and local levels.

ÖRS, Fahri Halil (Ed): VIII Türk Kooperatifçilik Kongresi (text also in English and French)

Ankara (Turkey), Türk Kooperatifçilik Kurumu, 1977. 44 pp.

Proceedings of the 8th Turkish Co-operative Congress, held in 1976, with extracts in English and French.

PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES and THE INTERNATIONAL CO-OPERATIVE ALLIANCE (Ed. F. H. Webster): Yearbook of Agricultural Co-operation 1977.

Oxford (UK), Plunkett Foundation, 1977. 330 pp; index; tabs.

This issue of the Yearbook features a number of articles on fishery co-operatives, as well as reports and analyses of co-operatives in Niger, Nigeria, Netherlands, Tanzania, Sweden and Yugoslavia.

PONNUTHURAI, K. S.: Theory and Practice of Accounting in Fishery Co-operative Societies.

New Delhi (India), ICA RO & EC., S.E. Asia, November 1977. 275 pp; tabs.

Fishery co-operatives, whose members are often uneducated and poor, need simple and effective accounting systems to aid management. This book shows how to provide for control of cash, stock and stores, and how to deal with costs and expenses.

U.S. DEPT. OF AGRICULTURE, FARMER CO-OPERATIVE SERVICE: Marketing Operations of Dairy Co-operatives

Washington (USA), Farmer Co-operative Service, June 1977. 46 pp; diags; illus.

US Dairy co-operatives are shrinking in number, but expanding in volume of milk marketed. This report provides information on the scope and performance of dairy co-operatives, based on 1973 figures.

WALFORD, Arthur S.: Handbook for Co-operative Personnel

Oxford (UK), The Plunkett Foundation for Co-operative Studies, 1977. 135 pp; diags.

A revised, updated version of a handbook written by W. J. W. Cheesman, it is intended to fill the needs of members of societies and junior co-operative staff for practical guidance, and includes chapters on how to start and run a society, and the specific needs of marketing, savings, consumer requisites, secondary and school co-operatives.

Book Reviews

Corporate Financial Management by Julian R. Franks & Harry H. Scholefield. *Gower Press Teakfield Ltd 1977.*

This new edition of a book on corporate financial management should be of considerable interest to financial managers in co-operatives as well as those working for companies. Mr Franks is Senior Lecturer in Finance at the London Graduate School of Business Studies and Mr Scholefield is Manager of Internal Control with a major international oil company. The new edition contains addi-

tional material on risk measurement, leasing and mergers. The book is divided into four parts dealing with Working Capital, Fixed Assets, Capital Structure and Acquisitions and Mergers. The third part which discusses share and loan capital and ways and means of raising funds explores areas that are basically different in companies and co-operatives; yet this and other parts of the book should be of very considerable interest to those concerned with co-operative financing.

MICHAEL SWIFT

Industrial Common Ownership by David Watkins, MP. *Fabian Society, 11 Dartmouth Street, London, SW1. £0.65p.*

Mr David Watkins is the Labour Member of the British House of Commons who in 1976 promoted an Industrial Common Ownership Bill designed to promote industrial co-operatives and "common ownership enterprises". This short Bill became law in November 1976 and made £150,000 available to "relevant bodies" concerned with the promotion of co-operative productive societies and common ownership enterprises and £250,000 available for a revolving fund for investment in such enterprises. One of the "relevant bodies" that has been recognised under the Act is the Co-operative Union, another is the Co-operative Productive Federation, founded in 1882 but less active in recent years than formerly, and a third is the Industrial Common Ownership Movement, established in 1958 on the initiative of Mr Ernest Bader, the founder of the Scott Bader Commonwealth.

Seven years earlier Mr Bader had handed over, largely as a gift, the shares of his successful chemical company,

Scott Bader Company Limited, to a company limited by guarantee without share capital, the Scott Bader Commonwealth. A number of other employers followed his example and about a dozen common ownership companies constituted the Industrial Common Ownership Movement, which promoted and supported Mr Watkins' Industrial Common Ownership Bill and also formulated its own Model Rules and has promoted a considerable number of co-operative productive societies using these Model Rules.

Mr Watkins' pamphlet discusses the rather limited growth of co-operative productive societies in Britain and the reasons for this. He suggests that one of the reasons for this limited growth of productive societies is that the Industrial and Provident Societies Act of 1965, consolidating earlier legislation, is "wholly designed for consumer and not for producer co-operatives". But J. M. Ludlow, E. V. Neale and other British co-operative pioneers who helped to frame co-operative legislation in Britain were very much interested in co-operative production. One aspect of co-operative produc-

tion of which Mr Watkins is critical is the fact that some British productive societies have raised part of their share capital from consumers' co-operatives, from trade unions and from individuals other than worker members. But they did this only because they needed the share capital; it is not a consequence of the Industrial and Provident Societies Act. The co-operatives that use the ICOM Model Rules are registered under this Act, but to be certified as "common ownership enterprises" under Mr Watkins' Industrial Common Ownership Act they have to be clearly controlled by a majority of those working in them.

The ICOM Model Rules restrict shareholdings to one share per member whereas most other co-operative productive societies seek to raise as much share capital as they can in order to improve their borrowing capacity and trade credit. Mr Watkins tends to identify a "common ownership enterprise" as one in which "capital is held collectively" so that, as with the Scott Bader Commonwealth, there are no personal shareholdings. His Industrial Common Ownership Act identifies a common ownership enterprise as either a company limited by guarantee without share capital or a society registered under the Industrial

and Provident Societies Act—that is a co-operative. Oddly enough the Act also defines a "co-operative enterprise" in different terms which make no mention of co-operative principles and are so broad that any little company issuing shares to a majority of its workers would appear to be entitled to describe itself as a "co-operative enterprise". This part of the Act was not formulated by Mr Watkins but was introduced as an amendment by the Government.

Mr Watkins' pamphlet is an excellent guide to those interested in the development of co-operative production in Britain. It is made particularly topical by the publication of the Co-operative Development Agency Bill which received its second reading on April 6 and which is designed to establish an Agency with governmental funds to promote industrial and other co-operatives. It is also made topical by the forthcoming Open World Conference on Industrial Co-operatives to be held in Rome next October. It is a very readable little pamphlet with much useful information that should be of interest to all who wish to know more about co-operative development in Britain.

PAUL DERRICK

A Letter to the Editor



Ордена Ленина потребительская кооперация СССР

ЦЕНТРАЛЬНЫЙ СОЮЗ ПОТРЕБИТЕЛЬСКИХ ОБЩЕСТВ

ЦЕНТРОСОЮЗ

ПРАВЛЕНИЕ

103626, Москва, К-3, Б. Черкасский пер., д. 15. Телеграфный адрес: Москва, К-3

При ответе сослаться на к/№

от

7.03.78

Д-ру Г.Оллману
Секретарю по вопросам
печати МКА

Лондон, Великобритания

Уважаемый д-р Оллман,

Как Вам известно, во время заседания ЦК МКА
в Гамбурге представитель Центросоюза указал на

Dear Co-operators,

In the periodical "Review of International Co-operation" No 1 for 1977 an article by Mr W. P. Watkins was published, entitled "Reflections on Co-operative Self-Help in Changing Times", which contained completely unsubstantiated attacks on the Soviet country and the Soviet co-operative movement.

Soviet co-operators have been deeply outraged by the parallel drawn by W. P. Watkins between the attitude to the co-operative movement of the Nazi Reich—an openly terroristic dictatorship of monopolistic capital, and that of the Soviet state, which represents the power of the working people.

How is it possible to compare the destruction of co-operation by the German fascists in pre-war Germany with the flourishing of the co-operative system in the Soviet Union, which, before the Second World War, included within its ranks hundreds of thousands of kolkhozes, consumers', housing and building and other co-operatives? In any case, any parallel between Nazi Germany and the Soviet Union is impermissible, unhistorical and cynical. Nazi Germany in promoting the interests of the most aggressive circles of the imperialist bourgeoisie enslaved practically all of Europe, bringing grief and suffering to its peoples. The Soviet Union, after making a decisive contribution to the destruction of fascism in the Second World War, brought them liberation. And for their freedom, the possibility of restoring and developing their co-operative economy, in Germany too, the nations of Europe who were enslaved by the Nazi Reich are indebted above all to the Soviet people and to the Soviet state.

A strong protest is aroused in Soviet co-operators by W. P. Watkins when, on the old anti-Soviet theme, he writes that Soviet power took over "complete command of the Co-operative Movement" in Russia.

If W. P. Watkins had in mind the guidance of the co-operative movement by Soviet society in the form of the socialist state, then that was, on the one hand, a natural development from an objective historical viewpoint, while on the other, the greatest blessing for the co-operative movement. Such mutual relations between co-operation and society were the dream of the pioneers of co-operation, of the theoreticians and practitioners of the co-operative movement of all ages.

In the Soviet Union and in other socialist countries, co-operative activity, as indeed the whole of economic life, develops on the basis of the objective laws characteristic of socialism, one of which is the law of proportional and systematic development of the economy. Co-operation is a constituent part of the socialist planned economy. Because of this, the planning of its economic activities are an inalienable component of the general state development plan for the national economy. It cannot be otherwise.

From this follows the role of the state in directing national and economic processes. Socialism is a rationally organised society, where deliberate direction of all aspects of the life of society assumes paramount and even decisive significance. Without such deliberate, scientifically based guidance, it is impossible successfully to implement the production of material benefits and various services both in the national economy as a whole and in its individual sectors. From this arises the necessity for a special body to guide the national economy along scientific lines.

The Socialist state becomes such a body and emerges in a new role, unknown to states of previous social formations, that of a direct organiser of a united economic centre for directing the national economy. Thus its role arises from the character of socialist property. For the socialist state, expressing the will of the people, emerges as owner of the basic tools and means of production. The necessity for the socialist state to accept the function of a united economic centre, and that of directing the national economy along the lines dictated by society's needs, is brought about by the whole totality of productive relations of socialism. State planning of the national economy is thus the natural objective outcome of the development of socialist society and is one of the basic superiorities of the socialist system over the capitalist one. It permits the achievement of proportional development of all sectors of the economy, among them the co-operative sector, and the best possible use of available resources.

Operating in conditions of the planned socialist economy, the co-operative movement enjoys great advantages and benefits. It develops in conditions of an economy which knows no crises, economic shocks, destructive competition; it has guaranteed market sales, dependable sources of finance, high growth rates; it makes use of considerable state financial aid, credit, preferential treatment relating to income tax, insurance, and also state material safeguards, which considerably exceed its own possibilities.

The Soviet socialist state allows co-operatives and the millions of their members the opportunity to play an active part in the preparation and discussion of economic development plans, drawing up of the most important laws, in resolution of questions of state, economic, agricultural and cultural construction, in the formulation of retail prices of goods of national consumption and purchase prices for agricultural products and raw materials, and in the formulation of the structure of goods turnover and goods supply of the population. Thousands of co-operators are elected to the bodies of state power, where they represent the interest of the co-operative movement.

If W. P. Watkins thinks that the Soviet state was substituted for the elective bodies of co-operative self-management, then this supposition can only raise a smile.

As early as 1921, when Centrosoyuz joined the International Co-operative Alliance and when Western co-operators began to visit our country and get acquainted with the activity of our co-operatives, the co-operative world was convinced of the high level of co-operative

democracy in the Soviet consumer co-operative movement, of its full independence in decisions on all questions of its economic and social activity. The XXIV Congress of the ICA in its official documents gave a high estimation of the democratic bases of the development of the co-operative movement in the USSR and other socialist countries. In particular, in the document of the ICA Secretariat—"Contemporary Co-operative Democracy" it was stated that it was in the co-operative movements of socialist countries that links were most fully developed between the members of co-operatives and the leadership at any level, that the system of control of members, shareholders at local level was most developed, and that in the conditions of a planned economy co-operators played an important and ever growing role in determining the format of the national plan which would become the framework of their economic development and within which framework members would extend control on the local and regional level.

The high level of democracy and complete self-direction in the Soviet consumer co-operative movement is borne witness to by the fact that in co-operative general and district meetings in the discussion of reports of co-operative management, control and auditing bodies, and also elections of managers of co-operative shops, restaurants, bakeries (which duties are elective in accordance with the co-operative statute)—over 70% of the members of the co-operative movement participate. Almost every 20th co-operator is working in some body of co-operative self-management and control, in various social shareholders' committees. It is also well known that co-operatives in the Soviet Union come into being without preliminary permission, so that for the setting up of a consumers' society no permission from a government body is required. To organise a co-operative is also not dependent upon the registration of its statute.

The broad democratic rights of co-operation are reinforced in the new Constitution of the USSR. It proclaims the right of citizens of the USSR to unite in social organisations, among them co-operatives, and these are guaranteed conditions amenable to the fulfilment of the aims of their statutes (p.51), state assistance for developing co-operative property protecting it and for creating conditions for its increase (pp. 10, 12). It indicates that co-operative property, along with that of the state, forms the basis of the economic system of the USSR, and that the state encourages the activity of co-operative and other social organisations in all areas of service to the population. Co-operatives, like other social organisations in our country, in accordance with the aims of their statutes, participate in the management of state and social affairs, in the resolution of political, economic, social and cultural questions. (p.7). The constitution of the USSR grants to the co-operative movement the right to put forward candidates for the posts of deputies of Soviets to campaign at meetings in the press, on television and radio (p. 100) and to participate in selection committees. Finally, an important feature of the USSR constitution is the granting to co-operatives of the right to make legislative initiatives. (p. 113).

It should be particularly emphasized that the Soviet state not only encourages but also guarantees the steady growth of co-operative organisations in the country. Suffice to say that the consumer co-operative movement, for example, during the years of Soviet power has become a powerful multi-branched social and economic organisation. It unites in its ranks more than 64 million members. Its share of national turnover consists of around 30%. Stock turnover of consumer co-operatives in 1976 reached 7.2 milliard roubles. In the same year on its premises, national consumer goods were produced to a total of 5.5 milliard roubles.

The building of material and technical bases for the co-operative movement in conditions of a scientific and technical revolution requires an influx into the co-operative movement of an ever increasing number of qualified specialists. The consumer co-operative movement trains them in its own educational institutions. No co-operative organisation in the world has a comparable system of training co-operative staff. In 1976 alone 231.9 thousand specialists emerged from co-operative educational establishments, with qualifications ranging from highly specialised to basic training

Within the history of our country, from November 1918 to April 1921, there was one period when the Soviet state temporarily subordinated consumer co-operation to the National

Commissariat of Production. But this was a special and extremely difficult period in the life of the Soviet people, the period of the civil war, the struggle with counter-revolution, hunger, devastation and the intervention of 14 states, among them also Great Britain.

But even at that period, which demanded the concentration of all powers and means, co-operative establishments were not nationalised and their management was retained by co-operatives. State control existed in the centre and locally through representatives of the production commissariat, which had entered one by one on to the management of Centrosoyus and the provincial consumer unions. The Soviet government acted decisively too in the protection of co-operatives in those cases when attempts were made in certain areas to requisition co-operative property. Numerous governmental documents issued at the time of the civil war—decrees, telegrams, signed by V. I. Lenin, bear witness to this. For example, in November-December 1918 indications were given in several provinces that co-operative property was to be nationalised. V. I. Lenin demanded that the provincial Soviets and economic bodies concerned revoke these illegal resolutions and stop putting obstacles in the way of the co-operatives' activities. In one of his directives he said "immediately cease attempts to violate and avoid the decree of 21 November, to establish closed and nationalised co-operatives, and return their goods to them immediately". (1).

In April 1920 the IX Congress of the Russian Communist Party rejected the proposal of the Trotskyites to make the co-operative movement state-run, and supported the Leninist policy regarding the relation of Soviet power to the co-operative movement. In the congress resolution, co-operation was evaluated as a form of management able "in future to serve the basic organisation of supplying a population along communist lines". (2).

It is relevant to note here, that at the time of the world wars, state control of co-operative activity existed to some extent or another in all countries, including Great Britain.

One cannot comprehend what W. P. Watkins had in mind when he wrote that Soviet power suppressed some kinds of societies. If this implies credit co-operatives or various types of agricultural, then nobody did suppress them. They ceased to exist because in the course of the implementation of the Leninist co-operative plan of replacing lower forms*—credit, sales supply, associations for working the earth and others in the 30s, a higher form of co-operative emerged—productive co-operatives, agricultural co-operatives or kolkhozes. The need for credit co-operatives fell off in connection with the establishment of state systems of credit for agricultural and production co-operatives, which were more advantageous for the co-operative movement.

In the last few years the international co-operative movement has achieved a high degree of unity in its actions. The total work and resolutions of the last congresses in Warsaw and Paris bear witness to this. Unity of the ranks of the international co-operative movement elevates its authority and effectiveness in the struggle for the interests of the workers—co-operators of all countries—for the continuation and strengthening of detente, for disarmament and peace. Under these circumstances, anti-Soviet attacks undermine the unity of the international co-operative movement, sow mistrust in Soviet consumer co-operatives, and decrease the authority of the Alliance. That is why Soviet co-operators express their outrage at the anti-Soviet attacks of W. P. Watkins, and they hope that the editors of the *Review of International Co-operation* will henceforth act in a way appropriate to their great responsibility in publications of atheoretical, historical and political nature.

With Co-operative greetings,

N. I. SUPOTNITSKY,

First Deputy Chairman of the Board of Centrosoyus (USSR)

[For further information about the work and achievements of Centrosoyus, see *Review of International Co-operation* Nos. 5/1975, 4/1977. Ed.]

(1) V. I. Lenin, Complete collected works, 5th edition, vol. 50 p. 226.

(2) IX Congress of the RCP (b) Minutes. Gospolitizdat 1960 p. 424.

Tr. from the Russian by M. Clarke.

International Co-operative Alliance

11 Upper Grosvenor Street, London W1X 9PA, U.K.
Tel: (01) 499 5991 Cables INTERALLIA

President: Roger Kerinec

Director: Dr. S. K. Saxena

General Secretary: R. P. B. Davies

Regional Office & Education Centre for South-East Asia

Bonow House, PO Box 3312,

43 Friends Colony, New Delhi 110-014, India

Tel: 631541 Cables INTERALLIA

Regional Director: R. B. Rajaguru

Regional Office for East & Central Africa

PO Box 946,

Moshi, Tanzania

Tel: 4706 Cables INTERALLIA

Regional Director: Dan Nyanjom

Affiliated Organisations

ARGENTINA

Asociación Argentina de Cooperativas y Mutualidades de

Seguros

Avenida de Mayo 1370 Piso 1°, Buenos Aires.

Tel. 33-0222/7138

Asociación de Cooperativas Argentinas

25 de Mayo 35, Buenos Aires.

Tel. 30-8741 Cables ASOCOOPAR Telex 012-1876

Confederación Cooperativa de la Republica Argentina Ltda.

(COOPERA)

Moreno 1729, Buenos Aires.

Federación Argentina de Cooperativas de Consumo

Avda. Suarez 2034, Buenos Aires.

Tel. 28-5381/3 Cables COOP

Federación Argentina de Cooperativas de Credito Ltda.

Pueyrredon 468, 2° Piso, 1032 Buenos Aires (RC 24).

Tel. 86-6283

Instituto Movilizador de Fondos Cooperativos SCL

Urquiza 1394, Rosario, 1 (Sta Fé)

Tel. 44223

BELGIUM (cont)

Office des Pharmacies Coopératives de Belgique (OPHACO)

602 Chaussée de Mons, Anderlecht-Brussels 7.

Tel. 522-56-90

Société Coopérative d'Assurances "La Prévoyance Sociale"

P.S. Building, 151 rue Royale, 1030 Brussels.

Tel. 218-80-80 Telex 25.566

BULGARIA

Central Co-operative Union

Rue Rakovski 99, Sofia.

Tel. 88-03-11 Cables CENTROCOOPSOYUS

CANADA

Conseil Canadien de la Coopération

2030 boul. Peré Lelievre, Quebec, G1P 2X1.

Co-operative Union of Canada

237 Metcalf St., Ottawa, Ont., K2P 1R2

Tel. 238 6711 Telex 053-4406

Intercoop Editora Cooperativa Ltda.
Alberti 191, 1082 Buenos Aires.
Tel. 47 21 49

AUSTRALIA

Co-operative Federation of Australia
(36 Northbourne Avenue), POB 347, Canberra City A. C. T. 2601.
Tel. 062-48 7816

AUSTRIA

Österreichischer Raiffeisenverband
Hollandstrasse 2, 1020 Vienna.
Tel. 26 360 Telex 07/6769

**Österreichischer Verband gemeinnütziger Bau-
Wohnungs- und Siedlungsvereinigungen**
Bösendorferstrasse 7/11, 1010 Vienna.
Tel. 65-71-63 Cables GEBBAVERBAND

Zentralkonsum Österreich GmbH
(Theobaldgasse 19) Postfach 85, A-1061 Vienna.
Tel. 57-75-38 Cables KONSUMVERBAND Telex 11803

BANGLADESH

Bangladesh Jatiya Samabaya Union
"Samabaya Sadan" (1st floor), 9/D-Motijheel Commercial Area,
Dacca 2.
Tel. 255846 Cables RANGDHENU

BELGIUM

L'Economie Populaire
30 rue des Champs, 5300 Ciney (Namur).
Tel. 21-28-01

Fédération belge des Coopératives (FEBECOOP)
26-28 rue Haute, 1000 Brussels.
Tel. 513-28-60 Cables ESGECE Telex 02.224.95

Fédération Nationale des Coopératives Chrétiennes
135 rue de la Loi, 1040 Brussels.
Tel. 735-60-90

CHILE

Cooperativa de Empleados Particulares Ltda.
(COOPEMPART)
Tatarios 601, Casilla 424, Santiago.
Tel. 82935

Instituto de Financiamiento Cooperativo (IFICOOP) Ltdo.
San Antonio 220—2° piso, Casilla 1118, Santiago.
Tel. 398253

**Unión de Cooperativas de Consumo y Servicios de Chile
Ltda. (U-COOP)**
Agustinas 1141, 7° piso, Casilla 14439, Santiago.
Tel. 715256

Unión Cooperativa de Seguros (UCOSEG) Ltda.
Moneda 1040, of. 704-705, Santiago.
Tel. 81295

COLOMBIA

Cooperativa Familiar de Medellín Ltda.
Calle 49, No. 52-49, Medellín.
Tel. 45-00-55

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Co-operative Central Bank Ltd.
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Tel. 2331 Cables VINUNION

CZECHOSLOVAKIA

Ustredni Rada Druzstev (Central Co-operative Council)
Tesnov 5, 11006 Prague 1.
Tel. 64751 Cables UERDE

DENMARK

Fællesforeningen for Danmarks Brugforeninger (FDB)

Roskildevej 65, 2620 Albertslund.

Tel. 64-88-11 Cables EFDEBE

Det Kooperative Fællesforbund i Danmark

Reventlowsgade 14, 2-1651 Copenhagen V.

Tel. 12-22-62 Cables UNICOOP

De samvirkende danske Andelselskaber

(Central Co-operative Committee of Denmark)

Vester Farimagsgade 3, DK-1606 Copenhagen V.

Tel. 12-14-19

FIJI

Fiji Co-operative Union

Registry of Co-operative Societies, Development Bank Centre, Suva.

Tel. 211-258

FINLAND

Keskusuusiike O.T.K. (Central Co-operative Society)

POB 120, 00101 Helsinki 10.

Tel. 750731 Cables OSUUSTUKKU Telex 12-454

Kultusuusunkuntien Keskuiliitto (K.K.) r.y.

(Mikonkatu 17) POB 740, 00101 Helsinki 10.

Tel. 170491 Cables KESKUSLIITTO Telex 121261 EKKSFF

Pellervo Seura (Central Organisation of Farmers' Co-operatives)

(Simonkatu 6) POB 10077, 00101 Helsinki 10.

Tel. 602066 Cables PELLERVO

Pohja Yhtymä

(Runeberginkatu 5) POB 10180, 00101 Helsinki 10.

Suomen Osuuskauppojen Keskuskunta (S.O.K.)

(Finnish Co-operative Wholesale Society)

(Vilhonkatu 7) POB 460, 00101 Helsinki 10.

Tel. 650611 Cables KESKUSKUNTA Telex 12-456

Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.)

(General Co-operative Union)

Vilhonkatu 7, 00101 Helsinki 10.

FRANCE (cont)

Société Générale des Coopératives de Consommation

La Maison de la Coopération, 27-33 Quai le Gallo, 92517 Boulogne

Billancourt.

Tel. 604.91.78 Cables EMDEGE Telex 27094 EMDEGE

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Gambia Co-operative Union Ltd.

POB 505, Banjul.

Tel. 581

GERMAN DEMOCRATIC REPUBLIC

Verband der Konsumgenossenschaften der DDR

(Stresemannstrasse 128), Postfach 1269, 108 Berlin.

Tel. 22-38-0 Cables KONSUMZENTRALE Telex 011-2831

GERMANY, FEDERAL REPUBLIC OF

Bank für Gemeinwirtschaft AG

Theaterplatz 2, 6000 Frankfurt A/M.

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Bund deutscher Konsumgenossenschaften GmbH

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Tel. 249006 Cables COOPBUND Telex 21-62-521

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Sonninstrasse 18-28, 2000 Hamburg 1.

Tel. 284-1 Cables HAPROAG

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Tel. (022-21) 1061 Cables RAIFFEISEN Telex 08-86-830

Gesamtverband gemeinnütziger Wohnungsunternehmen e.V.

Bismarckstrasse 7, 5000 Cologne 1.

Tel. 52-31-81

Volksfürsorge deutsche Sachversicherung AG

(Besenbinderhof 43) Postfach 10 64 29, 2000 Hamburg 1.

Tel. 28 651 Cables VOLKSACH HMB Telex 21 61 740

Volksfürsorge Lebensversicherung AG

An der Alster 57-63, 2000 Hamburg 1.

FRANCE

Banque française de Crédit Coopératif
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Tel. 227-48-03 Cables COPEBANK Telex 29733 COPEBANK

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Tel. 273-90-00 Cables AGRICREDIT Telex CANAGRI 25-971

Confédération des Coopératives de Construction et d'Habitation
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Tel. 772 9192

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Tel. 627.89.58 Cables COOPRODUC

Confédération nationale de la Coopération, de la Mutualité et du Crédit Agricoles
129 Bd. St. Germain, 75279 Paris.
Tel. 033-93-31

Confédération nationale du Crédit Mutuel
29 avenue MacMahon, 75017 Paris.

Confédération des Organismes de Crédit Maritime Mutuel
18 bis, Avenue Hoche, 75008 Paris.
Tel. 267-14-50

Fédération Nationale des Coopératives de Consommateurs (F.N.C.C.)
La Maison de la Coopération, 27-33 Quai le Gallo, 92517 Boulogne Billancourt.
Tel. 604.91.78 Cables FEDECOOP
Telex FEDCOP BELGNS 260846

Fédération Nationale des Sociétés Coopératives d'Habitation a Loyer Modéré (H.L.L.M.)
20 rue de Richelieu, 75001 Paris.
Tel. 266-4520

GHANA

Ghana Co-operatives Council Ltd.
POB 2068, Accra.
Cables GACOCO

GREECE

Pan-Hellenic Confederation of Unions of Agricultural Co-operatives
El Venezelou 56, Athens 142.
Tel. 618.645 Cables PASEGES

HAITI

Caisse Populaire Dominique Savio
57 Rue Rigaud, Pétiou-Ville.

HUNGARY

National Co-operative Council
(Szabadság tér. 14) POB 616, H.1373 Budapest V.
Tel. 113-600

National Council of Agricultural Co-operatives
Akadémus ucta 1-3, Budapest V.
Tel. 113-600

National Council of Consumers' Co-operative Societies (SZOVOSZ)
Szabadság tér 14, Budapest V.
Tel. 113-600 Cables SZOVOSZ

National Council of Industrial Co-operatives (OKISZ)
(Thököly ut 58-60) POB 172, 1146 Budapest 70.
Tel. 188-800 Cables OKISZ

ICELAND

Samband Isl. Samvinnufélaga
Samband House, POB 180, Reykjavik.
Tel. 28200 Cables SIS Telex 2023

INDIA

All India Central Land Development Banks' Federation
Shivshakti (2nd Floor), B. G. Kher Road, Worli, Bombay 400018.
Tel. 395349 Cables BHUMIUIKAS

All India State Co-operative Banks Federation
Garment House (2nd Floor), Dr. Annie Besant Road, Worli Naka,
Bombay 400-018.

National Agricultural Co-operative Marketing Federation Ltd.
Sapna Theatre Building, 54 East of Kailash, New Delhi-110024.
Tel. 631416 Cables NAFED Telex ND 3254

National Co-operative Consumers' Federation Ltd.
Deepali (5th floor), 92 Nehru Place, New Delhi-110024.
Tel. 635387 Cables KONFED

National Co-operative Union of India (NCUI)
Eros Apartments (6th Floor), 56 Nehru Place, New Delhi-110024.
Tel. 634 369 Cables COPUNION

INDONESIA

Dewan Koperasi Indonesia (The Indonesian Co-operative
Council)
Jalan Jendral Gatot Subroto, Komplek PUSDIKKOP, Djakarta.
Tel. 74081-88

IRAN

Central Organisation for Rural Co-operatives of Iran
357 Pahlavi Avenue, Tehran.
Tel. 64210

**Consumers' and Services Co-operative Society for Ministry
of Labour and Social Affairs Employees**
Ministry of Labour and Social Affairs, Tehran.

Sepah Consumers' Co-operative Society
Avenue Amir-abad Shomali, Iran Novin Corner, Tehran.
Tel. 636001 Cables SHETMAR

IRAQ

General Co-operative Union
POB 5764, Baghdad.
Tel. 86520 Cables COOPFEDRA

JAPAN (cont)

Hokkaido Federation of Co-operative Fishery Associations

West 7, North 3, Chuoku, Sapporo.

Tel. 231-2161 Cables DOGYOREN

Ie-No-Hikari Association

No. 11, Funagawara-cho, Ichigaya, Shinjuku-ku, Tokyo.

Tel. 260-3151 Cables IENOHIKARI

Japanese Consumers' Co-operative Union—

Nippon Seikatsu Kyodokumiai Rengokai

1-13 4-chome Sendagaya, Shibuya-ku, Tokyo.

Tel. (404) 3231 Cables CONSUMUNION

National Federation of Agricultural Co-operative Associations (ZEN-NOH)

8-3 1-chome, Ohtemachi, Chiyoda-ku, Tokyo.

Tel. 03 (279) 0211 Cables ZENNOHREN

Telex ZENNO 222-3686

National Federation of Fisheries Co-operative Associations (Zengyoren)

Co-op Building (7th floor), 1-12 1-chome Uchikanda, Chiyoda-ku, Tokyo 101.

Tel. 2949611 Cables NAFEDEFISH

Telex ZENGYO J TOKYO 222-6234

National Federation of Forest Owners' Co-operative Associations

Co-operative Building (8th floor), 1-12 1-chome Uchikanda, Chiyoda-ku, Tokyo 101.

National Mutual Insurance Federation of Agricultural Co-operatives (ZENKYOREN)

7-9 Hirakawa-cho 2-chome, Chiyoda-ku, Tokyo 102.

Tel. (265) 3111

JORDAN

Jordan Co-operative Organisation

POB 1343, Amman.

Tel. 23101/3 Cables ALOUN

IRISH REPUBLIC

Co-operative Development Society Ltd.

35 Lower Gardiner Street, Dublin 1.

ISRAEL

**"Bahan" Audit Union of Agricultural Co-operative Societies
in Israel**

(47 Nachmani Street) POB 622, Tel-Aviv.

Tel. 614933

General Co-operative Association of Labour in Israel

"Hevrat Ovdim" Ltd.

POB 303, Tel-Aviv.

Tel. 26.11.11 Cables OVDIM

ITALY

Associazione Generale delle Cooperative Italiane

Via Ravenna 8, 00161 Rome.

Tel. 859198

Confederazione Cooperative Italiane

Via Torino 135, 00184 Rome.

Tel. 475-4483 Cables CONFCOOPERATIVE

Lega Nazionale delle Cooperative e Mutue

Via A. Guattani 9, 00161 Rome.

Tel. 841371 Cables LEGACOOOP

JAMAICA

National Union of Co-operative Societies Ltd.

2a Manhattan Road, Kingston 5

JAPAN

Central Co-operative Bank for Agriculture and Forestry—

Norinchukin Bank

8-3 1-chome, Otemachi, Chiyoda-ku, Tokyo.

Tel. 03 279 0111 Cables CCBAF Telex J.23918

Central Union of Agricultural Co-operatives—

Zenkoku Nogyokyodokumiau Chuokai

8-3 1-chome Otemachi, Chiyoda-ku, Tokyo

Tel. 270 0041 Cables CHUOKAI

KENYA

Kenya National Federation of Co-operatives Ltd.
POB 49768, Nairobi.
Tel. 21487 Cables MUUNGANO

KOREA

National Agricultural Co-operative Federation
75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul.
Tel. 73-0021 Cables KONAFCO

MALAYSIA

Co-operative Central Bank Ltd.
(29 Leboh Ampang) POB 685, Kuala Lumpur 01-19.
Tel. 26531/4

Co-operative Union of Malaysia Ltd.
Peti Surat 685, Kuala Lumpur.
Tel. 23903

Malaysian Co-operative Insurance Society Ltd.
(36 Jalan Ampang) POB 817, Kuala Lumpur 01-16.
Tel. 87915/6 Cables MCIS

National Union of Co-operatives (ANGKASA)
103 Jalan Templer, Petaling Jaya, Selangor.
Tel. 771258

Sarawak Co-operative Central Bank Ltd.
Kuching, Sarawak.

MAURITIUS

Mauritius Co-operative Union
Co-operative House, Dumas Street, Port Louis.
Tel. 822

MOROCCO

Union Nationale des Coopératives agricoles laitières
Rue Patrice Lumumba, B.P. 569, Rabat-Chellah.

NETHERLANDS

Dutch Federation of Workers' Productive Co-operative Societies
Nieuwe Gracht 5, Utrecht.
Tel. 331 331

NIGERIA

Co-operative Federation of Nigeria Ltd.
PMB 1301, Ibadan.
Tel. 61727

NORWAY

Landbrukets Sentralforbund
(Schweigsadsgt. 34) POB 3746, Gamlebyen, Oslo 1.
Tel. (02) 19 88 00

Norges Kooperative Landsforening (NKL)

(Revierstredet 2) POB 451 Sentrum, Oslo 1.
Tel. 20 62 90 Cables KOOPENGROS Telex 19 450 HQ
Norske Boligbyggelags Landsforbund (NBBL)
Trondheimsveie 84-86, Oslo 5.
Tel. 35 75 20

PAKISTAN

Mercantile Co-operative Finance Corporation Ltd.
197-A The Mall, Rawalpindi. Tel. 3754.

West Pakistan Co-operative Union Ltd.

(11 Masson Road) POB 905, Lahore 1.
Tel. 54203 Cables PESEYOU

PERU

Banco Nacional de las Cooperativas del Perú Ltda.
Av. Tacna 411, Apartado 4895, Lima.
Tel. 276569 Cables BANCOOP
Cooperativa de Credito Central del Perú Ltda.
Antonio Mirro Quesada 247, Of. 407, Apartado 4429, Lima.
Tel. 27-3752

Cooperativa de Seguros del Perú Ltda.

Máximo Abril 552, Apartado 4360, Lima 11.
Tel. 46769

PHILIPPINES

Central Co-operative Exchange Inc.
POB 1968, Manila.
Tel. 7-60-09 Cables CENCOPEX

ROMANIA

CENTROCOOP (Central Union of Consumer Co-operatives)
Str. Brezoianu 31, Sectorul 7, Bucharest.
Tel. 13-96-23 Cables CENTROCOOP Telex 11591
UCECOM (Central Union of Handicraft Co-operatives)
Calea Plevnei 46, Sectorul 7, Bucharest.
Tel. 13-16-48

UNCAP (National Union of Agricultural Producers' Co-operatives)
Bd. Gheorghe Gheorghiu-Dej 25, Bucharest.

SINGAPORE

Singapore National Co-operative Union Ltd.
(3-J/K Clifford House) POB 366, Singapore 1.

SRI LANKA

National Co-operative Council of Sri Lanka
(Co-operative House, 455 Galle Road) POB 1669, Colombo 3.
Tel. 85496 Cables NACOSIL

SWEDEN

Folksam Insurance Group

(Folksam Building, Bohusgatan 14) Fack, S-104 60 Stockholm.
Tel. 22-01-00 Cables FOLKSAM Telex 190.84 FOLKSAM S

HSB:S Riksförbund ek för

Fack, S-100 21 Stockholm 18.
Tel. 785 30 00 Cables HAESSBE Telex 11.724 HSB COOP

Kooperativa förbundet

Fack, S-104 65 Stockholm 15.
Tel. 743 10 00 Cables KOOPERATIVA Telex 19490

Kooperativa Gilleförbundet

Fack, S-104 65 Stockholm 15.
Tel. 44-90-60.

Lantbrukarnas Riksförbund (Federation of Swedish Farmers)

(Klara Ö Kyrkogata 12) Fack, S-105 33 Stockholm.
Tel. 14-16-00 Cables LANTFORBUNDET
Telex 11098 Lantek S

Svenska Riksbysggen

(Hagagatan 2) POB 19015, S-104 32 Stockholm 19.
Tel. 34-05-20 Cables RIKSBYGGEN

Cooperative Insurance System of the Philippines Inc.
(300 De La Merced (Delta) Building, West Avenue) POB 419
Araneta Centre, Quezon City.
Tel. 97-35-68 Cables COOPINSURE

Sugar Co-operative Development Institute of the Philippines
Rm. 107-110, D.O.L.L. Building, 6th Street, Bacolod City 6001.
Tel. 20666

POLAND

Central Agricultural Union of Peasant Self-Aid Co-operatives
Kopernika 30, 00-328 Warsaw.
Tel. 26-39-69 Cables CENTROLNA

Central Union of Building and Housing Co-operatives
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Tel. 20-90-29

Central Union of Work Co-operatives
Surawia 47, 00-680 Warsaw.
Tel. 28-51-86 Cables CZESP

"Spolern"—Union of Consumer Co-operatives
Grazyny 13, 02-548 Warsaw.
Tel. 45-32-41 Cables SETESES

Supreme Co-operative Council
Ul. Jasná 1, Warsaw.
Tel. 26-72-21 Cables ENERES

PORTUGAL

UNICOOPE
Rua Alvaro Gomes 112, 3292 Porto.
Tel. 684606

PUERTO RICO

Co-operative League of Puerto Rico
458 Fernando Calder, Apartado 707, GPO San Juan 00936.
Tel. 764-2727

SWITZERLAND

Genossenschaftliche Zentralbank AG
Aeschenplatz 3, CH 4002 Basel.
Tel. (061) 23-84-00

Coop Lebensversicherungsgenossenschaft
Aeschenvorstadt 67, CH 4002 Basel.
Cables COOPLEBEN

Coop Schweiz
(Thiersteinallee 14) POB 1285, CH 4002 Basel.
Tel. (061) 20-61-11 Cables COOPSUISSE Telex 62 133

Verband sozialer Baubetriebe
c/o SBHV, Sihlpostfach, Zürich.

TANZANIA

Co-operative Union of Tanganyika Ltd.
National Co-operative Building, POB 2567, Dar-es-Salaam.
Tel. 23077 Cables MUUNGANO

THAILAND

Co-operative League of Thailand
4 Pichai Road, Dusit, Bangkok
Tel. 811414

TURKEY

Köy-Koop (Central Organisation of Village Development and Other Agricultural Co-operative Unions).
Gazi Mustafa Kemal Bulvari 97, Maltepe, Ankara.
Tel. 29 61 84 Cables KOYKOOOP

Türk Kooperatifçilik Kurumu (Turkish Co-operative Association)
Mithatpasa Caddesi 38A, Yenisehir, Ankara.
Tel. 18 82 44

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Uganda Co-operative Alliance
POB 2215, Kampala.
Tel. 56984/6 Cables ALLIANCECOOP

UNITED KINGDOM

Co-operative Bank Ltd.
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M60 4EP
Tel. (061) 834 8687

Co-operative Insurance Society Ltd.

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Tel. (061) 832 8686 Cables COLLECTIVE
Telex 66 86 21 COLLECTIVE MCHR

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Tel. (061) 834 0975 Cables CONGRESS

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(New Century House, Corporation Street) POB 53, Manchester
M60 4ES.
Tel. (061) 834 1212 Cables WHOLESale

Plunkett Foundation for Co-operative Studies

31 St. Giles, Oxford OX1 3LF.
Tel. (0865) 53960

URUGUAY**Centro Cooperativista Uruguayo**

Dante 2252, Montevideo.
Tel. 41-25-41 Cables CENCOOPUR

U.S.A.**Co-operative League of the U.S.A.**

1828 L Street, NW, Washington, DC 20036.
Tel. (202) 872-0550 Cables CLUSA

U.S.S.R.**Central Union of Consumer Societies—CENTROSOYUS**

B. Tcherkassky per 15, 103626 Moscow.
Tel. 221 7253 Cables MOSCOW K-3 Telex 7127

YUGOSLAVIA**Glavni Zadruzni Savez FNRJ**

(Terazije 23/VI) POB 47, 11001 Belgrade.
Cables ZASAJ

ZAIRE

Centrale Générale des Coopératives Angolaises
B.P. 6039, Kinshasa 1.

ZAMBIA

Zambia Co-operative Federation Ltd.
POB 3579, Lusaka.
Cables ZAMCCOOP

INTERNATIONAL ORGANISATIONS

International Co-operative Bank Co. Ltd. (INGEBA)
(Aeschengraben 12) POB 243, CH 4010 Basel, Switzerland.
Tel. 23-58-27 Cables INGEBA

International Co-operative Housing Development Association (ICHDA)

11 Upper Grosvenor Street, London W1X 9PA, U.K.
Tel. 493 1137 Cables ICHDA INTERALLIA

International Co-operative Petroleum Association (ICPA)

28 West 44th Street, New York, NY 10036, U.S.A.
Tel. 354 0870 Cables INCOPEPETROL Telex 22 49 14

Nordisk Andelsförbund

3 Axelortory, 1609 Copenhagen V, Denmark.
Tel. 15.15.33 Cables NORFORBUND Telex 27 111 NAF

Organisation of the Cooperatives of America (OCA)

(Baltazar La Torre 1056, San Isidro) POB 4657 Correo Central,
Lima, Peru.
Tel. 22-3392 Cables OCA

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP)

(Reconquista 365, 2° piso) POB 4311, Buenos Aires, Argentina.

World Council of Credit Unions Inc. (WOCCU)

(1617 Sherman Avenue) POB 431, Madison, Wisconsin 53701,
U.S.A.
Tel. 608-241-1211 Telex 25-5446

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The ICA is not responsible for opinions expressed in signed articles.

Is the Co-operative Community Co-operative?

by
Nils Thedin

The Co-operative College in Moshi was inaugurated in January 1968 by the President of Tanzania, Julius Nyerere, the Swedish Prime Minister, Tage Erlander, and the then President of the International Co-operative Alliance, Mauritz Bonow – three great names, which demonstrated the importance attributed to co-operation for development in Tanzania. The co-operative movement was considered one of the levers which would raise social and economic standards and ensure a functional democratic system. From a co-operative point of view Tanzania seemed already to be something of a model nation: exploitation by private capitalism was to be replaced by a democratic economy built on people working together, with strong elements of the co-operative form of enterprise.

In May 1976 we learnt that the government of Tanzania had decided to dissolve all the 2,000 co-operative primary societies in the villages, as well as the regional co-operative unions. The work of the rural co-operatives was transferred to new village administrative units. The activities and property of the unions were taken over by state "crop authorities", i.e. the government bodies responsible for purchase and marketing of crops, the

Coffee Board, The Cotton, Lint and Seed Marketing Board, etc. The only co-operatives remaining independent with voluntary membership were, for the time being, thrift and credit societies and consumer co-operatives such as the successful consumer co-operative society in Moshi.

One of the district unions to disappear from view was the world renowned and successful Kilimanjaro Native Co-operative Union with its headquarters in Moshi. This union had for very long been a model co-operative: it demonstrated how, in developing countries, co-operative joint action could substantially improve the economic and social condition of the people. It was no coincidence that the Co-operative Education Centre (CEC) which was started in Tanzania in 1964 was located in Moshi. So was the ICA Regional Office for East and Central Africa, started in 1968; the Co-operative College was also built there. Moshi had become a co-operative Mecca in East Africa.

But even if this rapid sketch of what has happened to the Tanzanian co-operative movement is formally correct, the Tanzanians themselves might not recognise it. The new legislation in

Tanzania spells out that the villages shall act as multi-purpose co-operatives—i.e. a form of all-embracing co-operative society. Discussion had long been going on in Tanzania about restructuring the co-operative movement. When the unions were dissolved, the national organisation, the Co-operative Union of Tanganyika (CUT), was left out on a limb. It had lost its members, and its future appeared rather uncertain. The intention was that the villages, in their co-operative capacity, should become affiliated to the CUT, which would then become the servicing organisation for that part of the activities of the villages previously run by the local co-operative societies.

The news about the restructuring of the Tanzanian co-operative movement was surprising, because no one had foreseen such a far-reaching decision being made at this particular juncture, at the highest political level, and without giving the co-operators affected a chance to make their views heard. And yet this action could not have been unexpected. After all, the ultimate aim is to co-operativise all of society—this is the meaning of the ujamaa and village programme, a logical consequence of the Arusha declaration.

Development of People

Co-operation is naturally not an end in itself. It is a means for social and economic development. This can mean different things. For us, as co-operators, it has been easy to agree with President Nyerere's definition of development: "For the truth is that development means the development of *people*. Roads, buildings, increases in crop output, and other things of this nature, are not

development; they are only tools of development". "But people cannot be developed; they can only develop themselves. . . . (A man) develops himself by what he does, he develops himself by making his own decisions, by increasing his understanding of what he is doing, and why; by increasing his own knowledge and ability, and by his own full participation—as an equal—in the life of the community he lives in." (President Nyerere, *Freedom and Development* 1968).

A co-operative credo can probably not be expressed better than that. This particular point, that development means the development of people, gave support to the supposition that the co-operative movement of Tanzania would grow organically, at the same rate as the local consciousness and economic knowledge of the people. But it would appear that this was all too slow!

Help for Self-Help

Let us leave Tanzania for a moment in order to examine a vital aspect of the development policies of the UN agencies. At the start the aid aspect predominated. It was of prime importance to transfer to developing countries both material resources and technical know-how. In time optimism about development started to flag. In the majority of countries assistance did not produce enough tangible results—and there was more and more talk of the inadequate transfer of resources, lack of planning, even corruption . . .

And the industrially developed countries did not live up to their promises. In fact official development assistance has tended to decline. It represented, in 1976, only 0.31 per cent of the gross

national product of the industrialised Western countries and 0.03 per cent of the socialist countries*. Only three countries have so far reached the goal of 0.7 per cent of the GNP in actual disbursements, so solemnly promised to the developing world, which was to be reached by the mid-seventies.

The UN agencies have had to admit that in general not much headway has been made in the development of the third world. Less than 15 per cent of the rural population in those countries have access to any form of health care; less than 25 per cent live within walking distance (10 km/6 miles) of a well or spring of clean water, less than 50 per cent of all children in the developing countries get school education. And 25 per cent of the children are undernourished. The figures are illuminating. They could be supplemented with facts about slums, infant mortality, unemployment, and low, stagnating *per capita* incomes.

The conclusion to be drawn from these discouraging experiences is briefly this: that the efforts made by governments, with the assistance of UN agencies, bilateral aid agencies and private organisations are insufficient. In many countries they do not even keep pace with the increase in population. Economic development does not "trickle down" to the great masses of the population, especially if it is not supported by a strong political will and combined with social and structural reforms. And in any case, measures *for* the people in developing countries are not enough. Work towards progress must be under-

taken *together with* the population, and to the greatest extent *by* the people themselves. The survey undertaken jointly by the World Health Organisation and UNICEF a few years ago about health care in rural areas of developing countries is significantly entitled: "Health by the People"—health *by* and *through* the people.

Help for self-help in order to satisfy the basic needs of everybody is now the watchword in WHO, ILO, FAO, UNICEF, UNDP, etc.

The role of national and local government in development work then becomes primarily that of pointing in a given direction, providing basic services and assistance in the establishment of an infrastructure: communications, education and training, nutrition policies and health care, provision of energy resources etc. But this must be matched by measures at the local level, in terms of production and distribution of goods, provision of water, basic hygiene and health etc. In many cases this collaboration can take the form of solidly organised co-operative action.

The Spectrum of Joint Action

The examples from Tanzania and the UN agencies have one thing in common: they concern collective means in development work. These collective means can be compared to a spectrum. At the one extreme we find the government measures. They are obligatory in character, compulsory measures financed by taxation, directed and administered from the centre. Closer to the grassroots are the community measures which come under the local authorities. In some cases they may be part of a well developed local autonomy.

*According to official statistics of the Development Assistance Committee of the OECD.

If we follow the spectrum a little further we find collective action in voluntary but firmly organised form: co-operative societies and unions. In developing countries these are often controlled and even directed by government. There are, however, varying degrees of direction by government—right up to total independence within defined legislation. If we then follow the spectrum a little further, we will find various forms of temporary collaboration, e.g. joint work to dig a well, organisation of common irrigation, or joint purchasing of certain requirements.

The borderlines between these various forms of collective action are fluid. Government control over co-operatives may be so strong that co-operatives are regarded virtually as branches of government; hence they are unable to get members to make active contributions themselves. Co-operative joint action can be changed into action under public leadership, as was the case in China in 1958, when the rural co-operatives were transformed into people's communes. Temporary collaboration to solve common objectives can be turned into a co-operative society with shares, rules, book-keeping and elected committees, as happened in Sweden where informal purchasing groups sometimes grew into consumer co-operative societies.

With more than a century of experience of co-operative action on the Rochdale weavers' model, we are bound to consider this to be the superior type, the one that should be normative. It is characterised by open and voluntary membership, democratic control, limited interest on capital, return of surplus to members. It is true that in many cases some of the principles have been tam-

pered with. But it has still proved possible to develop autonomous and democratically controlled co-operative societies which can successfully compete with private business and state-owned enterprises. In a number of countries the co-operative movement plays an important rôle as a democratic factor in the economy, a factor which has substantially improved living conditions for the wage-earners and small farmers.

Are the Rochdale Principles Self-Evident?

How then do we, who support the Rochdale principles, stand vis-à-vis the development in Tanzania?

The fact is, of course, that Tanzania is a sovereign state and makes its own decisions. And in the Nordic countries the position is quite clear both in the co-operative movements and the Government aid agencies: in so far as we are competent to support development in Tanzania, we will do so.

Nevertheless, the restructuring of the Tanzanian co-operative movement can undoubtedly give rise to a number of questions, and much reflection. I shall limit myself to one aspect only: are the Rochdale principles really so self-evident when considering co-operative development in the third world?

There were co-operatives before Rochdale. Some of the thinkers and pioneers who wanted to replace capitalism and exploitation with democratic economic collaboration, concluded that the alternative was self-supporting co-operative colonies. The French utopian socialist Charles Fourier (1792-1837) was one of these thinkers; his plan was that people should voluntarily band together into self-supporting co-operative units of

400-2,000 persons; he called them phalansteries.

Similar ideas were developed by his British contemporary, Robert Owen. Unlike Fourier, Owen was a wealthy man who could afford to finance a social experiment. In 1825 he purchased 20,000 acres of land in the USA, with buildings and workshops in order to found a community. He invited people to settle there in order to realise a new social order, where the principle of maximum good should reign. There, in New Harmony, profits were abolished, each worked for all. But the experiment failed. Owen concluded that "it was a premature attempt at bringing together a crowd of mutual strangers to run extensive activities for the common good, *without any previous education for this purpose*".

The co-operative colonies that the Utopians wanted to realise were a kind of "self-supporting islands", which were to live their lives in isolation from, and unbesmirched by, society in general. But it became apparent that it was unrealistic to expect these co-operative communities to develop in a capitalist world without giving the members proper education and training, and without society giving their activities legal, organisational and perhaps financial support. This did not mean that the ideas were doomed. There is a certain similarity between Fourier's and Owen's dreams, and the reality which meets us in the Chinese people's commune, the kibbutz in Israel and the ujamaa village of Tanzania.

Forms for Collaboration in the Third World

The greatest contribution of the weavers of Rochdale was possibly that

they found a method of letting co-operative action grow within the framework of a capitalist society. They did not cut themselves off from society; instead they adapted their activity to its conditions—with the aim of gradually changing society. Their ultimate goal was to establish a self-supporting co-operative community. We are still far from that goal. But the Rochdale pioneers did sow the seed of a world-wide movement, which in many countries, with different economic and social systems, has become of great importance to social and economic development. The co-operative movement has demonstrated in practice that it can mobilise the individually insignificant financial resources of many people, and with this base develop a firm programme of action, built on democracy and solidarity, instead of profits and a concentration of power.

The co-operative movement grew up in a world of new industrialism. Poverty was naturally a serious obstacle, but there were prospects for the small co-operative to develop. The enormous accumulation of capital which characterises the industrial systems of our time did not yet exist. And so the co-operatives could grow and secure a firm footing.

But what is the position in developing countries? The multi-national corporations have already penetrated there, and relatively strong private companies have gained ground. Is it not somewhat unrealistic to imagine that the co-operative movement can grow strong in such an environment, unless special pre-conditions are created by society? The movement must be built up by people just emerging from a state of subsistence, people who are still very poor, often in

debt and often illiterate; or else they may be living in the destructive environment of the slums of large cities. This build-up is to happen, too, in competition with already established companies who often ruthlessly exploit their advantage; in some cases they even try to infiltrate co-operatives.

The co-operative movement represents a fine ideal. But is the Rochdale weavers' path towards the ideal always the right path for the developing countries in our time? Or could ideas of the kind propounded by Fourier and Owen be given a new relevance, with adjustments for the political, social and economic conditions of the developing countries?

The measures that have been adopted by Tanzania may be seen as a step in that direction. They can be interpreted as an effort to make the big leap straight into the "co-operative commonwealth" through structural reforms, and not take the long road via organic development of co-operation in competition with other forms of enterprise.

The new co-operative structure in Tanzania

The Co-operative Union of Tanganyika in a memorandum to the ICA in November 1977 stated that there are definite advantages in the new system. A village, organised as a local co-operative society, will in its activities meet *all* the economic and social needs that exist in the community.

When this memorandum arrived, the decision had already been taken to substitute for the old CUT a new apex organisation, the Union of Co-operative Societies (UCS). Its members are the 8,000 villages, and in addition certain

other co-operative organisations, among them the consumer co-operatives operating in the cities. Whereas the movement earlier was organised in three tiers (local societies, district unions and the CUT), there are now only two levels.

It cannot be denied that this change of the whole structure of the co-operative movement in Tanzania may cause some headaches within the ICA. According to the rules of the Alliance "membership of a co-operative society shall be voluntary and available without artificial restriction . . . to all persons who can make use of its services and are willing to accept the responsibilities of membership".

The villages, which constitute the bulk of the membership of the UCS can hardly be considered as voluntary associations. On the other hand: does not the ICA among its affiliated members include organisations of a similar kind? Membership in those organisations may formally be of a voluntary character—in practice, however, it is not possible to stay outside the co-operative.

The new apex organisation in Tanzania is a party organ. It has to contribute to the realisation of the policy of the only political party in the country, the CCM. The officers in the UCS must be party members. The General Secretary of every village council is appointed by the party, even if he (she) is nominated by the council. The General Secretary of the UCS is appointed by President Nyerere himself.

This is not co-operative independence or even co-operative democracy in the sense that we usually interpret the term. But again: similar conditions exist in other member organisations of the ICA.

It is still too soon to judge the restructuring which is now taking place in

Tanzania. The new policy will certainly meet with great difficulties. If the experiment is to be successful it is likely to need more aid than that given at present by the Nordic countries and their co-operative movements.

This was strongly underlined by Prime Minister Sokaine when a delegation from the ICA had an opportunity to meet him early this year in Dar es Salaam. He also stressed the necessity of democracy—but at the same time how difficult the practice of democracy is in a poor country like Tanzania, where there is still a high adult illiteracy rate. It is also almost impossible for the thousands of members to make the long journey involved in attendance at regular meetings to decide their own affairs and elect their officers. Development of true co-operative democracy is an effort which will take time. And in this connection the Prime Minister also stressed the importance of continued relations with and support from the ICA.

Is the Transfer of Knowledge Enough?

There is certainly good reason for us in the co-operative movements of the industrialised countries to reflect further about developments in Tanzania and other third world countries. Are the experiences we have gained of co-operative growth during the era of industrialisation necessarily relevant in developing countries now? Modern industrial techniques are transferred to these countries, and often, too, capitalistic subsidiaries. Can co-operation develop there in accordance with the patterns which were formed in Europe 50 or 100 years ago? Is the mere transfer of knowledge from the co-operative movement

in an industrialised to a developing country enough?

In the wide spectrum of collective action—from government direction to *ad hoc* free collaboration—co-operative activity takes an important place. Its identity must obviously not be erased, but neither must the movement become so firmly tied in our own minds to a capitalist mixed economy that we dissociate ourselves from the co-operativised community. That would imply that we only accept the co-operative movement as long as it works in competition with other forms of enterprise, be they capitalist or nationalised. In the efforts and tentatives of developing countries to evolve a system of society adapted to their own preconditions and ambitions, it is possible that a total co-operative system may be one of the answers. If so, we can hope that the experience gained of the significance of self-help and democratic effort to development will be important factors in the system, since “development means development of people”.

In my own conviction a co-operative system based on the Rochdale principles of democracy and independence is a goal that the movements all over the world should strive to attain. This is in line with the experiences of many countries as summarised in a resolution adopted by the United Nations Economic and Social Council (ECOSOC) in April this year.

In this resolution it is stated that the establishment and growth of co-operatives is one of the important instruments for the full economic, social and cultural development of all members of society. The resolution stresses the rôle of co-operatives in the development of

weaker sections of the community, particularly in developing countries. And it points to the important rôle of co-operatives in involving people, not least women, at grass roots level in planning and decision making which affects their daily lives.

This is in line with the philosophy of President Nyerere. In Tanzania an effort is now being made to estab-

lish society on a co-operative basis. It will meet difficulties, especially because there is still a lack of trained personnel. It is an experiment which deserves not only our interest and sympathy, but also our assistance. We should be "concerned participants" in these efforts, sharing our own experiences and technical knowledge—and receiving new ideas and experiences in exchange.

The Birth and Growth of the Caisses Populaires in Quebec

by

Francine Bernard

Ecole des Hautes Etudes Commerciales de Montréal
Université de Montréal

It has become commonplace to say that Quebec is the territorial basis of a distinct society within Canada; this French-Canadian society is of course closely interrelated to other components of the country, but its special character is displayed in a number of domains and institutions, political, economic, religious and others. Among these, one can certainly count the co-operative movement; this movement is heavily developed in Quebec, mainly in the food processing and banking sectors. With respect to the latter, half of the assets of the co-operative banking organizations in Canada are to be found in Quebec, almost all of them in what are called *Caisses Populaires*. Compared with their counterparts in the rest of Canada, the *Caisses Populaires* are not only relatively larger, they also differ in certain specifics: for one thing they are territorially, as opposed to professionally based, the latter representing one common pattern in the rest of Canada. Also they are quite distinct in their degree of centralization and their financial policies, especially with respect to mortgage loans and shareholding.

Our intent here is to present an ana-

lysis of the birth and growth of the *Caisses Populaires*. Contrary to tradition, however, this analysis will not adopt the perspective of social movements, with the usual concepts of norms and values, ideologies, strain and mobilization. It will instead be based on the theory of formal organizations.

Given this theoretical orientation, our analysis of a particular organization in Quebec will provide us with an occasion to recapitulate some of the social history of the French-Canadian society in the twentieth century. Indeed the *Caisses Populaires* of today are the outcome of the interplay of French Canadian ethnic class and the (almost exclusively foreign) financial powers, in the context of the important economic, political and ideological events of the period.

Quebec at the End of the 19th Century

At the end of the nineteenth century and the beginning of the twentieth, the province of Quebec was in a difficult economic situation. Agriculture was still the most important economic sector: the 1891 census shows that it involved 65% of the manpower and



The Desjardins Complex in Montreal.

accounted for 65% of the total production of the province; by comparison, only 6% of the production came from the mining and manufacturing sectors. But agriculture suffered from a lack of good lands, forcing the sons who did not inherit their fathers' land either to seek jobs in the cities, establish themselves on unproductive lands, or leave for the United States. Moreover, the agricultural techniques were archaic and this led to a deterioration of the good lands. Finally, the abolition of the reciprocity act with the United States separated Quebec from its natural market, the New England States. The long economic crisis at the end of the nineteenth century accentuated these pheno-

mena and created a general state of poverty in the rural areas.

The industrial development of the cities did not permit the absorption of the incoming population. With the replacement of a mercantilist regime based on wood and grains by an industrial system based on coal, iron and steam, Montreal and Quebec were no longer able to compete with Pittsburgh and Southern Ontario. Instead of developing heavy industries, the Quebec cities centred their economic activity around manufacturing industries, mainly the production of shoes and textiles. The result was a high rate of unemployment and a high migration to Ontario and the United States. The

situation was made worse by the emergence of new consumer aspirations, as witnessed by many writings of that period. Therefore, the individual money-lenders, as the sole source of cash money, became involved in the improvement of agricultural techniques, the support of people during periods of unemployment, and also the satisfaction of the new consumer needs. They exploited the situation, and it is precisely their abuses and the desperate situation of the borrowers vis-a-vis their money-lenders which were at the origin of Desjardins' idea to create a co-operative savings and credit system.

The Chartered Banks

During that period, the Chartered Banks controlled the market of banking services. In 1915, they already had 716 branches in Quebec, of which the Banque Nationale, the most important one in the Province at the time, had 251 branches. In 1920, the figures were 1150 and 467 respectively. The Chartered Banks at the beginning of the twentieth century were not competing with the individual money-lenders to provide personal loans to the population. First of all, the economic situation of agriculture and industry was so bad that the Chartered Banks did not have a large portion of their assets in personal savings belonging to farmers and workers; accordingly, they preferred to concentrate their lending capabilities on those who were already bringing important savings to them. In 1935, 13% of their loans were to individuals, while 47% were commercial or business loans.

Secondly, because of this orientation towards business, the Chartered Banks were located in large and medium-sized

cities; this was detrimental to their competing against money lenders, who were mostly operating in rural areas. For example, the two most important Chartered Banks in Quebec had about one-half of all their branches in Quebec City. Finally, these private capitalist organizations were in business to make profits, and given the ceiling imposed by the Federal Law of Banks on the interest rate charged for loans, the Chartered Banks figured there was no profit to be made on them. The only exception was the Banque Nationale, a French-Canadian bank facing strong competition from the English-Canadian ones for the control of industrial and commercial accounts, which was interested in capturing the clientele held by the money-lenders. There was, then, a potential clientele for some banking services which the Chartered Banks chose not to take on. It is this clientele in which Alphonse Desjardins was interested at the end of the nineteenth century. The Chartered Banks, except the Banque Nationale, were not therefore opposed to the creation of the Caisses Populaires. They even thought that they could gain some profit from these Caisses since their cash reserves would be held in the Chartered Banks.

The Birth of the Caisses Populaires

Desjardins was interested in this clientele, but he also wanted to increase it by the addition of two new types of savers. First, he wanted to attract those people who had already some personal savings, hoarded and hidden in their "bas de laine," because they were too distrustful to put them in a Bank, perceived as a "foreign enterprise." Secondly, he wanted to give people a

motivation for saving. Instead of spending their money on luxury objects, they should be taught the ethics of ascetism and austerity. The viability of the *Caisses Populaires* depended upon the attraction of these clientele.

Desjardins' motivation for the creation of the *Caisses Populaires* was shaped by the type of social structure which existed in Quebec at that time. Arthur Stinchcombe (1965) mentions five social conditions under which people will be motivated to create organizations: 1) they find or learn about alternative and better ways of doing things not easily done within existing social arrangements; 2) they believe that the future is promising and that the organization will be effective enough to pay for the trouble of building it and for the resources invested; 3) they or some social group with which they are strongly identified will receive some of the benefits of the better way of doing things; 4) they can lay hold of the resources of wealth, power, and legitimacy needed to build the organization; and 5) they can defeat, or at least avoid being defeated by, their opponents, especially those whose interests are vested in the old regime.

Desjardins' biography would obviously illustrate the first two points. But our stress on the differences between the birth and growth of the *Caisses Populaires* and the Chartered Banks leads us to put the emphasis on the last three points. The *Caisses Populaires* were able to stand their ground in opposition to the Chartered Banks because they sought a type of clientele in which the latter were not economically and socially interested; and the *Banque Nationale* was not strong enough to prevent the

founding of the *Caisses Populaires* because of the *legitimacy* granted to the savings and credit co-operatives by the Catholic Church.

The latter, after some hesitation, not only used its power to help the *Caisses Populaires* come into existence, but many members of the clergy became administrators or managers of local *Caisses*: in the 171 *Caisses Populaires* founded between 1900 and 1920, 100 priests were either chairmen of the boards or chairman-general managers; if we include the functions of manager and secretary-manager, the total increases to 135. This control of the Church over the local *Caisses* was made easier by their location: the *Caisses Populaires* adopted a territorial model, that is, their boundaries followed those of the Catholic parishes. Incidentally, a similar territorial model was also adopted by the Catholic Unions, the "Confédération des Travailleurs Catholiques du Canada," which were established with the help of the Church in reaction against the North-American unions of the "Confédération des Travailleurs du Canada," where the trade and industrial organizations were predominant. In the case of the *Caisses*, the involvement of the clergy, in a Quebec still rural and deeply dependent on the Church for its survival, was almost a guarantee of success.

The legitimacy of the *Caisses Populaires* was also enhanced by the Quebec government which gave legal recognition by the "Loi des syndicats coopératifs" of 1906. The fact that the *Caisses Populaires* came under provincial jurisdiction instead of the Federal Law of Banks adds additional emphasis to the fact that the *Caisses* were not considered to be equivalent to the Chart-



The Board of Directors

ered Banks. Rather, they were to act as financial intermediaries for the French-Canadian working class. The members of this class were going to receive the main benefits from this new type of banking: it would help them to save money and better their situation, and therefore to increase the collective wealth. This ideology was instrumental for the creation and maintenance of the Caisses.

We can therefore conclude that the Caisses Populaires came into being when they established a control, with the help of the Provincial State and of the Catholic Church, over an area of the market

of banking services left untouched by the Chartered Banks. The fact that the latter were dominant in banking forced the Caisses Populaires to specify clearly how their *goals* differed from those of the Chartered Banks:

1) *Attraction of small savings:* during their first thirty years of existence, the Caisses Populaires attracted only small savers; indeed those with an important amount of capital were afraid of the eventual collapse of this "benevolent system." That is why in 1929, the 44,800 members of the Caisses had only total assets of \$11,464,000.

2) *Priority given to personal loans*: the provincial law prevented the Caisses from making commercial and industrial loans and investments; consequently, they could only allocate their resources either to personal loans or to securities. From the beginning, they gave priority to personal loans. In 1929, the value of securities purchased represented only 14.1% of the total of loans granted and securities purchased by the Caisses Populaires.

3) *Priority given to note loans*: in 1929, the value of note loans granted represented 59.2% of the total loans granted and securities purchased, compared to 26.7% for mortgage loans.

4) *Priority given to small loans*: in 1939, 40% of their loans were below \$50.

5) *Advantageous interest rates (from the point of view of the public) paid on savings and charged on loans*: Milton F. Bauer (1967) compared the interest rates of the Chartered Banks and the Caisses Populaires, and concluded that the latter consistently offered higher interest rates than the former on savings and lower rates on loans. As we see, the goals of the Caisses have never been the replacement of capitalism as an economic system, but the elimination of what they considered the major abuse of that system, that is, usury.

At the local level, the Caisses Populaires had to use a type of *technology* which was consistent with these goals. The mediating technology they adopted was characterized by many informal relationships between the employees and their clients, and by a paternalistic attitude of the managers vis-à-vis their employees.

To fulfill their goals, they also had to *structure* themselves so as to cover geographically the whole territory of Quebec. For this purpose, they allowed the creation of a local Caisse by groups of as few as ten persons. Moreover, to be sure that each Caisse adapted itself to its environment, a large measure of autonomy was left to the local organizations: they could have their own financial policies, and the Regional Unions and Federation had no over-riding power on these matters. The result was an impressive decentralization, especially when we compare this structure with the very centralized structure of the Chartered Banks. This is the major aspect of the Caisses Populaires to undergo change in the subsequent course of their evolution.

The Growth of the Caisses Populaires

The Caisses Populaires succeeded in establishing themselves on the banking market as illustrated by the following three indices:

1. *The growth of the Caisses Populaires, as an organizational complex*. Between 1935 and 1970 the number of local Caisses Populaires increased 14-fold, their members 52-fold, and their assets 184-fold.

2. *The demographic penetration of the Caisses Populaires in Quebec*. To get a better idea of the presence of the Caisses Populaires throughout Quebec, we can look at the increase in their membership relative to the population. This "index of demographic penetration" is computed by taking into consideration only the French-speaking population of Quebec, since this is the only clientele

susceptible of being attracted by the Caisses Populaires. It also eliminates those accounts in the Caisses Populaires held by public bodies (co-operatives, churches, municipalities, etc.), members less than 15 years old, and members who held two or more accounts in any Caisse Populaire.

The index of demographic penetration rose from 2.5% in 1931, to 26.2% in 1951, to 68.5% in 1971. Not only did the Caisses increasingly penetrate the population, they also expanded to cover the whole of Quebec's territory. They were established in rural (57.5% of the Caisses in 1970), semi-urban (10.4%) and urban regions (32.1%); they were located in cities of various sizes; and they were established in such remote locations throughout Quebec's territory that 38% of them are still local monopolies, the only agencies offering banking services to the people. These local municipalities have small populations and a low income per capita, two facts which make them economically unattractive to the Chartered Banks.

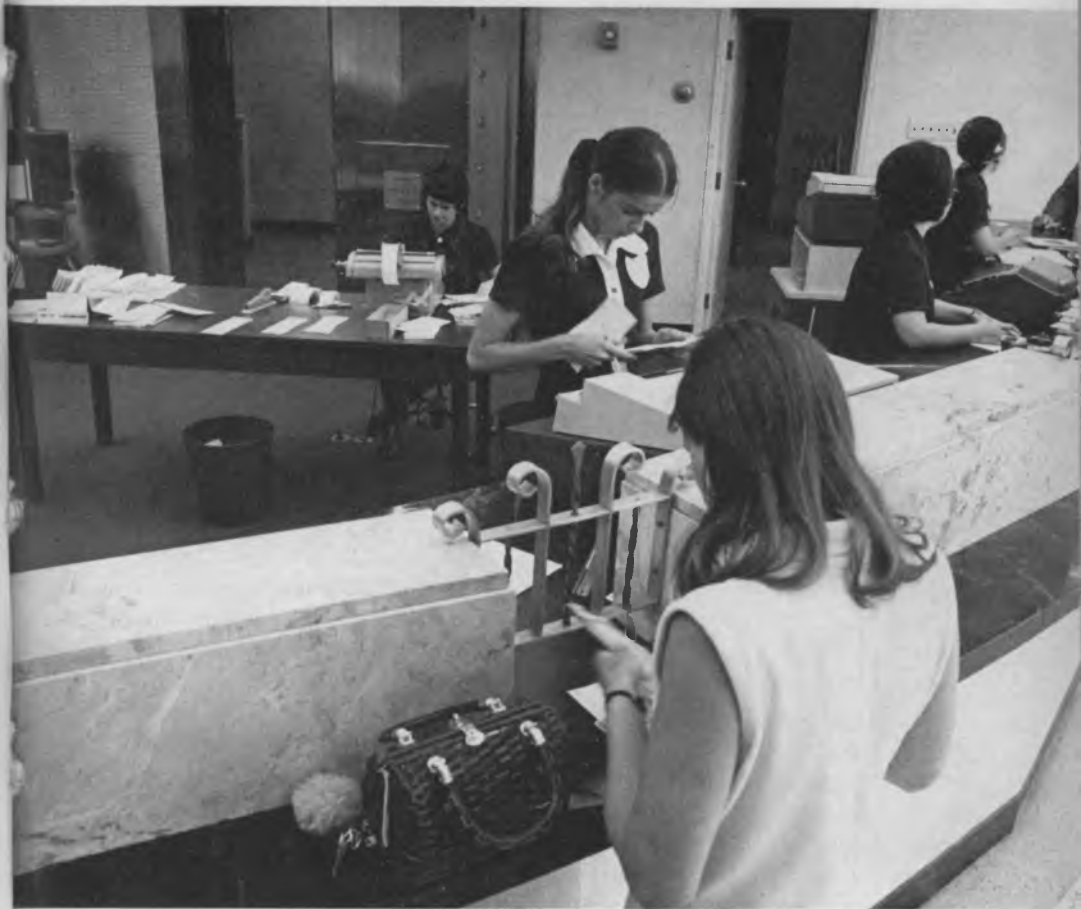
3. *The growth of savings in the Caisses Populaires and in the Chartered Banks.* Historically, the Chartered Banks, with the exception of the Banque Nationale, were not opposed to the founding of Caisses Populaires and they never instituted an all-out campaign to limit the geographical expansion of the Caisses. The two types of banking organizations were interested in completely different clienteles.

The Banks were also so sure of their strength that they were paying an interest rate on savings slightly inferior to that paid by the Caisses Populaires. Moreover, instead of adding to their

branches they preferred to multiply the types of services they could offer to enterprises (Rapport du Comité d'étude sur les institutions financières, 1969: 20). With this strategy, and the rapid increase of personal savings throughout Canada during and after World War II, the proportion of assets of financial institutions in Canada owned by the Chartered Banks gradually decreased, from 58.5% in 1945 to 35.7% in 1967. During the same period, the share of the Caisses Populaires and the Credit Unions grew from 0.2% in 1935 to 1.4% in 1945 to 4.6% in 1967 (Rapport du Comité d'étude sur les institutions financières, 1969: 19). The Caisses Populaires have been able to sustain an impressive rate of growth of their savings, gaining control of over a third of the personal savings in Quebec, despite the growing interest of other financial institutions in the "small savings-small loans" area in the 1960s.

This growth of the Caisses Populaires was imperilled by *the Great Depression of 1929*. Between 1929 and 1933, the Canadian economy experienced a crisis. Though Quebec was less disturbed than the other provinces, "personal income . . . fell 18.1 per cent from 1929 through 1931. Over the same interval, the net values of manufacturing output and agricultural output decreased 22.2 per cent and 48.4 per cent, respectively. In part, these changes reflected the sharp drop in prices; but real output also decreased, and the employment index fell 11.0 per cent" (Bauer; 1967:9).

The Caisses Populaires suffered the effects of this general decline in economic activity, especially under the form of withdrawals of deposits and share capital. In 1928, 28.6% of the Caisses



Transaction of Savings

Populaires experienced a net withdrawal of funds; the proportion rose to 47.8% in 1929, and 67.2% in 1931 (*Quebec Statistical Year Books*, 1929, 1930, 1932). The situation, already serious between 1929 and 1931, became critical in 1932 and 1933 when about 75% of the Caisses experienced net withdrawals of their deposits and share capital.

Even with such a decline in their economic activities, the Caisses Popu-

lares were affected less by the Great Depression than were the Chartered Banks. For example, in 1930 there were 1183 Bank branches and agencies in Quebec; in 1935, there were 1073; and in 1940, 1083. During the same years, the figures for the Caisses Populaires were 191, 261 and 549. There are three reasons why the Caisses were less vulnerable than the Chartered Banks. First, contrary to the Chartered Banks, the local Caisse was responsible for the

choice of its financial policies and could adapt them to the local manifestation of the deflation. An absence of co-ordination was, in this case, a source of flexibility and strength. Secondly, the members of the *Caisses Populaires*, who were mainly recruited among the rural population, were not using cheques frequently. Therefore, a local cycle of money was created, apart from the national cycle of money, and this greater self-sufficiency made the *Caisses Populaires* less vulnerable. Finally, in such a context, the Catholic Church exercised social control by playing a role both ideological and financial. For instance, in 1932, the Regional Caisse of Quebec was unable to meet all the demands for money made upon it by its local *Caisses*. It was given a \$50,000 loan from the Chartered Banks, because the Archbishop of Quebec guaranteed it. This confidence of the Church in the *Caisses* in turn was sufficient to restore the confidence of their clients, and the loan was never used. Such events probably happened frequently both at local and regional levels. This illustrates the strong legitimacy the *Caisses* were still enjoying within the Church.

The reactions of the *Caisses Populaires* to the Great Depression are important because during and after this turmoil steps towards centralization were taken. Among the changes were the following:

1. The *grouping* of the *Caisses Populaires*. It was during the Depression, in 1932, that the Government induced the creation of the Federation. The grouping of all the *Caisses* under a single organization, and the elaboration of a new structural level, was an indis-

pensable step towards the standardization of activities and the creation of some homogeneity within the Movement.

2. *The formal powers* of the Federation. The Federation played a role of standardization and unification because of the formal (legal) powers it came to exercise, mainly the inspection and audit of the *Caisses*, and its insistence that the latter obtain prior approval for their investment in securities. The local *Caisses* were still completely autonomous in the choice of their financial policies about savings and loans, but there were some domains over which they no longer had control.

3. *The informal power* of the Federation. Any organization, once in existence, tends to increase its domain of activities. Legally speaking, the authority of the Federation was quite limited; but it increasingly tried to play a role in areas in which it could acquire informal power. One of these areas, for example, was the liquidity rate of the local *Caisses*. During the Depression, local *Caisses* with a low liquidity rate were vulnerable. Therefore in 1935, the Federation asked all the *Caisses* to hold 30 or 35% of their assets in cash and securities. In 1938, it proposed a uniform rate of 35%. As the Federation had to rely on persuasion, some local *Caisses* complied with its demand, others refused. What is important is not so much the results achieved, but the fact that there was no organized opposition from the local *Caisses* to this assumption of informal powers by the Federation.

During and after *World War II*, which generated an impressive increase

of savings in Quebec, the *Caisses Populaires* experienced a rapid growth of their local units, members and assets. The *Caisses* were able to gain such positive returns from this economic conjuncture because, contrary to the Chartered Banks, they had always been interested in the small savings-small loans business and they were geographically scattered enough throughout Quebec to be efficient in that field. However, the changing environment of the *Caisses Populaires* presented new and complex problems. First, the Chartered Banks and the Finance Companies, becoming aware of the profit-making possibilities of the small savings and loan field in the late thirties, extended their activities therein in the fifties and sixties. And secondly, with the victory of the Liberal Party in Quebec in 1960, there began the "Quiet Revolution," a period of rapid modernization of Quebec's institutions. The *Caisses Populaires* felt that efficient operations in the future demanded increased co-ordination and standardization. In this context, the Federation decided to use the full extent of the formal powers the law had given it in 1932. This conjuncture also offered the *Caisses* an opportunity to develop new technical and educational services. The Federation, moreover, started to play a more active role as the representative of the Movement vis-à-vis the State and other organizations. Finally, the Federation bought and co-ordinated the action of a number of Trust and Insurance Companies.

The Regional Unions also increased their powers. They organized their own technical and educational services to respond to the specific needs of their

Caisses, and some of them were given the right to determine liquidity rates and to organize a regional poll of investment. This evolution brought a greater demand for specialists and technical advisers at the Federation and regional levels. The consequence has been a centralization in the process of decision-making at both levels. The local *Caisses* are still autonomous concerning the choice of policies on savings and loans, but this autonomy has been increasingly limited because of their involvement at the two other levels. Thus it is evident that while the *Caisses Populaires* belong to the world of movements and ideologies, especially those concerning democracy and the definition of the French-Canadian collectivity, their evolution was subjected to a number of constraints imposed upon the organisation by its environment. At the time of their birth, the *Caisses Populaires* were innovative: they defined for themselves a set of goals, a structure and a mode of operation different from those of the capitalist banks already in existence. This innovative co-operative banking formula could come into existence for three main reasons: the Catholic Church legitimized the enterprise; the Provincial State gave it a legal recognition; and the aggregation of small savings and the business of small loans had always been considered unproductive, and were therefore neglected by the Chartered Banks.

The *Caisses Populaires* came out of the economic crisis of 1929 in a better financial shape than the Chartered Banks, not so much because of any innovative financial policies adopted during the crisis, but because of local cycles of money, and the financial help

from Quebec's Archbishop which re-established the confidence of members in their credit co-operatives. The co-operative formula adopted by the Caisses Populaires would not have generated important assets without the impressive increase of savings brought about by the Second World War. The Caisses were better able to take advantage of this opportunity than the Chartered Banks because of their long term commitment to the small savings-small loans business. However, as we noted, this situation of near monopoly has changed; especially since 1967, the Chartered Banks have entered this field massively, sparking a reaction from the Caisses Populaires which is currently under study in detail by the author. This increased competition, the historical developments during the Great Depression, and the political and economic climate of Quebec in the sixties, have all pushed the Caisses Populaires toward a greater centralization of resources and decisions, even though they remain a far cry from the standards of modern non-co-operative organizations.

This broad problem characterizes the life of any co-operative movement: when it seeks efficiency and effectiveness, it will always be subject to a tension between democracy, that is, direct participation at the grassroots, and centralization.

In the context of the threat posed by the Chartered Banks since 1967, this dialectic is exacerbated. Indeed, the adaptation required from the Caisses Populaires, if it is to be both efficient and co-operative in its inspiration, requires innovativeness. And it remains open to question whether innovations are more likely to emerge from informed and detached reflexion at the top or from enthusiastic grassroots militants. It is also relevant to ask what forms of dialogue and confrontation will occur between these two points of view on such diverse questions as the setting up of an account management computer system or investments to be made in the (often risky) new forms of industrial development in Quebec.

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Co-operative Development: The Project Approach — Canadian Experience

by

Aleksandrs Sprudz

There are a number of definitions of what a co-operative is, each one of them stressing a particular aspect of that organization. However, no matter how one definition may differ from another, in all of them the people emerge as a very essential component of a co-operative. All of them recognize people as the corner-stone of a business enterprise established and operated on a co-operative basis.

Co-operatives are really people who have joined their efforts and available resources in a particular formal way to carry out certain business activities so as to satisfy the needs of all who are in the group. The people who make up a co-operative and use its services themselves decide, on an equal personal power basis, what, how, where, and when their business is going to take care of their needs. That is, the people themselves directly participate and exercise control of the operations affecting their own well-being. The people have an opportunity and a right to evaluate the past operations and to effect a distribution of the gains based on the extent of the services used or input made by each participant.

By any definition, the people are the decisive factor in a co-operative, to

build it, to own it, to operate and control it, and to benefit from it. It can also be noted, people grow up with it.

When the Canadian Government decided in the 1950's to concern itself with the people and other matters in the Canadian Arctic on a planned, regular programme basis, one of its proclaimed aims was the development of economically, socially and politically strong entities where the people could conduct their own affairs standing on their own feet and doing a better job than the people from the south could. This emphasis on the role the people have in co-operatives, by taking people as they are and gradually bringing them into new active roles, made the development of co-operatives one of the chosen tools for the attainment of the proclaimed aims. Among the objectives of the Co-operative Development Programme, started by the Canadian Government in the Canadian Arctic in 1959, was provision for:

- 1) a means of encouraging people to participate directly and fully in the economic development of the north through co-operative ownership and
- 2) educational programmes for co-operative membership, management and

executive in order to improve understanding of the corporate body, its relationship to the outside, their own roles and to help to raise the level of general and technical knowledge and economic efficiency.

It is a generally accepted principle that the idea to set up a co-operative must come from the involved people themselves. That certainly is a valid principle as long as people are already aware of the co-operative concept. A genuine decision to reject something or to strive to get it can be made only if one has been exposed to it or at least has some basic knowledge of it. The native people in the Arctic, because of their long-standing physical, political and social isolation, as in any other developing part of the world, had been ignorant of the way of life to the south of them, including the existence of co-operatives. The idea of working together on a pre-structured basis had first to be introduced before the people could adopt or reject it.

There are certain phases of development each and every group anywhere has to go through before it becomes a formal co-operative. The same is true when it becomes operational. There is a need to evaluate the prospects of the proposed organization, to have meetings, to deal with certain legal matters, as well as to plan operations, financing, and set up internal structures and arrange external relationships.

Under circumstances ordinarily found in so-called advanced societies, all this co-operative development, education and training for new responsibilities is based on some minimal basic knowledge the people already have been able to

accumulate from education, exposure to transactions in the business world and/or from day-to-day observations of the happenings around them. In the case of the Canadian Arctic, however, the beginning was to be made almost everywhere at zero point - socially, educationally and businesswise. A minimal level of general understanding of the ways of the business world had first to be created to establish some foundation for a build-up of specific knowledge to facilitate co-operative activities.

These were the realities around which the Co-operative Development Programme was to be built. These were the realities which determined the content of the programme and the approach to it by the Co-operative Development Officers, co-operative specialists employed by the Federal Government to provide the assistance. It was recognized early that any development can progress only as fast as the level of skills and prevailing understanding of the people involved permit. The agency which introduces a new economy into an area of native people has to be sensitive and responsible in order to avoid a danger that the economic development may overtake the ability of the people concerned to take part in it.

The equation that efficiency is good work done in the shortest possible time does not fully apply where economic development concerns developing people. Therefore, the Co-operative Development Programme basically concentrated on working *with* local people and *helping them* to do what was necessary in their co-operative activities instead of doing everything for them. A wide range of services and assistance was provided to formative groups and co-



Traditional and modern transportation in Arctic communities

Co-operative arts and crafts shop at Holman, N.W.T.



operatives with that approach. The scope covered:

- 1) assessment of projected activities;
- 2) help in organizing and conducting meetings;
- 3) advice and technical help with incorporation, internal rules, structures and other legal and organizational matters;
- 4) evaluation of financial needs; preparation and implementation of a financing plan;
- 5) guidelines and technical help for operations;
- 6) help to the Board of Directors in carrying out their responsibilities for good management, including assistance in hiring, if necessary, an outside manager to manage and to train local staff and own replacement;
- 7) support in bookkeeping, accounting as well as co-operative education and training;
- 8) direct and indirect help in supply and marketing activities;
- 9) stimulation of and assistance in efforts to establish their own federations.

While the extent of needs to be served in the Arctic by the programme was materially not that much different from the co-operative scene elsewhere, the intensity and depth of help and the time needed for effective results in the Arctic called for an entirely *different* timetable. The intensity and depth, however, was on a *diminishing* scale, depending on an increase in the readiness of the people to operate on their own.

With the recognition of the scarcity of prerequisites for economic develop-

ment in the Arctic came the recognition that the acquisition of knowledge alone, in isolation, would not really help. The knowledge had to be related to the everyday life of the individual, stimulating a build-up of new attitudes and habits in applying that knowledge. The best way to achieve that was to provide the individual with an opportunity to learn by practical experience.

The project approach, also known as a persuasive education approach, first involves a survey of local resources, activities, available skills, talents, traditions and desires of the particular community. That in turn is followed by an assessment of possible economic activities and prospects there. Then the plans to carry out the selected activity (e.g. fishing, sealing, processing, handicrafts, logging, etc.) under the sponsorship of the government are presented to the surveyed community for acceptance or rejection. At the stage where the feasibility of the project has not yet been proven and so many factors which may affect economic viability are unknown, the financial responsibility for the experimentation and learning process seems properly left with the Government. After that experimentation stage is past and the viability is reasonably proven, provided they have reached an acceptable level of readiness the people are given the opportunity to decide what to do with the activity. It is for them to decide, to carry it on their own or to abandon it.

The project approach, as an interim phase in a process of establishing a business organization, provides a number of advantages. First, it gives an opportunity to establish the viability of an activity without any financial cost or

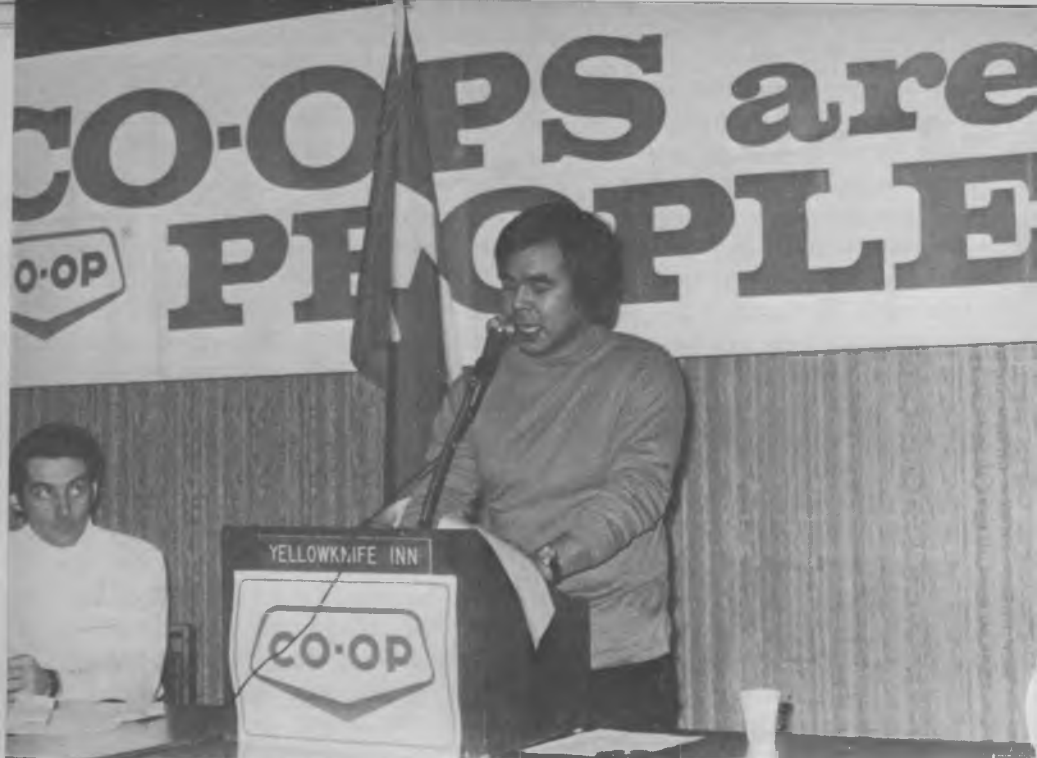
debt load to the group. Further, that approach allows time to straighten out any technical or organizational complications and to make the best support arrangement with the outside world. In other words, it allows gradual establishment of an appropriate physical structure. Even more important, the project approach provides the people involved with an opportunity to gradually acquire new skills, upgrade existing ones, to become aware of a need for a new relationship within the group across the kinship lines and of new work habits and standards and accept them. Again, this process, which could be an extended, difficult and costly one, does not saddle the group with heavy financial obligations. The experimental phase of an activity is also used to introduce the group to the rudiments of organization as well as to explain the idea and workings of a business enterprise, especially those of a co-operative. That also is the time when the potential leaders and managers are identified and given an opportunity to gain some managerial experience at their own speed. That core, with an already developed basic understanding of what is involved, is the foundation for a further build-up if a continuation of the activity is decided upon.

Where the development of handicrafts or art on a project basis was involved, before a co-operative was established a government-employed arts and crafts specialist spent some time in the community, helping the arts and crafts producers to organize their production on a regular, sustained basis to establish a flow of products. This called for the stimulation of creativity in the design and use of traditional materials,

setting of workmanship, quality and market standards and ongoing control or compliance with such. The insistence on standards in turn led to an upgrading of existing skills, learning of new ones, as well as, occasionally, the use of new production methods or equipment. The development of appropriate working habits (steadiness, handling of material, equipment, etc.), especially if working in a workshop was involved, was another concern of the specialist along with costing and pricing of the product and its marketability. With the passing of time, more and more of such responsibilities were handed over to local people who had shown interest and leadership qualities. When the group reached the stage of being able to operate on their own, it was then their own decision which way to go.

Once a co-operative was decided upon as the most appropriate development vehicle, and was brought into being as a legal entity, it was further helped to take proper shape. Concentration was on an immediate educational and training effort aimed at the newly elected Board of Directors and appointed staff, combined with the provision of advisory business and technical services (e.g. purchasing, marketing, accounting, banking, etc.) by Co-operative Development Officers and other government specialists.

Initially it was education and on-the-job training of people who until then had experience *only of domestic authority* applied within the kinship group. Over the years the education and training assistance increased from the on-the-job input to follow-up courses at the Canadian Co-operative College or organized locally by the College staff, and to local, regional and national con-



Louis Tapardjuk, from Igloolik, N.W.T., the President of the Canadian Arctic Co-operative Federation, speaks at a Managers' Conference.

ferences and workshops. Courses for specific groups were also organized, such as special management courses for those in charge of arts and crafts activities in co-operatives. In general, each opportunity of meeting the people involved was used to impart some knowledge.

It was also recognized that the unique and important value of any co-operative is the relationship the members have between themselves and the co-operative business they own jointly: that is the real strength of a co-operative, the basis of its success. Such a relationship does not just happen because some people have signed papers to bring a legal entity called a "co-operative" to life. It must be developed and cultivated

through balanced co-operative education of all three components of a co-operative, members, elected officials and staff. Therefore, a number of business and co-operative appreciation courses, some involving even whole communities, were conducted, later ones with the participation of Inuit instructors. Suitable literature, slides, tapes, radio news, news bulletins, films, etc. were also created as tools to support the education and training effort.

Other educational aspects of the co-operative Development Programme in the Arctic concentrated on ensuring recognition and protection of the rights of new co-operatives there, the expansion of an acceptance base, and creation of a favourable climate for them. All



"Northern Images" arts and crafts store at Whitehorse, Yukon Territory, one of several owned by the subsidiary of the Canadian Arctic Co-operative Federation.

education and training activities were financed by the Government as part of the Co-operative Development Programme responsibilities.

The financing of the newly established Arctic co-operatives was another area in which the traditional co-operative way was not considered the only way. Instead of relying on the ability of the membership to provide at least a substantial part of the needed working capital through shares and members' loans, debt financing was made available to those co-operatives which wanted it (there were some which did not!). It was obvious that, with funds coming only from the generally poor membership, the ability of co-operatives to provide desired economic activities

would be minimal and, possibly, the rate of growth slowed down. The co-operatives, therefore, were eligible to receive, according to the projected size of operations, up to \$50,000 in long term loans with favourable interest rates from the Government Eskimo Loan Fund, created as a federal lending agency for Eskimo needs. These loans allowed co-operatives to take on particular activities at a level which could serve their membership adequately from the beginning, to buy all that was produced or to provide supplies as needed, as well as to grow normally and to meet competition if there was such.

The build-up of members' own equity was not neglected. Their financial involvement in the buying of shares

was a standing obligation that was expected to increase, even if in small instalments, with the continuation of receipt of benefits from their co-operative. The debt load, on the other hand, once properly understood, formed the basis for a communal, joint obligation and commitment of the whole membership in a healthy future for their co-operative.

One is inclined to believe that this combination of sources of financing not only stimulated the operational activities but also helped most of the co-operatives to quicker achieve some financial stability. While in most cases almost all initial capital was obtained as a loan, a build-up of equity followed, and by the end of 1977 the equity funds of the Arctic co-operatives were estimated to be over \$4 million. That would not have been achieved by going the traditional way, or if the initial funds had been provided as grants.

There is another field of assistance which must be mentioned, that is the help provided by the Government to the Arctic producers in purchasing their supplies and obtaining markets for their products. Because of the lack of experience of the local people, the distances involved and the short bulk shipping season in the Arctic (calling for peculiar transportation arrangements), the Co-operative Development Officers and other government officials involved had – especially in the first years of the programme – an important role in helping to make up and to place the orders for whatever was needed by the Arctic producers – from needles to tractors – and in following up such orders from the wholesaler to the warehouse in the Arctic.

Once a particular product made by the Arctic people was ready for the market (be it fish, processed wild meat, clothing or craft work), the Government moved to introduce that product to the public, publicize it, and open up avenues to the wholesalers and retailers. In the field of arts and crafts that meant arranging extensive publicity in the media, exhibitions and art shows in Canada and across the globe, sponsored publicity trips by artists and craft producers, establishment and protection of trade marks, symbols and copyrights, exposure of the Arctic products at official Government functions, setting up of advisory bodies and ad-hoc committees, even for a while being a distributor of arts and crafts, the final result of which was the creation and support of a special marketing organization.

As most of the Arctic producers were organized in co-operatives operating there, the co-operatives and their membership were the ones which enjoyed this assistance most.

To the above outline of the Co-operative Development Programme in the Arctic as carried out by the Federal Government, might be added the fact that the Co-operative Development Officers and other government officials involved tried to carry out the programme by exercising a basic respect for the corporate independence of the individual co-operative and by restraining themselves from conscious direct interference in its internal affairs. Of course, it would be hard to deny that no sins in this respect have ever been committed. There was, however, a general acceptance by Co-operative Development Officers of the truth in development work that a “self-imposed obliga-

tion to provide the developing groups with the facilities and assistance needed for their development does not automatically confer on a provider a privilege of direct control of the activities of these groups."

At the end of the first year of development work in 1959 there were two co-operatives in the Canadian North with a business volume of \$31,000. As of December 31, 1977 there were 41 active, mainly multi-purpose co-operatives in the North-West Territories, with another 10 similar co-operatives operating in Nouveau Quebec with a combined business volume reaching the \$20 million mark. There are also now two Federations in the Canadian North — *La Fédération des Co-opératives du Nouveau Québec* since 1967 and the *Canadian Arctic Co-operative Federation* in N.W.T. since 1972 which, especially that in N.Q., have taken over the support role once carried out exclusively by the Government. It must be also added that since 1970 Federal Government no longer has any direct involvement with the Arctic Co-operatives.

The role the Arctic Co-operatives and their federations now play financially, socially and otherwise in their communities and across the whole Arctic, and the evidence of the interest they have caused in Canada and across the

globe, seem to indicate that the support received has helped the Arctic co-operatives to help the northern people break out of isolation, link their communities with the outside world and find their own place in it.

No doubt, a large number of the Arctic co-operatives still have a way to go to be able to operate fully relying only on the technical resources within the co-operative. They still have to reach the point where they could carry on without an assured technical assistance input from the outside. It is not that easy to jump centuries. Neither is it that easy to switch from a gathering society into one which has to live according to the conditions of the atomic age.

However, as the Minister of Northern Affairs of the Canadian government, while announcing expanded assistance to the Arctic co-operatives, recently stated: ". . . in many of the smaller Arctic communities the co-operative is the first or only major economic entity to be owned and controlled by the native people. It is often the centre of local activity and serves the people in a broader sense by teaching basic skills that lead to opportunities for employment in government and industry . . ."

The "entities where the people could conduct their own affairs standing on their own feet" are now firmly in place.

The Role played by Co-operatives and other Rural Organizations in promoting Participation — Review and Analysis

by

Nikolaus Newiger*

In his report to the Sixty-fourth Session of the UN, 11 April to 12 May 1978, on "National Experience in Promoting the Co-operative Movement", the Secretary-General of the United Nations emphasized *inter alia* that:-

"by and large the co-operative has been benefitting those having resources or influence in the community and the co-operative has not made a determined effort to reach the poor who stand most in need of a co-operative effort. There is evidence of co-operatives in developing countries which have been organized specifically to help the poorer segments of the community. However their impact has been insignificant, particularly in those societies which are hierarchical and structurally differentiated."

Similar UN reports and other studies confirm that the vast majority of small farmers, fishermen, and forestry workers and their families are not benefitting

*Dr Newiger is Senior Officer of the Co-operatives and Other Rural Organizations Group, Human Resources, Institutions & Agrarian Reform Division, at the FAO.

from co-operative efforts, which are considered to be the most common form of organized encouragement at the local level. Likewise trade unions and other rural workers' organizations have not succeeded in reaching any significant share of the poor. Many sources claim that trade unions trying to assist the poor in organizing themselves are frequently not allowed to operate or meet with open or disguised hostility from the authorities. Co-operatives on the other hand are said to be identified with government services and/or the ruling elite. While such general statements do not adequately reflect the complex socio-political situation, they throw some light on major trends of development over the past decades. The reasons for this state of affairs are manifold. Some of the more significant causes will be discussed here.

One of the most important factors having a bearing on the role and impact of rural organizations in Agrarian Reform and Rural Development is the socio-political environment within which rural organizations are to develop. This obviously varies from country to

country and even within countries. However, in spite of this variation it is possible to single out a few common features which are relevant for our consideration:

1. Government Support as Essential Prerequisite

What comes to mind first and foremost is the strong domination of most development programmes by governments. In fact agrarian reform and rural development are inconceivable without the strong political determination and active support of governments.

Experience has demonstrated that achievements of rural organizations are negligible if they are not based on appropriate government policies, laws and support measures. The masses of small farmers, fishermen and forestry workers and their families are only likely to help themselves effectively if they are given some preferential treatment and initial support by governments. The access to resources must be facilitated inasmuch as the availability of social and educational facilities allows. It also implies the provision of a comprehensive infrastructure of services and facilities including the establishment of credit institutions specifically designed to provide credit on terms adapted to the requirements of the disadvantaged; comprehensive marketing, farm supply and storage systems supported by appropriate legislation and price policies, supply of consumer goods and a mechanism to stimulate local savings and investment.

2. Authority Versus Participation

Yet there is another aspect of the role of governments in the process of

development and this relates to the specific "type" of government or political system. Over the past decades many countries have attained independence. These and other developing countries have increasingly developed "authoritarian-type" governments of one kind or another, based on the mainly hierarchical structure of their societies. Not only have military governments increased considerably over the decades, but also has the tendency of non-military governments towards "one party" and/or "one-leader" systems. In fact most third world countries, irrespective of their political orientation towards socialism or capitalism of one kind or another, have this common denominator of having an "authoritarian-type" of government, which determines their attitude towards popular participation in general and rural organizations in particular. It is mainly for this reason that governments tend to look upon rural organizations as *their* instruments of development and not so much as organizations of people who can and should determine their own objectives and participate in decision-making and the gains of development. This is particularly true with regard to co-operatives, whereas Trade Unions are frequently not recognized or supported by governments as legitimate representatives of rural workers promoting the interest of their members but rather as undesirable or dangerous political pressure groups aiming at changing the socio-political structures of countries and overthrowing governments.

For obvious reasons rural organizations tend to look at government and its role somewhat differently: while the extreme position of "no government

interference or support" is now less often taken, most rural organizations insist on their self-governing, self-supporting and self-controlling character which calls for an independent and autonomous status.

3. Adaptation to Socio-Political Environment

In the final analysis however, it is the socio-political environment within which rural organizations are to develop which determines the type and nature of rural organizations and their relationship to government.

The UNDP Technical Advisory Note on "Co-operatives and Similar Institutions" of 27 Feb. 1978 points out that "the traditional doctrine proclaims the independence of co-operatives vis-a-vis governments, but this doctrine evolved under conditions prevailing in relatively developed and wealthy societies and needs to be modified in the circumstances of most developing countries today. It is clearly not applicable in countries where the government has opted for a co-operative style of organization for society as a whole (e.g. Tanzania, China, Vietnam etc.), but even in countries with mixed economies, governments intervene extensively to promote rural development through the mechanism of co-operatives. It is generally accepted that government support is an essential prerequisite of widespread co-operative growth in developing countries".

It goes without saying that such a close relationship with governments which is the rule in most developing countries is not without problems. People often look at co-operatives as another type of government service

rather than their own organization and consequently lose interest in active participation. Likewise government offices tend to exhibit paternalistic attitudes towards small farmers, fishermen or forestry workers. Often government action substitutes for local effort and rural organizations look upon themselves as privileged minorities dependent upon permanent government subsidies.

This process is further enhanced by the time factor. Co-operatives and other rural organizations in developing countries which are supported by governments in one way or another are expected to develop in the shortest possible time, i.e. too short a time. This often has led to the establishment of organizations the only evidence of which is the entry in the register after or even without a brief period of activity. While this may improve progress reports of some government officers, it undoubtedly has led to disappointment and loss of confidence on the part of the members.

The ideal rule according to which governments should begin as champion, continue as partner and abide as friend is far from being implemented. As a matter of fact there are not many governments of developing countries which have succeeded so far in creating a favourable environment in which co-operatives can grow and become self-governing institutions. This is in no small way due to the inherent conflict of "authoritarian" type governments with "democratic" self-help organizations of people.

4. Origin of Rural Organizations – with its Implications

In this context it is important to

recollect that the *modern* forms of rural organizations such as co-operatives and other rural organizations including trade unions did *not* originate in developing countries. For instance, the origin of co-operatives in developing countries stems from the classical European co-operative system which has acquired a reputation for working successfully in the social, cultural and political context of European, North American and other developed countries. During the colonial period, the policies and technologies of these countries were exported to third world countries. While the transplantation of certain technological innovations made a positive impact on the process of development, the transplantation of the co-operative concept under the then colonial regimes, especially in Asia, Africa and Near East, was not without problems. The importation of these concepts, attitudes, principles, laws and procedures from European countries into entirely different cultural, social, economic and political systems without any adequate effort of adaptation was bound to meet with serious difficulties. A similar error was made upon the attainment of independence by these countries, and is being made even today by well-meaning, but misguided politicians at all levels, i.e. not taking care to adjust the imported co-operative concepts, laws and procedures to the requirements of their own countries.

5. Impact of Prevailing Power Structures

From the above consideration it follows that co-operatives and other rural organizations of the classical European type are conceived of as

“democratic” peoples’ organizations which will further the interests of their members as means of economic self-help, as bargaining or pressure groups, or a combination thereof. As such they can only be expected to work within a socio-political environment conducive to their development and to the involvement of people in the process and benefits of rural development. However, in many developing countries the prevailing power structure is not conducive to this type of rural organization, which requires a social and political infrastructure favouring “democratic” development and control of these organizations. If the masses of small farmers and labourers get only a very small share of the benefits of their efforts, if land tenure arrangements are such that only large land owners are in a position to introduce new agrarian methods, if marketing and financial structures are such that innovations can only be undertaken by those with their own financial resources, rural development is likely to be confined to a small number of already wealthy farmers who may tend to introduce machines to replace manual labour, thereby driving small farmers and farm labourers off the land to the town in search of employment. Co-operatives which are expected to work under these and similar conditions are certainly not in a position to change the status quo. On the contrary, rural co-operatives within such a socio-political setting are most likely to be dominated by the “haves” thus increasing the inequalities of the prevailing power structure. This phenomenon of strengthening the social stratification through co-operatives is fairly common in many developing countries both in agriculture

and fisheries. Likewise, evidence indicates that the prevailing power structure is frequently not conducive to the activities of trade unions and similar political pressure groups. As one recent report puts it: the rural poor "are by and large still prisoners of the traditional social system which prevents them, not only economically but also socially and psychologically, from developing the necessary solidarity for joint action". It is also for this reason that trade unions have not been able to contribute substantially to social change in rural areas of most third world countries.

6. Need for Comprehensive Agrarian Reforms

The deficient power structure is also reflected in the inadequate way in which agricultural production is organized. Most of the food producers are small or very small. Not only are they increasing in number, but their farms are becoming smaller while larger farms are becoming larger on account of technological innovations with the result that social inequalities are perpetuated and widened even further. The vested interests which have hitherto obstructed change at the local level cannot be expected to be the initiators of change. Co-operatives and similar rural organizations can do little to reduce injustices and exploitation unless strong government measures are taken to change the social system.

Recent World Bank studies concluded that "without land reform and other substantial programmes transforming the basic socio-economic structure of life, co-operatives and other rural organizations are not likely to survive

or to grow into a significant movement. On the other hand without adequate post-reform co-operative models of resource and social organization, land redistribution is not likely to have a lasting effect on the production and welfare of peasants. Thus land reform and peasant co-operatives are functionally linked and together provide an institutional framework within which the multiple goal of rural development can be achieved".

7. Adaptation of Co-operative Approach to Requirements of Developing Countries

The deficiencies in power and production structure are further aggravated by another feature of the co-operative concept as transplanted to developing countries, i.e., the lack of production orientation.

The conventional type of co-operative as originated in Europe and transplanted under the colonial regime to Africa, the Near East and Asia, where it still predominates, is mostly a "merchant type" service co-operative which is established to promote individual farms by taking over one or more partial functions carried out by the agricultural producer in his capacity as entrepreneur. These functions are normally confined to credit (and savings), supply and marketing. They are singled out of the complex of inter-related functions carried out by the small farmers. Thus the co-operative society acts mostly as a single- or multi-purpose society performing one or more partial functions, without concerning itself with the agricultural production requirements and the many other inter-related functions to be taken care of by the individual farmer member

and his family. This concept presupposes the availability of technical know-how, management qualifications as well as complementary institutions and services closely related to one another. In the context of most developing countries, however, these requirements and pre-conditions do not exist in sufficient quantity, quality and correlation. In other words, the majority of existing co-operatives and farmers' organizations in developing countries are not sufficiently production-oriented but rather conceived of as a merchant-type enterprise for the supply of inputs, provision of credit and the marketing of produce.

This is one of the major reasons why co-operatives have fallen short of their real potential, since they are not sufficiently oriented to the farm operations of the individual members. It must be realized that it is the success of the farm operations of the individual member which will determine the success of the co-operative. This implies a more comprehensive system of farmer groups undertaking a range of inter-related functions built around joint planning and implementation of primary production operations in close collaboration with public, technical, financial and economic agencies. It also means that the co-operatives must assist members in working out individual farm plans and budgets, which in turn will lead to a joint farm plan and budget for the co-operative as a whole. Such a joint planning and co-ordination of farming operations may result in a certain regulation of cultivation, i.e., a common crop rotation and other regulations governing the production process. It further implies that production requisites will be

ordered and marketing and processing of produce will be organized according to the farm plan of the co-operative as a whole.

The comprehensive and complementary character of this type of production-orientated co-operative facilitates the forward and backward linkages of input and output services with the production process. This is of particular relevance in third world countries with a deficient social structure. It implies that the co-operative will be able to look after all relevant off and on-farm activities without dependence on money lenders, landlords etc. Recent studies indicate that the classical single purpose approach is doomed to failure in these countries: "Public credit handed out through the co-operative is difficult to recover where members market through the village merchant to whom they also are in debt; a marketing co-operative can often not compete with local buyers who finance production and pay cash for the product. Only co-operatives and other small farmers' organizations offering a complementary package from farm planning to marketing and processing are likely to succeed."

8. Development of New Concepts, Systems and Methods

The formulation of new concepts and structures for developing countries, placing equal emphasis on improving agricultural production and farmer's participation in decision-making and in the benefits of improved production, should be a matter of priority for all governments, aid agencies and rural organizations alike. The growing recognition by governments and agencies that past concepts and strategies have not

come up to expectation has far-reaching implications. The old concepts and strategies should be reviewed, and modified or replaced as required. This is perhaps the most difficult step requiring both courage to break with the past and far-sighted imagination to create new strategies and approaches. However, this is only a beginning. The many laws, regulations, procedures, systems of management, as well as the education and training programmes which are based on the old concepts and strategies, need to be modified in the light of the new concepts and strategies. This requires a concerted effort by all concerned, especially the United Nations system, with FAO and other specialized agencies as well as non-governmental agencies, to embark upon an action programme of adjusting where required existing concepts, strategies, laws, procedures and regulations to the actual requirements of developing countries.

A case in point is the need to review the conventional concept of co-operative management in the light of the above considerations. Such a new approach should identify itself with the point of view of the small farmer and his requirements as agricultural producer within a given developing country. By so doing, the approach to co-operative management will not be based on the classical concept of co-operatives as a merchant type enterprise, but rather on that of an organization of small farmers engaged in different but closely related forms of group action and operations aiming at the improvement of the member farms. Therefore, the efficiency of co-operative management will not only have to be evaluated in terms of the accomplishments of the co-operative enterprise,

but, most important, in terms of its impact on the farms and farm-income of co-operative members. In this context, it is particularly relevant to emphasize how services, products and techniques are transmitted to the farms through co-operative action, with due regard to all stages before and after the production stage – such as input supply, marketing and processing, etc., in addition to the production stage itself.

9. Small Farmer Training through Co-operatives

Another field requiring new approaches is that of education and training. Training should not be confined to “co-operative subjects” but focus also on practical farmer training as well. This is particularly important since so far new agricultural techniques and inputs have been promoted mainly in areas of high potential, this means in most cases progressive farmers with sizeable farms, commercial plantations, etc. This is neither sufficient to meet production targets nor can one afford the growing gulf between the masses of the peasantry and a minority of relatively fortunate farmers growing new high-yielding varieties on irrigated land. In other words, the majority of small producers are not sufficiently covered by much of the current efforts of agricultural training which tends to concentrate on the higher and middle levels of trainees and on a few progressive large-scale farmers.

Practical training at the grass-roots level is a priority which must now be tackled more intensively. The major effort of such training programmes, actively supported by FAO’s new “Technical Co-operation Programme”,

in many developing countries would focus on the "why" and "how" to achieve increased production so as to provide the necessary motivation *and* technical know-how.

The approach through co-operatives, especially those oriented towards agricultural production, is of crucial importance in that these organizations provide a group vehicle through which people can articulate their aspirations as well as channel their inputs and outputs, which is of particular significance for any training programme trying to reach the masses of small farmers. Production-oriented co-operatives therefore are essential in bringing about behavioural changes in the masses of small producers, enabling them to adopt new agricultural production practices and facilitating the provision, integration and administration of essential services such as extension, farm management and related agricultural advice in addition to credit, supply and marketing.

10. Improving Co-operative Performance through Improved Methods of Evaluation

There is another important aspect having a bearing on the reorientation of co-operative concepts and structures, i.e. the way in which co-operatives are assessed by governments, co-operatives themselves as well as the public at large. In fact, expectations of what co-operatives can accomplish in the context of the complex development process have often been rather unrealistically optimistic. This generally over-optimistic and uncritical attitude towards co-operatives which prevailed over a relatively long period of time is now in the process of being gradually replaced,

as indicated above, by an almost contrary feeling of extreme scepticism and reservation. The enthusiasm of the early years as much as the more sceptical voices heard these days, depend on the many differing views of policy makers, managers and members on what co-operatives should aim at and accomplish. In other words there is a great range of different aims which co-operatives may be expected to perform, often simultaneously. Not always do these aims supplement one another, nor are they always shared by all concerned in the development process. On the contrary many of the aims conflict with one another. For instance, while governments regard co-operatives as instruments of development, co-operatives are at the same time expected to function as self-help organizations of agricultural producers. Thus sweeping generalities either in favour of or, as more recently, against co-operatives are equally dangerous since they create an atmosphere which is not conducive to their systematic and dynamic development.

The situation is further aggravated by the lack of adequate methods of evaluation, capable of measuring economic and social accomplishments simultaneously. The conventional systems of accounting, for instance, need to be supplemented by new methods of measurement of non-monetary objectives. Likewise the system of record-keeping, auditing and inspection needs to be reviewed so as to improve the information and control systems of co-operatives.

It is therefore imperative to develop simple and practical tools and techniques for measuring the efficiency of co-operatives, which are urgently re-

quired by policy-makers, managers and members in developing countries. Since evaluation must be considered an indispensable tool for the further im-

provement of co-operative development, the development of appropriate methods of evaluation is an area of work requiring immediate attention.

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The Role of Czechoslovakia's Central Co-operative College

by

Ing. Milos Chroust
Principal of the College

In the Czechoslovak Socialist Republic, the co-operative movement need not fear losing the important position which it occupies within the country's national economy; and it enjoys an even greater advantage in being able to predict quite safely how its opportunities and requirements will develop in the years to come. Such advance knowledge is one of the assets of a society in which the development of events is not left to coincidence or arbitrary influences, or subjective ideas or demagoguery, but is scientifically guided and planned. Very specific prospects for a number of years to come are outlined – in a manner easily understandable by every citizen – in the conclusions of congresses of the Communist Party of Czechoslovakia (which is the leading force in the state), as well as in the national economic plans, approved in the form of laws (acts of Parliament), usually for five-year periods.

The application of scientific achievements and technological progress in practice leads to qualitative changes in the character of work and is reflected in the whole way of life of citizens of our socialist society. Such a development necessarily influences the demands

placed on the education and training system at all levels and requires its continual improvement in accordance with the gradually changing conditions. These conditions, however, do not change in any haphazard way: on the contrary, they are transformed intentionally, purposefully and in conformity with the scientifically verified objective rules of social and economic development, and that is why the nature and trends of such changes can be realistically predicted and anticipated.

Consequently, it was no mere coincidence that the Central Co-operative Council – the apex organisation of Czechoslovakia's co-operative movement – decided, in the mid-sixties, to reorganise and expand the Central Co-operative College as a functional and special-purpose establishment – an institution through which the increasing tasks in the sphere of education and training would be implemented. The developments of the subsequent 10 years have fully confirmed the correctness of such a decision, because the requirement of continuously improving the quality of management and organisational work in all spheres and sectors of

the national economy has become one of the basic long-term tasks in the Czechoslovak Socialist Republic – a fact expressly pointed out by the 15th Congress of the Communist Party of Czechoslovakia in 1976.

On the basis of these and other conclusions and experiences gained in the course of the activities of the Central Co-operative College, the Management Board of the Central Co-operative Council was able to evaluate the whole situation thoroughly at one of its meetings held towards the end of 1976, and simultaneously also to assess a realistic outlook for future development of both needs and possibilities. The result was the approval of a document which specifically defines the position and role of the Central Co-operative College within the system of the Czechoslovak co-operative movement's educational and training activities and sets out the main guidelines for the orientation and objectives of the College for the next ten years, i.e. up to the end of 1985.

An important milestone on the road of this planned development of the Central Co-operative College will be the year 1979, during which its total capacity will be more than doubled after the construction of its new, modern buildings has been completed. This will enable the College not only to increase the number of its students, pupils and trainees, but also to introduce further types of educational schemes and training programmes.

As has been the case hitherto, the College will continue to operate, in essence, in a dual capacity: on the one hand, it will serve the entire Czechoslovak co-operative movement as a centralised training institute for managerial

personnel at top level, and on the other hand, it will play a no less important role as an international co-operative training centre for co-operative personnel from abroad, i.e. from socialist and developing countries. For these purposes, the College will organise a variety of educational and training schemes, among which the following (which have already proved successful on the basis of several years' experience) will rank among the foremost:

1. *Cyclical training* courses (lasting two years, as a rule) for presidents, vice-presidents and other elected officers, as well as for managerial staff (executive officers) of consumer, producer and housing co-operatives. These courses form part of the overall programme of systematically complementing and updating the knowledge which is required of people who hold leading positions in the Czechoslovak co-operative movement, with the aim of ensuring that their political and technical qualifications will continue to improve. The participants do most of their studying at home; they only meet for one week every six months at the Central Co-operative College for specialised lectures and consultations. During the second year of their studies, each participant is expected to work out a thesis on a set theme, in order to prove his ability to apply his theoretical knowledge correctly and in a creative manner to the solution of specific, practical problems of his own co-operative society, as well as within a wider range.

2. A similar pattern, though with participants meeting at the College more frequently (3 to 4 times every 6 months),



Farewell session of a group of Vietnamese trainees (Jan. 1977) after having completed 3 months' on-the-job training in various artisanal and industrial co-operatives in Czechoslovakia.

characterises the organisational aspects of a course known as the *Two-year school of management of co-operative organisations*, intended exclusively for senior co-operative officers and executives over 40 years of age (women over 35) who lack the university education prescribed for the post they hold within the co-operative movement. In view of their age, they can obviously be regarded as persons with sufficient experience in life and at work, so that they only need to supplement and widen their knowledge in the theoretical respect. By doing so through this type of training course the participants are enabled to improve their qualifications to the required level without having to interrupt their responsible jobs by

regular university studies – which, after all, few people of these age groups could afford to do.

3. For young middle-grade co-operative personnel from abroad (particularly from developing countries) at post-graduate level (or at least with complete secondary-school education), an eight-month residential *Co-operative management training course* is organised every year. The training programme contains intensive theoretical studies, with main emphasis on the actual needs of the area or region from which the participants come. The subjects taught include human and public relations, philosophy, political economy, theory of management, organisation of an enterprise,



A group of Algerian, Syrian, Palestinian and Egyptian participants in the 22nd International Seminar (June 1977) visiting a workshop of the Druteva disabled persons' producer co-operative society in Prague.

economics of developing countries, economic aspects of trade, industry and agriculture, problems of socialisation of the village, and naturally also the organisational and economic aspects of co-operatives of various types. These courses continue to attract increasing interest in numerous developing countries, but unfortunately, the present limited capacity of the Central Co-operative College only allows for one such course to be held each year. This is also why the teaching languages (English, French, Arabic, Vietnamese etc.) have to alternate from year to year – as a result of which it is not always possible to accept a group of applicants for that particular

year when their sponsoring national organisation would like to send them to Czechoslovakia. (In this respect, especially as regards co-ordinating recruitment, perhaps the College could be helped through the co-operation of the I.C.A.'s Regional Offices and/or Education Centres in New Delhi and Moshi?!).

4. The schemes organised every year also include practical *on-the-job* and in-service *training courses* of different lengths (mostly ranging from 2 to 6 months) for trainees from developing countries who have been sent to Czechoslovakia in order to acquire skill or

proficiency in various branches of industrial or handicraft production, agricultural work, storage and distribution of goods, organisation of trade etc., according to the requirements specified by the sponsoring organisations. Such practical training courses are usually organised for groups of 5 to 10 persons, ranging from junior to middle-grade personnel at society level, but there have been quite a few exceptions to this rule, with highly specialised training courses being held for persons at post-graduate level who came to study co-operative journalism, member-education etc.

5. Among the various schemes organised by the Central Co-operative College with the aim of assisting co-operative movements in developing countries, an important place is occupied by the traditional international co-operative seminars, held usually in the month of June, predominantly for leading representatives (i.e. people at policy-making level) of co-operative organisations and government institutions from various countries of Asia, Africa and Latin America. Each seminar is devoted to studying a specific overall theme which concerns matters of principle relevant to co-

operative organisations of practically all types and hence lying within the areas of interest of participants from developing countries. For example, the main theme of the 24th Seminar, held in June 1978, was "The co-operative movement's contribution towards improving the people's living conditions and raising their material and cultural standards of living", and the theme prepared for the 25th Seminar, to be held in 1979, will be "Economic planning as an instrument of co-operative management and a prerequisite for success in co-operative business".



Besides the five types of educational and training schemes mentioned above, the Central Co-operative College also organises a number of others, the description of which would exceed the scope of this article. However, the examples mentioned will suffice to illustrate the fact that the Central Co-operative College plays a role of no small importance, both in relation to the co-operative movement of its own country and within the frame-work of international co-operative solidarity.



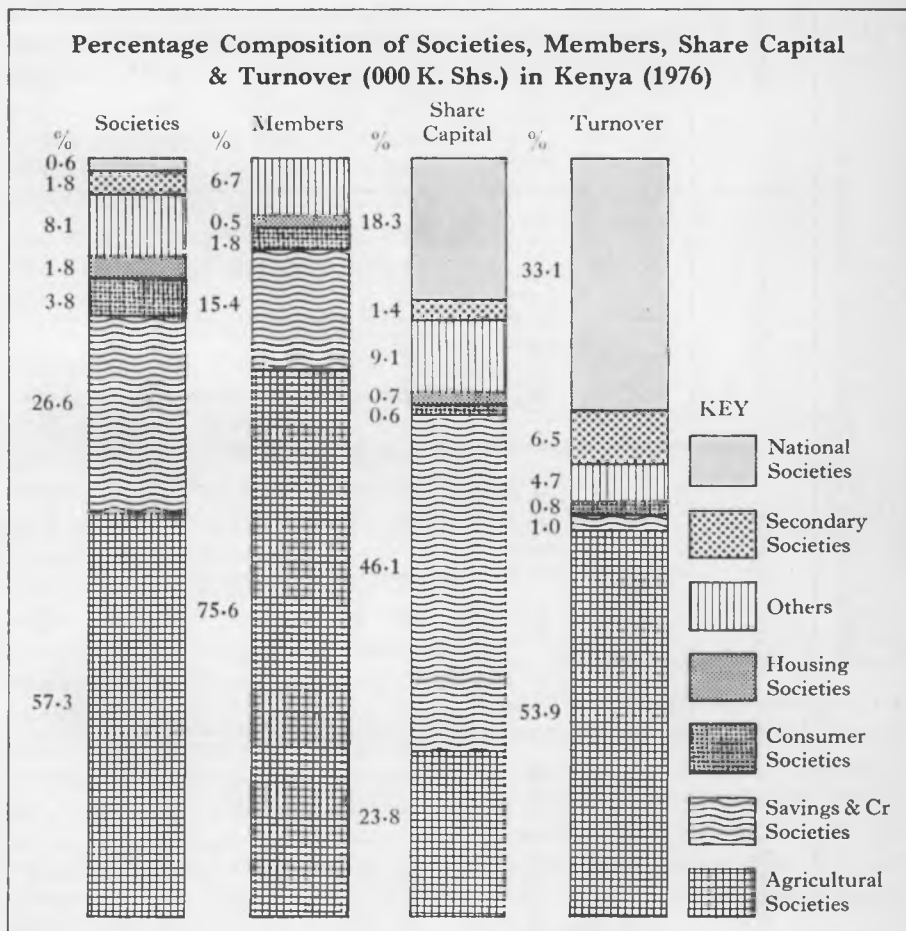
Coffee Co-operatives and Rural Development¹ in Kenya

by

S. Dandapani

Secretary for Research, ICA

Over a period of time, the leaders of the co-operative movement in Kenya have built a co-operative base. Co-operatives in Kenya have a distinct rural leaning (see figures in the table below).



¹"Thirteen years after independence from British colonial rule, Kenya is one of the few remaining countries in Africa which is still a parliamentary democracy based on universal franchise, a free press, an independent judiciary, a multi-racial society, and a mixed economy that allows the private sector to flourish in a vigorous capitalist environment". *Kenya Supplement to the Times* (London) 14.12.1976.

DETAILS OF CO-OPERATIVES IN KENYA — 1976

<i>Particulars</i>	<i>No. of Societies</i>		<i>No. of Members</i>		<i>Turnover</i>		<i>Share Capital</i>	
		%		%	K.Sh. 000	%	K.Sh. 000	%
<i>I Primary Societies</i>								
Agricultural ..	715	57.3	581,475	75.6	1,057,050	53.9	72,017	23.8
Savings and Credit..	332	26.6	118,270	15.4	20,388	1.0	139,568	46.1
Consumer ..	48	3.8	14,196	1.8	15,539	0.8	1,814	0.6
Housing ..	22	1.8	3,647	0.5	252	0.0	2,054	0.7
Others ..	101	8.1	51,460	6.7	92,025	4.7	27,465	9.1
<i>II Secondary Societies</i> ..	23	1.8			128,199	6.5	4,207	1.4
<i>III National Societies</i> ..	7	0.6			648,779	33.1	55,461	18.3
TOTAL	1,248	100.0	769,048	100.0	1,962,230	100.0	302,586	100.0

NOTES: \$1 equals =K.Sh. 7; £1 equals =K.Sh. 15 (approximately).

It is interesting to note that co-operatives play a significant role in the national economy ². In recognition of this reality, the Government of Kenya has recently upgraded the Department into a Ministry of Co-operative Development. The co-operatives share of GDP is about 7.8% (Kenya GDP Sh.25,067 million provisional in 1976).

Coffee was among the earliest crops planted in Kenya. The exact date of its arrival is not certain. The first plantation was probably established by the Scottish Mission at Kibwezi in 1893 and subsequently abandoned when the mission moved to Kikuyu. In 1901, St. Austins Mission initiated a plantation in Nairobi and it is from the seed of these trees that many of the present plantations in the Kiambu and adjoining districts were organised.

The growing of coffee has expanded enormously since the early days. The exports in 1909 totalled 8½ tonnes worth £235 as against 74,596 tonnes, worth £84.5 million in 1975-1976. Coffee is the most valuable of Kenya's exports - accounting for roughly 30% of the total foreign exchange earnings ³.

In terms of size, 688 (private) coffee estates own 28,603 hectares ⁴ as compared with 176 co-operatives with a membership of 295,197 owning 56,595 hectares. In terms of holdings a private estate owns on an average 42 hectares whereas a member of a coffee co-operative owns about 0.2 hectare (less than ½

²"Kenya's population 13.8 million (population growth 3.3% p.a.): GNP US \$3,280 million; per capita income US\$240". World Bank Atlas p.25/29, 1976.

³Kenya Planters Co-operative Union 40th Anniversary pamphlet, p.3, 1977.

⁴1 hectare equals 2.47 acres.

TOTAL PRODUCTION (QTY. 101,218 Tonnes)

Percentage composition		
	Tonnes	%
Estates	49,685	49.1
Coops	47,660	47.1
Others	3,873	3.8
Total	101,218	100.0

QUALITY OF COFFEE PRODUCED IN KENYA

Percentage composition			(National)
Group I	..	..	9.3
Group II	..	..	77.9
Group III	..	..	8.3
Group IV	..	..	4.5
Total	..	..	100.0
Percentage composition			(Estates)
Group I	..	..	1.1
Group II	..	..	87.6
Group III	..	..	9.0
Group IV	..	..	2.3
Total	..	..	100.0
Percentage composition			(Coops)
Group I	..	..	18.1
Group II	..	..	67.8
Group III	..	..	7.4
Group IV	..	..	6.7
Total	..	..	100.0

acre). The role of co-operatives in the development of small farmers through the transfer of technology, assistance and help is clearly seen in this venture. In regard to production, however, the co-operatives compete very well with private owners both in terms of quality and quantity ⁵.

⁵Data gathered from the Coffee Board of Kenya - Annual Report for the period ending September 1977.

It will be seen from the above that the share of co-operatives is high in quality and quantity in spite of their small holdings.

During the year 1976-1977, production went up by 31.9% in the co-operative sector and 35.6% among the estates pushing the national production average per hectare from 0.86 to 1.2 metric tonnes. The Coffee Board acknowledges that "the best performance in coffee quality continued to be confined to the co-operative sector".

The cultivation of coffee in all its stages involves a great deal of care and attention to detail. Usually, coffee is planted at 9' x 9' intervals giving 537 trees to an acre. The young trees normally give their small crop in the third year after planting. The coffee trees flower at the beginning of the rain in March or April and the main crop is picked from September to December. Another, often smaller, flowering is brought on by the short rains of October or November and this forms the next year's early crop picked in June or July⁶.

There are several stages in the coffee manufacturing process. The first stage is called the "cherry". The day's pick is taken to the society factory where (second stage) a simple machine separates the flesh of the cherry (returned in due course as fertiliser in the field) from the coffee bean. The beans are then (third stage) held for a while in large fermentation tanks to allow easy removal of the surrounding mucilage during subsequent washing and grading

⁶KPCU extends field liaison services to member co-operatives. Their coffee crop calendar is indicative of their research into coffee production.

in clean running water. The beans are then (fourth stage) carefully sun-dried, each contained within its protective parchment skin. At this stage the coffee beans are called parchment and all these operations are carried out by the co-operative society with minimum paid staff and maximum volunteer labour contributed by the member farmers. Member involvement is not only with the society but also with its multifarious activities ensured by involving them at different stages of coffee production including its processing.

The parchment coffee is despatched to KPCU (Kenya Planters' Co-operative Union) coffee mills in Nairobi where the latest machinery (fifth stage) removes the parchment husk and sorts the "green" coffee into a maximum of 7 grades, ready for marketing through (sixth stage) international auctions held periodically at Nairobi.

The KPCU⁷ has been continuously modernising its plant and equipment and adding more up-to-date machines such as electronic colour sorting, Mbuni plant, etc., so as to improve the quality of coffee and speed up its production. These steps have considerably helped the coffee co-operatives to attain a higher competitive standard in the market especially at the international coffee auctions at Nairobi. Further, the KPCU introduced warehouses for parchment coffee throughout the country at strategic railheads in the major coffee growing areas. This helped the individual member co-operatives to store their

⁷Forty years ago, seven farmers sat round a table and gave birth to "Thika Planters Co-operative Union Ltd." which evolved into Kenya Planters Co-operative Union Ltd., in 1937 which is today owned by coffee co-operatives in Kenya.



Sacks of coffee being received on the second floor of the Storage Building of KPCU before being emptied into bins ready for processing

goods in safety, incidentally assisting the processing and marketing development of their coffee beans.

During the year 1976/1977 the KPCU paid about a total of £109,209,529⁸ i.e. approximately 86% of the Kenya production. In addition, the KPCU allocated K.£850,000 from its profits for distribution to coffee co-operatives which in turn will be distributed to their members – almost equal to the share capital (K.£800,695) held by KPCU in June 1977. Considering the way in which the small farmers are exploited by the forces of the market, a return as high as reported in the year 1976/1977 is a remarkable achievement for the farmers and their co-operatives.

⁸K. £1 equals K. Sh. 20

A coffee plant, when nourished properly, gives about 20kg of coffee cherry. With about 537 plants to an acre, the annual production of cherry per acre may be estimated to be about 10,740kg. 100kg of cherry provide about 20kg of parchment. The processing of parchment through the coffee mills provides about 4/5th or about 16kg of clean coffee ready for marketing. In the circumstances, the coffee production per acre under optimum conditions may be estimated as follows:

$$\frac{10,740 \times 16}{100} = 1.718\text{kg}$$

The average auction price in 1976/1977 was K.Sh. 40 per kg. Auction value of coffee produced in one acre in 1977

was $1718 \times 40 = \text{K.Sh. } 68,720$. The actual amount paid to farmers was 86% of the total value or K.Sh. 59,099. To this the profits, almost equal to the share capital, should be added. The small coffee farmers getting together in co-operatives and owning the KPCU has helped them not only to organise themselves to face gigantic estate owners,

but they are now in a position to compete with them on quality and quantity in their own right. They have successfully eliminated middlemen; they share their gains equitably. The entire income is ploughed back to the rural economy for a rapid rural development in Kenya. Co-operatives all over the world wish them well in this collective achievement.

Reflections on the closure of a Productive Co-operative Society

by
A. W. Blakestone

This article is not written by an expert. It is just a report on how I, an ordinary working man with no trade, feel about the past 22 years of working in a co-operative productive society engaged in printing in the North of England. I feel that I must put pen to paper and at least try to express my opinions and experiences of the system, the more so now that all political parties are calling for more worker participation in British Industry. It is also my wish that some one far more capable than I should examine more deeply the system and, if possible, find out just what went wrong, that made such an ideal system collapse. Was it inflation or human nature? And if by this exercise people could take advantage of the findings, who knows, we may still have our Utopia.

The firm was established in 1897 by an enthusiastic group of men who were determined to shake off the shackles of the old industrial system and give workers a fair reward for their labours, plus a chance to identify themselves with a progressive company. The firm registered under the Industrial and Provident Societies Act (1893) and there is no doubt in my mind that their objectives were achieved. They started with the

first electrically driven printing press in the area and also introduced a 48 hour working week when 54 hours was the normal one. They became known for secure employment and good working conditions and that, in the 1920s, and 1930s, was a priceless commodity for any working man. And so the build-up began and continued successfully to the Second World War. During the last war the factory in the old town was completely destroyed but they salvaged bits and pieces and carried on in temporary premises till they moved in the early 1950s to modern premises situated in country surroundings and equipped with modern plant.

Now the firm had moved to the new factory they had much more room to expand and the employees nearly doubled in number to over 80. It was in this period that I joined the firm.

The first reaction one got to the situation was of a relaxed but nevertheless responsible attitude of workers towards their work: their output per person was by far the best in the town. It was said, and rightly so, that if you could work at our firm you could work anywhere. I found the "us and them" attitude not so strong here as outside and one got the feeling one was working

for one's own interest while also helping others. We had the best pension and sick scheme in the area. At this point in time we were also working a 40-hour week when the rest of industry was working 42 hours. Trade Unionism was very strong but this was to be expected as the industry as a whole operates a complete closed shop. Their power is quite formidable but one still found that quite a percentage of the employees were not at all interested in the Union, unless there was a wage negotiation in progress. This over the years gave rise to three factions on the shop floor – the Trade Unionists, the worker members and the 'I could not care less' group.

The firm retained many of the original co-operative ideas in that the Board of Management was elected by shareholders who included employees, customers and others, i.e. Trade Unions etc. All were limited to a maximum of £500 in shares and had only one vote irrespective of the number of their shares.

The majority of share-holders attending General Meetings were employees, with the result that the Management Committee was predominantly employee. The Committee had the right to accept or refuse applications for shares, but the right of an employee to become a co-partner was assured. The first £5 of every bonus paid to an employee had to be credited as a loan to the Society until £25 loan capital was held. This was then converted to share capital and the employee became a share-holder with the right to vote at General Meetings. The Committee of Management consisted of the President, Secretary, Manager and six Committee men. At

each General Meeting three members of the Committee retired and three others were elected. The retiring members were all eligible for re-election.

So this was my baptism into co-operative production and as an idealist this was the thing I had dreamt of. Alas after twenty years I saw my utopia start to crumble and the cracks were too deep to repair. The downfall of the system was I believe largely due to human relations, both on the part of the management and the workers.

There were certain features of the Board that made it controversial, i.e. it lacked managerial and business expertise; it did not provide an adequate platform for the expression of shop floor opinion and Trade Union members were often under pressure from their members to maximise their rewards, when circumstances made it difficult. So consequently they found themselves split between loyalties to their workmates on the one hand and to the Management on the other. This also led to frequent Board changes, which, in turn, affected expertise, responsibility and confidence. It also gave the General Manager greater power when he was the one constant member of the Board. In these circumstances, responsibility for success or failure depended more on one man than it should, and over the years this situation became more pronounced. Such power is difficult to challenge.

The relationship with the unions was quite good really but I thought that the marriage between co-operative production and union could have been greatly improved if there had been more mobility of labour allowed and if top management, by this I mean works manager and supervisory staff, had

shown more tolerance of union opinions. There was a variety of views on this subject; some thought that unions were redundant in a co-partnership system while others thought union influence should dominate.

The long established craft in printing has had to give way to more mechanisation as in many industries in the past. This seemed to happen in a very short period of time and seemed to affect the attitudes of workers. The sense of achievement (a job well done) seemed to be lacking; it particularly showed where tradesmen were concerned. They seemed loath to give up the skills which they had guarded jealously for years. The young seemed less affected by all the new techniques; the female employees did not seem affected either but they seldom make a career out of factory work.

In the late 1960s it was noticeable that the 'I don't care' attitude was becoming more dominant in the firm. People began to leave for the more orthodox system of employment. Also by now the bonus had stopped and the firm was feeling the squeeze. New machines were needed for this rapid technological change that had come upon the industry. The old stalwarts of the system had either retired, departed or even been promoted to staff level. The old manager, who had in the past served us well, retired and new blood was injected into the system.

People seemed to be no longer interested in co-operative production. It was a greater return for labour they needed – plus overtime to buy that new house or car. Our system did not encourage excessive overtime whereas many other local firms did. Young apprentices left as soon as they finished

their time – in fact it was like a brain drain. No longer could the Works Manager select his labour force. He had to take anyone. Selection of labour was impossible. We had nothing but co-operative production left to offer, other firms had caught us up and in most cases had passed us. Gradually the assets of the firm were eroded. The new Manager was dismissed and finally the share-holders voted to go into voluntary liquidation in November 1975.

The outstanding human relations problems on the shop floor were mainly due to selfishness and envy but no firm can operate in isolation from its economic and political structure. Our firm seemed to have more than its fair share of these problems, with periodic squeezes reducing financial liquidity and also the social changes within our society which have weakened the individual's sense of responsibility.

Co-operative production does not reduce the conflicting attitudes of management and unions. Employees still look for greater remuneration for their labour, and management for a greater share of the profits for future investment etc.

The ordinary man on the shop floor is steeped in class warfare, either against management or amongst themselves. By this I mean the skilled versus the unskilled, male against female, in fact we are as backward in this as India is with her Untouchables. Until people are educated to work together as a team, and not on how strong a pull "our" union has, there seems little hope for co-operative production.

I believe both management and trade unions could play their part by helping to eradicate demarcation lines and

educate workers to get rid of cynicism and to develop the desire to become more involved in participation and responsibility for decisions taken. Also trade unions must give management sufficient room to exercise its financial and other responsibilities.

Management and the profit motive come into it, and this is where you need a good manager who believes in co-operative production and does not just pay lip service to the system. The remuneration must be adequate for both worker and management and the differentials fair and never too excessive. If the remuneration falls behind private industry you will find your work force will be affected, as some will sell their labour to the highest bidder and this in turn affects the balance and flow of work which you are able to contend with successfully.

So in co-operative production you must have something to replace the monetary enhancement given by private industry. This can be achieved by better working conditions: i.e. shorter working week, early retirement and good welfare facilities plus the added stimulus of

participation. You must never lose the momentum of improving these facilities, as our firm did, and let private industry overtake you.

Selfishness and materialism are often the response to the social and economic pressures of society and I believe that the accumulation of these factors gradually eroded the idealism on which our firm was founded. The welfare state has cushioned us as a people against the extremes of poverty and unemployment and there are those who believe that co-partnership can give nothing that a strong trade union cannot provide.

But as society is ever changing, especially in relation to the indignity of unemployment etc., I trust with confidence it will become favourable once again to participate in trying to find our utopia. Before this can be achieved, however, any new plans for co-partnerships should take into account the many factors involved. It is essential that all participants – both management and workers – must believe in and strive for the co-partnership ideal and all newcomers to the enterprise must be educated into it.

On the occasion of the
**Retirement of
Mrs M. J. Russell, JP**
as ICA Secretary for Women and Youth

Extracts from a speech by

Dr S. K. Saxena

Director, ICA

Mrs Russell came to us in January 1965 – three years before I became the Director. She came with a solid foundation of co-operative knowledge not only theoretical – confirmed by the Higher Diploma in Co-operation from Loughborough – but with a continuing involvement in the work of the national movement at a high level. She has been a Member of the Enfield Highway Society's Board of Directors, and has sat on various Co-operative Union Committees. In some ways her position in the national movement has been an advantage to the Alliance in that it has given us, through her, a better feel for the thinking within the British Movement.

In trying to assess Mrs Russell's contribution to the World Co-operative Movement, I can approach it in several ways.

First, her Committee Work. When the International Women's Guild was disbanded at the Vienna Congress in 1966, the Women Co-operators' Advisory Council was created and Mrs Russell became the Secretary to the Council. She soon realised the weaknesses of the arrangements and argued forcefully with the Authorities of the



Retirement of Mrs Russell

Alliance, within the Secretariat and through the Council, for the creation of a Women's Auxiliary Committee. This Committee has grown in strength and stature; its composition is wide and varied and its concerns far reaching to encompass womens' interests in different co-operative sectors. It is difficult to carry a Committee where members come with diverse backgrounds and sometimes reflect national attitudes which may not always suit an international context. I think Mrs Russell

has carried the Committee extremely well; she has provided initiative and motivated the members and, above all, she has acted as the glue which has kept the Committee together. In her Committee work, she has had to produce several substantive papers which are comprehensive in their approach and bear pertinently on the problem of participation of women in the co-operative movement. The three Pre-Congress Women's Conferences – Hamburg 1969, Warsaw 1972 and Paris 1976 – were a testimony to the comprehensive scope of the work carried out during her term of office.

Mrs Russell's contribution to the developing world should also be recognised. She has provided sustained support for the creation and stabilisation of women's programmes in East Africa and South-East Asia. She has guided the two regional women officers, and gave active personal support, for instance, in the Mombasa Seminar and the one held in Kuala Lumpur. Earlier, she was responsible for organising two seminars in Ghana and Nigeria; although at that time these appeared as isolated activities, in retrospect and in the context of the discussions for creating a Regional Programme for West Africa, these may have provided useful links in the chain leading to the creation of a continuing ICA programme in that part of the world. She has also been invited by the FAO and ILO for their meetings as a resource person.

Mrs Russell has travelled widely and has pleaded everywhere the cause of women in co-operatives. The most recent activity in which she was involved was the Seminar in Lima (Peru) where

the Organisation of Co-operatives of America (OCA) brought together women from different countries to discuss problems pertinent to their interests.

As Youth Secretary, Mrs Russell was responsible for organising three conferences, in London, Sinai (Romania) and Moscow, and these conferences threw up some interesting suggestions and proposals.

For all of us working at the international level, it is always very difficult to assess how much impact we have been able to make on the national and international scene, how much change a particular officer has been able to bring about as a result of conscious and deliberate effort. When the individual concerned deals with women and youth, the difficulties are magnified several times over. For in that capacity one does not deal with a particular sector of co-operative activity, but with all its branches since all have relevance to the needs of women and youth. Let me quite simply say that compared to the time before Mrs. Russell joined the ICA and looking at the situation now, the following five changes are noticeable:

First, the Women's Auxiliary Committee is now a respected, competent body which exerts pressure in favour of involvement of women in different aspects of co-operative work; it has a seat on the Central Committee and thus at least one direct vote in the discussions on important co-operative issues.

Secondly, the United Nations Agencies now recognise and consult the ICA on matters relating to women and youth; the Alliance made several suggestions and contributions to the International

Women's Year and will also be making contributions in 1979 to the International Year of the Child.

Thirdly, there is a perceptible change in the attitude of national co-operative movements, or at least of some of the leaders, in that, to put it negatively, co-operators begin to feel uncomfortable if women's interests are not taken into account in the formulation of a new

policy; the sensitizing process has been set in motion.

Fourthly, our work in developing countries in East Africa and South-East Asia is well and truly launched.

Above all, Mrs Russell has been able to create and sustain a group of members who have a shared interest in the promotion of women's activities in the co-operative movement.

Recent Books

by

Anne Lamming

ICA Librarian

The books listed should be ordered
direct from the publishers.

ICA can only supply its own publications.

AGRICULTURAL COOPERATIVE DEVELOPMENT INTERNATIONAL:
North African Workshop on Co-operatives and Small Farmers, Tunis, Tunisia, 28 Nov-2 Dec 1977.

Washington DC. (USA), ACIDI, 1978. 20 pp; photos.

Report of a meeting which discussed "how best to accomplish rural development with maximum contribution from and benefit to the poorest of the poor."

FAHRNI, Yolande: Développement d'un thesaurus sur les coopératives—étude effectuée au service central de bibliothèque et de documentation du BIT pour le service des coops.

Geneva, ILO, 1978. 47 pp; mimeo

DADHICH, C. L.: Overdues in Farm Cooperative Credit; a study of Rajasthan Bombay (India), Popular Prakashan, 1977. 258 pp; bibliogr; tabs.

An analysis of the causes of overdues, with policy suggestions to remedy the existing situation and to prevent overdues in future. (*Reviewed in this issue.*)

DRIMER, Alicia Kaplan de and DRIMER, Bernardo: Manual de Cooperativas—No. 3 serie—Manuales Ediciones Intercoop/Argentina

Buenos Aires (Argentina), INTERCOOP, 1977. 400 pp; bibliogr.

This manual has three parts: 1) general, historical and doctrinal aspects of co-operation; 2) description of co-operatives by type; (3) legislation, organisation and administration of co-operatives; it is written by two distinguished Argentine co-operative teachers and writers.

GROSS, Alberto: El Cooperativismo en Chile

Chile, ICECOOP, 1978? 135 pp; tabs.

A survey of co-operatives in Chile, their growth and development up to 1976, with analyses of the characteristics of primary and secondary co-operatives in the Chilean economy. The author is the director of the Research Centre for Co-operative Development—CEDEC.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Research Register of Studies on Co-operatives in Developing Countries and Selected Bibliography, Bulletin No. 5, 1978

London, Warsaw, Budapest, ICA and CRIs, 1978. 93 pp.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Report of an Experts' Consultation on Co-operatives and the Poor — Co-operative College, 5-8.7.77
London (U.K.) ICA Studies and Reports No 13, 1978. 96pp; bibliogr; graphs.

The varied views and assessments of the suitability of co-operatives in catering for the needs of the poor are reflected in the papers and discussions reported in this book.

KONOPNICKI, M. and VANDEWALLE, G. (Editors): Co-operation as an instrument for Rural Development—Papers from an International Conference organised at Ghent University (Belgium) 21-24 September 1976

London (U.K.) ICA, 1978. 160 pp; tabs; graph

These conference papers are in four sections:

- i. Service and production co-operatives
- ii. Relations between co-operatives and their members
- iii. Co-operatives and the state
- iv. Financial problems of co-operatives.

KRISHNASWAMI, O. R: Fundamentals of Co-operation

New Delhi (India), S. Chand & Co. Ltd., 1978. 163 pp.

An analysis and account of co-operative principles and subjects of great importance in India such as co-operation and the planned economy and co-operative extension work. Many of the ideas were first published in article form in various Indian co-operative journals. (*Reviewed in this issue.*)

LAIDLAW, Alexander F.: Housing you can afford

Toronto (Canada), Green Tree Publ. Co. Ltd., 1977. 235 pp; bibl; 39 diags, tabs.

This book is not a technical manual on how to carry out a housing project; it deals with the "why" of a housing co-operative; it does incorporate guidelines on procedure and method, but concentrates mainly on showing ordinary people how to plan together to create housing. (*To be reviewed in our next issue.*)

MANNICHE, Peter et al: Rural development in Denmark and the Changing Countries of the World—A Study of Danish Rural Conditions and the Folk High School with Special Relevance to the Developing Countries. (2nd edn revised).

Copenhagen (Denmark), Borgen Publishers, 1978. 288 pp; photos; map; tabs.

This book aims at showing "how rural development can be achieved if founded on a sound and broadly based educational movement", in this case the Danish Folk High School.

MÜNKNER, Hans-H: Six lectures on co-operative law.

Bonn (Fed. Rep. of Germany), Friedrich-Ebert-Stiftung, 1977. 96 pp; bibliogr; index.

This publication deals with basic legal problems of co-operative organisation, by using an analytical approach.

OAKESHOTT, Robert: The Prospects and Conditions for Successful Co-operative Production

Manchester (UK), Co-operative Union Ltd, 1978

Text of keynote speech given at 1978 UK Co-operative Congress, on Producer Co-operatives.

ORGANIZACION DE COOPERATIVAS DE AMERICA: Asistencia Tecnica Cooperativa

Lima (Peru), Fundación Friedrich Naumann, 1978. 167 pp.

Report of a seminar held in December 1976 with representatives from most major Latin American countries, to discuss the effectiveness and direction of co-operative technical assistance in the region.

✓ **PEDERSEN, Clemens (Editor): The Danish Co-operative Movement**

Copenhagen (Denmark), Det Danske Selskab (The Danish Institute) 1977, 156 pp; tabs; diags

The Danish co-operative movement is grouped into three main organisations and this book is based accordingly, one part dealing with consumer, one with agricultural, and one with labour co-operatives.

PINHO, Diva Benevides: Economia e Cooperativismo.

Sao Paulo (Brazil), Saraiva, 1977. 177 pp, bibliogr; graphs; tabs.

Primarily intended as a text on co-operative economics, this book by a well-known Brazilian writer deals with economic activities of co-operatives.

RADWAN, Samir: Agrarian Reform and Rural Poverty, Egypt, 1952-75

Geneva (Switzerland), ILO, 1977. 91 pp; tabs; graphs

An appraisal of the impact of agrarian reform on rural Egypt, including a survey of the prereform agrarian system, assessment of the effect of agrarian reform on land and incomes distribution; it concludes with an appraisal of "supervised co-operatives", the most important institution created by the land reform.

SANTIAGO OSORIO ARRASCUE: Régimen Jurídico del Movimiento Cooperativo

Lima, (Peru), Editorial Cientifica, 1978. 497 pp; bibliogr.

Handbook on Peruvian co-operative legislation.

TAIMNI, K. K: Materials Management in Co-operatives

Poona (India), Vaikunth Mehta, 1977. 258pp; bibliogr; tabs; graphs.

An Indian handbook on materials management as applied to industrial processing and consumer co-operatives.

WALINSKY, Louis J. (Ed): The Selected Papers of Wolf Ladejinsky—Agrarian Reform as Unfinished Business

London (UK), OUP/World Bank, 1978. 603pp; bibliogr; index

Book Reviews

Fundamentals of Co-operation by Dr O. R. Krishnaswami. *S. Chand & Co., New Delhi. Rs. 35-00.*

Co-operation as an academic subject is gaining momentum and many universities in India and abroad have been introducing this subject at various levels. Research Institutes engaged in social science Research are giving more importance to this field of study. Co-operatives on their part are embracing new avenues and new fields of activities. The movement's success is no more the monopoly of Europe. Developing countries as well as under-developed countries have started using this institution as an economic device to solve their economic problems. It is the gauge of its merits that the co-operative ideology suits every political set-up.

Being a growing social science, co-operation does not yet have enough fundamental material. Whatever basic books have been written are all the efforts of British, Swedish, Danish and German Co-operators. Even the contributions of V. L. Mehta and Prof. D. G. Karve are contemporary literature and cannot be considered as basic material, except for the latter's work on the ICA's Co-operative Principles. This book written by Dr O. R. Krishnaswami, a deep thinker on co-operation, narrows the void created in this field. Though the book is a collection of the articles already published by the author in leading Indian and foreign journals, the papers have been arranged in a way to induce cohesion in the flow of information. The objective of the book has been put forth by the author himself: "this volume aims at explaining clearly and succinctly the basic concepts and principles of co-operation and at presenting certain fundamental action programmes for revitalising and strengthening the co-operative movements of developing countries like India."

The book starts with a discussion on the principles of Co-operation. With the change in cultural, social and economic backgrounds, the movement adapted itself to the changing circumstances. The principles of co-operation followed by the Rochdale pioneers were suited to the consumers movement and were revised twice by the ICA, in 1937 and 1966. These and other related aspects of the principles of Co-operation have been adequately analysed in Chapters 1 and 2.

Co-operation as a movement and a sector is always in a position comparable to that of its counterparts, capitalism and socialism. Time was when the rulers and economists refused to allow any credit to the co-operative movement. Doubts were raised as to its strength to form a sector. Through diversification of field experience and widespread adaptation, the co-operative movement slowly and steadily emerged as a third sector of the economy. It has claims over capitalism and socialism, which are diametrically extreme propositions. The author is correct when he says, "the superiority of co-operation over the other two economic theories, viz., capitalism and socialism, lies in the fact that it is based on human values such as truth, honesty, goodwill, mutual aid, mutual trust and comradeship".

By virtue of its merits the co-operative movement has become part of our planned economy. It justifies the expression of our constitution and forms the basis for a free and non-exploitative society. Adoption of co-operatives as an instrument of state policy in our country is an incentive to other developing countries to use this as a weapon for solving economic problems. The author lists the merits when co-operation is used as an instrument to implement government plans, but at the same time he warns against its dangers: "state

sponsorship, aid, direction and regulation may affect the autonomy of the movement, may not allow the people to develop the spirit of self-reliance and may encourage the tendency to look to the Government for everything. State control may also help infiltration of party politics into the co-operatives, which like the white ants will eat away the vitality of the co-operative movement”.

There are notable chapters in this book about co-operative democracy. The author is of the opinion that in the agricultural credit co-operative in India, democracy exists formally in the constitution only, not in actual practice. “The ignorance of the members, their socio-economic disparities, lack of member-relation practices, the mechanical way of conduct of meetings, distorted meeting practices, lack of member identifi-

cation, low business participation, lack of internal autonomy, all sap the vigour and vitality of democracy and make it very nominal and ineffective in practice”. In this context it is worth referring to Dr Krishnaswami’s earlier book, “Co-operative Democracy in action”*.

The overall merit of this book is shared by the publishers, with their neat and attractive printing. This book will be very useful to foreign co-operators because of the way the author portrays the contemporary basics of the Indian Co-operative movement. The author being an authority on co-operation, can we expect some more basic books on Indian Co-operation from him?

S. NAKKIRAN

*Reviewed in Vol. 69, No. 5, of this journal.

Overdues in Farm Co-operative Credit — A study of Rajasthan by C. L. Dadhich. *Popular Prakasan, Bombay (1977) pp 258. Rs. 55/-.*

A critical, chronic and calamitous crisis confronting the credit co-operatives in India is the problem of overdues. Several official and non-official studies, both at macro- and micro-level, have thrown up a spate of suggestions to deal with this mounting menace to credit co-operatives. With all that has been said and done all these years, overdues still constitute the core of the problem with co-operative credit.

A study of overdues in credit co-operatives in Rajasthan—the second largest state in India (incidentally this state stood second among the states in respect of overdues at the primary level to the extent of 44 per cent in 1967-68, the year of this study)—by Dr C. L. Dadhich is an in-depth analysis of the problem. However, it is a pity that his study took so long to see the light of the day (it may be noted that his study pertains to the year 1967-68 and the results

were published in the form of a book in 1977) as a deluge of literature with similar findings and suggestions has appeared in the last 10 years.

Dr Dadhich’s study covers three district central co-operative banks, three primary co-operative credit societies selected under purposive sampling from the jurisdiction of each of the selected central banks and a sample of 180 members of the primary societies. A census study of all the members of the selected primary societies was taken up for the analysis of an aspect of the study viz., socio-economic factors influencing the repayment of dues.

His analysis of socio-economic factors influencing the repayment of dues reveal that the deciding factors in repayment are irrigation and the caste of the borrower and have no relationship, whatsoever, to the area of land, size of loan borrowed and the level of literacy of the borrower. Borrowers belonging to middle castes were found defaulting less as compared to those belonging to upper and lower castes. Borrowers

growing cash crops, borrowers using chemical fertilisers, borrowers using irrigated land, borrowers mainly depending upon cultivation were found defaulting less than others.

The worst features of these overdues is that many defaults are deliberate. The study reveals that 23.5 per cent of overdues are on account of wilful default, 8 to 14 per cent are due to inadequate stabilisation arrangements in case of failure of crops and the rest of the overdues are attributed to incompetent management. Wilful defaults are mainly due to re-lending by the borrowers to make a profit out of the margin of interest, uncertainty of fresh finances for the society from the central financing agency, a desire to harass the management. These wilful defaulters, it was found, are the members belonging to the higher strata of society. These defaulters include the past and present members of the managing committees or their close associates. Politics in the area of operation of the society or the central bank is considered to be a crucial factor in wilful default. But no detailed study of this factor is done by the author.

It is painful to note from the study that as many as 74 per cent of borrowers divert their loans for other purposes

which include re-lending, repayment of old debts, consumption. Diversion of credit is very common with the members of the managing committees. The author identifies four causes for overdues at the institutional level. They are (i) unsound lending policies, (ii) ineffective supervision, (iii) lack of the right type of leadership and (iv) lack of linking of co-operative credit with marketing. Crop failure is not found to be an important cause of overdues.

Several of the suggestions of the author are of a general nature and reinforce the thinking of copious committees on co-operative credit, which are also often quoted in the relevant chapters of the book. What needs careful consideration is the observation of the author that the cheap money policy which has been in vogue for several years has done the greatest damage to the expansion of the co-operative movement. Listing several merits of a dearer money policy in checking overdues, he emphatically suggests that such a policy should be pursued in order to inculcate a greater sense of discipline among the borrowers. On the whole, this study does make some contribution to the important subject of overdues.

M. KUTUMBA RAO

A Survey of Contemporary British Worker Co-operatives by Paul Chaplin & Roger Cowe. *Manchester Business School, Booth Street West, Manchester (UK)*.

This Manchester Business School/Centre for Business Research Working Paper provides an interesting survey of recently formed co-operative productive societies and "common ownership companies" in Britain. It sent questionnaires to 42 existing enterprises and to a further fifteen that were being planned and received replies from 24 of the former and six of the latter. Most of the existing enterprises are small, employing an

average of nine workers each. Their average age is four years and a third of them are based on shops, some of them selling wholefoods. Some of them use the Model Rules of the Industrial Common Ownership Movement and most of them seem reasonably successful. Some restrict wage differentials, make remuneration as equal as possible and have an informal decision making arrangement so as to make member participation in control as close as possible. Curiously, in only four of the 24 established concerns are there any fixed rules about the distribution of surplus earnings, if any. The survey

comes to the conclusion that the formation of further co-operative productive societies like those formed in recent

years is likely to depend very much on the attitude of the trade unions to them.

PAUL DERRICK

Success in Smallness: A Plan for Developing Areas by James F. Torres. *River Falls Press, University of Wisconsin, River Falls, Wis. (USA).*

In this admirable little booklet Professor Torres describes in a brief space the impact of technology upon developing countries, the help given by industrialised countries to developing ones in the years since the second world war, inequalities in the distribution of wealth and income in developing countries and in the USA, and the role of co-operative development in helping developing countries to achieve both higher living standards and a more equitable distribution of wealth and income.

He gives due recognition to the work of the late Dr E. F. Schumacher in insisting on the importance of fostering in developing countries technologies which will meet the real needs of their peoples and on the need for a relatively modest scale of operations in many fields if appropriate technology is to serve these needs effectively. From a belief in human freedom combined with a fairer distribution of wealth and income and a relatively modest scale of production Professor Torres draws co-operative conclusions. He discusses briefly profit-

sharing and capital-sharing schemes such as that promoted by Mr Louis Kelso in the USA and that promoted by the Shah in Iran; but finds them too paternalistic. Instead of such schemes he recommends co-operative development in general and the development of co-operative productive societies in particular as able to bring about a fairer distribution of wealth and income without paternalism.

He mentions among other successful co-operatives Cruz Azul, the big cement co-operative in Mexico with 500 worker members; *Excelsior*, a daily newspaper with a large circulation published in Mexico City; COPESA, an aircraft-servicing co-operative in Costa Rica with three hundred worker members; a fishing co-operative in San Lorenzo, Honduras, with thirty members; a building co-operative with fifty members at Choluteca, Honduras; and a building materials and furniture co-operative at Foya in Liberia. He goes on to discuss basic co-operative principles and the history of co-operatives and argues that there is much scope for the growth of workers' co-operatives in developing countries.

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Review of International Co-operation



The official organ of the International Co-operative Alliance

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Revista de la Cooperación Internacional



Organo Oficial de la Alianza Cooperativa Internacional

On the occasion of the celebration of the 10th Anniversary of the Spanish edition of the "Review of International Co-operation"—a special message from the President of the International Co-operative Alliance:

It gives me particular pleasure, as President of the International Co-operative Alliance, to address to our Spanish readers on the occasion of the 10th anniversary of the first Spanish edition of the *Review of International Co-operation*, the warmest greetings of the 330 million co-operators within our Alliance.

This event, two years after the historic decision of the XXVIth ICA Congress to number Spanish among the official languages of the International Co-operative Movement, bears a special significance, recognising the irreplaceable role played by the Co-operative Movements for so many years in Latin America.

The International Co-operative Alliance takes the opportunity of this Anniversary also to express its heartfelt gratitude to the Argentinian Co-operative Movement which, helped initially by the Austrian Co-operative Movement, has borne the costs of the *Revista de la Co-operación Internacional* and has made in this way its important contribution to the Co-operative Development Decade.

Finally we would like to address to all Spanish-speaking Co-operators and to all the readers of the *Revista*, our best wishes for success and prosperity on the eve of a new decade, and our hope that you will give the *Revista* your continued support.



Roger Kerinec

Report on the Open World Conference on Industrial Co-operatives Rome (Italy), October 1978

by
Paul Derrick

The first Open World Conference on Industrial Co-operatives to be organised under the auspices of the International Co-operative Alliance was held in Rome at the Midas Palace Hotel between October 25 and 28. It was organised by CICOPA, the ICA Workers' Productive Committee, which is based in Rome with Mr Bruno Catalano of the *Confederazione Co-operative Italiane* as Secretary, in collaboration with the three major Italian co-operative organisations, the *Confederazione*, the *Lega Nazionale delle Co-operative e Mutue* and the *Associazione Generale delle Co-operative Italiane*. The conference was supported by the Italian Government and the detailed arrangements for the conference were made by EGA, a co-operative specialising in the organisation of conferences.

About 400 people from 37 countries attended the conference which was presided over by Antoine Antoni, Chairman of the Workers' Productive Committee and Secretary General of the French General Confederation of Workers' Co-operative Productive Societies. The first session of the conference was held in the Sala Protomoteca at the Capitol

with addresses of welcome from the Mayor of Rome, from Mr Badolio on behalf of the Italian Co-operative movement; from Mr Roger Kerinec, President of the International Co-operative Alliance and from Mr Scotti, the Italian Minister of Labour, for the Italian Government.

Developing Countries

There were six major papers presented at the conference. Three of these were about workers' co-operatives in industrialised countries and the other three were about industrial co-operatives in the developing countries. Dr DANDAPANI, ICA Secretary for Research, presented a comprehensive paper on the problems of industrial co-operatives in developing countries, beginning with definitions of exactly what he meant by an "industrial co-operative" and by a "developing country". He discussed the problem of unemployment and under employment in developing countries, population growth and the role of industrial co-operatives in rural development, illustrating his talk with slides. He also discussed the distribution of various

types of industrial co-operatives, drawing on his own experience with labour contracting and other co-operatives in India, turning finally to ways and means by which the governments of developing countries could encourage the development of industrial co-operatives as by changes in co-operative law or in taxation and by help with financing, with management and training and education and with marketing, areas which tend to present greater problems for co-operatives in developing countries than they do for those in industrialised countries.

Mr HAMDY of the *United Nations Industrial Development Organisation (UNIDO)* spoke of the work of his organisation in helping industrial co-operatives in developing countries, especially since its Declaration at Lima in 1975 had formally recognised their value in helping to reduce unemployment in rural areas and meet the real needs of the people. The governments of developing countries often wanted to promote them but UNIDO studies had shown that they often needed help with management and accounting, with market research and marketing, with training and education and with finance. In its work for industrial co-operatives UNIDO collaborated closely with the Centre for Industrial Co-operatives in Warsaw and with the Polish Central Union of Work Co-operatives.

Mr CHARLES MOORE of the *International Labour Office* said that the ILO had been much more concerned with the development of all kinds of co-operatives for more than fifty years. Like Mr Hamdy he recognised the value of industrial co-operatives in reducing unemployment in rural areas

and that they often needed help with management and marketing and with training and financing. At the same time it was important for co-operatives not to become too dependent upon governments. The ILO had helped with the development of co-operative law in developing countries and with the establishment of co-operative development centres in a number of countries in collaboration with governments and with other organisations.

Speakers from developing countries included Mr WADALA and Mr THAPAR from the Punjab who spoke of the growth of the co-operative movement in India in spite of the many problems facing co-operatives in developing countries under capitalistic conditions.

Mr NICHOLAS MAHONEY who has been working on a study on industrial co-operatives in developing countries for the ICA, contributed a paper in which he discussed the problem of finding initial capital, the need to choose an industry not dominated by established private traders or in which investment by large companies is encouraged by government, the marketing problem and the advantage of members of a co-operative having some skills and some savings and knowing each other and having some confidence in each other.

Industrialised Countries

One of the three papers on industrial co-operatives in industrialised countries was by Dr Trampczynski and Professor Bierzanek of Poland, another was by Professor Prodi of Italy and the other by Dr Jeremy Bray, MP, of Britain.

Dr TRAMPCZYNSKI was unable to attend the conference as he had been

appointed Polish Ambassador to Denmark and the Polish paper was presented by Professor BIERZANEK. He insisted that small and medium sized enterprises had an important role in industrialised countries whether market economy or planned economy, and that the co-operative form of organisation had many advantages for such enterprises. It helped to give workers independence and control over their working lives and thus enhanced their sense of responsibility, reduced bureaucracy and increased efficiency and incomes.

He said industrial co-operatives were most likely to develop in relatively small scale labour intensive enterprises where skills and personal commitment had a direct effect upon earnings and the quality of the product. Significant investment by members was possible in such enterprises which were in many ways complementary to large ones and more adaptable. They could operate in rural areas and employ part-time workers and use local materials. In Poland some 200,000 workers were organised in invalids' co-operatives which helped to make their members economically independent. This was more satisfying for them than living in an institution and though the invalids' co-operatives were helped from public funds to be competitive, their members supported themselves to a large extent.

Mr ALFRED MORRIS, British Minister for the Disabled, spoke at the conference about the value of industrial co-operatives in enabling the disabled to achieve some measure of independence.

Investment by Members

Like Professor Bierzanek, Professor PRODI, in presenting his paper, put

much emphasis on the importance of substantial investment by workers in industrial co-operatives. Some outside capital was often needed, as when an industrial co-operative was formed following the failure of a company; but there needed to be a reasonable balance between share capital from members and loan capital from government or other outside sources, or the independence of the co-operative and democratic control by members might be undermined. Professor Prodi said that industrial co-operatives in industrial countries faced many problems with financing, management, member involvement etc, but they were able to achieve a better sense of unity between management and workers than the capital sharing schemes advocated in parts of Northern Europe. A number of companies in Italy had been converted into co-operatives but falling profits made such conversions less attractive to workers than had formerly been the case. Co-operative production in some cases might not bring workers' earnings much higher than they could win from private employers by pressing wage claims.

Dr JEREMY BRAY in presenting his paper discussed technological change and the intractable problem of unemployment; and argued that the governments of industrialised countries should seek to promote the conversion of large scale enterprises to a co-operative basis.

In addition to the six main papers there were a number of supplementary papers, most of them from Italy where there are more industrial co-operatives than in the whole of the rest of Western Europe. In presenting their papers: Mr MARTINI spoke of the importance of

professional management; Dr CROS-TAROSA spoke of the special problems of southern Italy; Dr LAZZERI spoke of the relations of trade unions with industrial co-operatives; Professor AN-CARNI spoke of *consorzia* of industrial co-operatives and collaboration between industrial and other co-operatives; and Dr AGRO of the problems of industrial co-operatives such as that of raising initial capital and of co-operatives sub-contracting for large companies and co-operatives formed after the failure of companies in order to provide continued employment.

Contributions to the Debate

During the conference Dr SAXENA, Director of the ICA, spoke of its work and of its forthcoming Congress in 1980 in Moscow. Mr SPONDANARO, Secretary of the Italian trade union organisation CISL, spoke of the relations between industrial co-operatives and trade unions. There were important contributions to the discussions from France—as by Mr GEORGES LAS-SERRE—and from Britain, Switzerland, Sweden, Israel, the USA and other countries. Contributions came from university people such as Professor DES-ROCHES of the Sorbonne and the College Cooperatif, Paris and Professor VANEK of Cornell University, New York, as well as from industrial co-operatives. A number of speakers referred to the success of the Mondragon co-operatives in Spain although they were not represented at the conference. A paper from Miss THEMISTOCLI of the ICA research department discussed the views of classical and contemporary economists on industrial co-operatives and similar “labour managed” enter-

prises; and she also produced a bibliography on industrial co-operatives for the ICA Workers Productive Committee.* Professor Vanek argued in a paper on “The Co-operative of Work at the Crossroads of History” that the general organisation of production on a co-operative basis could help to resolve many conflicts and contribute to the solution of many problems. It was clear from the debates however that industrial co-operatives themselves face many problems in industrialised as well as in developing countries.

Professor Bierzanek pointed out that the problems are basically similar in market economy, planned economy and in developing countries. One is that of raising adequate initial capital, another that of ensuring good management and a third that of providing for effective member involvement. Raising share capital from members is likely to be particularly difficult where there is great economic inequality: though Professor Prodi said that successful industrial co-operatives have quite often been formed in adverse economic conditions: as in the Basque Provinces of Spain in the 1950s. Adverse conditions are a challenge and not necessarily an insuperable obstacle.

New legislation in France and in Italy and the establishment of a Co-operative Development Agency in Britain may bring a significant increase in the number of industrial co-operatives and there is certainly a widespread interest in them, especially among people looking for an alternative to both capitalist enterprise and state¹ enterprise. Lord ORAM, Chairman of

*From CICOPA, Via Torino 135, 00184 ROME £1.

the British Co-operative Development Agency, said at the Conference that its first decision when it began work in September was to give highest priority to industrial co-operatives.

“External” Financing

There might appear to be some conflict between the insistence of Professor Bierzanek, Professor Prodi and others on the importance of members of industrial co-operatives contributing significant amounts of share capital to achieve good member involvement; and Professor Vanek's insistence over many years on the importance of *external* financing for industrial co-operatives and “labour managed” enterprises. Professor Prodi suggests that enterprises which were wholly financed externally would not really be owned and controlled by the workers at all; but it turns out that Professor Vanek regards investment by members as a form of “external” financing. Moreover he appears to consider that when earnings are ploughed back by a co-operative this is also a form of “external” financing *provided* members are issued with shares so that they participate in the growth of assets, just as much as it would be if the co-operative distributed cash bonuses to its “external” members which were promptly reinvested by them.

The successful Mondragon co-operatives require substantial investment by worker members; and the members also participate in the growth of assets by having their personal share accounts credited in respect of a large proportion of ploughed back earnings. Professor Vanek regards the Mon-

dragon experience as to a large extent supporting his theories in spite of high member investment and the ploughing back of a high proportion of earnings. There thus appears to be no real conflict between his ideas and those of Professor Prodi. It may be that the absence of any tax liability in Spain when members' share accounts are credited following the ploughing back of earnings, has contributed to the success of the Mondragon co-operatives. Professor Vanek and Professor Derek Jones discussed their ideas about co-operative financing at a special meeting on the afternoon of the third day of the conference.

Conclusions of the Conference

On its final day the conference discussed a fourteen page draft report on the conclusions to be drawn from the discussion and approved a number of amendments. This report declared that industrial co-operatives provided a third alternative to capitalist enterprise on the one hand and state enterprise on the other. They had aroused interest in many countries as a way of extending workers' participation in industry and much work was needed on ways and means of encouraging their development. New enterprises could be established as workers' co-operatives or conventional enterprises could be converted to the co-operative form. Industrial co-operatives could help to reduce unemployment, to improve relations in industry, bring greater satisfaction in work and meet deeper human needs.

Governments could help the development of industrial co-operatives with legislation and by establishing agencies

which could help with finance and in other ways. Industrial co-operatives in industrialised countries could help those in developing countries and the work of UN Agencies such as the ILO and UNIDO was particularly important for the development of workers' co-operatives in developing countries. The International Co-operative Alliance in collaboration with CICOPA, its Workers' Productive Committee, with the Centre for Industrial Co-operatives in Warsaw, with national governments and with UN agencies should explore ways and means by legislative, fiscal and other action of further promoting the development of industrial co-operatives.

The ICA Workers' Productive Committee would be studying the possibility of one or more new international organisations being established with a

view to promoting the formation of new cadres for technical and inter-co-operative tasks; the creation of a new documentation and research centre; the development of research, patent and technology policies; and the development of international trading by industrial co-operatives and the exploration of international sources of finance.

It was generally felt by participants that the conference had been a great success and very well organised; and the Chairman, Mr Antoni, expressed his thanks to those responsible. Many important suggestions and informal contacts had been made; and full account would be taken of suggestions made in future international action on the promotion of industrial co-operatives.

New Co-operatives in Scotland

by

George Brown Vice-Chairman and **Rita Rhodes** Secretary
of the Scottish Co-operatives' Development Committee

There is a long tradition of Co-operation in Scotland which can be traced back to 1770 when the Fenwick Weavers established their store society. Records show that by 1821 at least four other societies were also in existence. There may have been others but their records do not survive. Since then Scottish Co-operation has been most firmly rooted in retail societies with a smaller movement in agriculture and fishing. There are now signs that Co-operatives are developing in Scotland in other fields such as housing, community Co-operatives, credit unions and Workers' Co-operatives. This article will deal primarily with the last of these.

The renewed interest in, and growth of, Workers' Co-operatives has come about for a number of reasons. One is Scotland's high level of unemployment, due largely to the decline of heavy industries in the densely populated west-central belt. With a housing problem going back many years this area is considered one of "multiple deprivation." It is not surprising, therefore, that some of the first moves to create Co-operatives among the unemployed were made by community and social workers. Where a pump-priming operation such as a "job

creation" scheme was set up, it was hoped that the simultaneous establishment of a Co-operative would help to ensure that when the subsidy was eventually withdrawn a viable business structure would remain.

Besides this very utilitarian approach to Co-operation, interest has also been shown for more ideological reasons. Some people wish to work in a Co-operative environment, seeing the Co-operative as part of an "alternative" life style. Of the new Co-operators, they are the ones which probably come most closely to Robert Owen's idea of a new moral order based on Co-operation rather than competition. They are sometimes found in enterprises that barely cover working costs and certainly provide very slender livings. Such groups are usually highly democratic, rotating all positions among their members. They are also very egalitarian not only in rights and responsibilities but also between the sexes.

There are also people who are interested in Workers' Co-operatives because they want the chance to exert greater control over their working lives. They resent the impersonality of large-scale businesses which economies of scale often force to become even larger. Closely related to this group are those

who, like many in the traditional movement, believe that Co-operative ownership is a superior form of social ownership and preferable to large-scale nationalisation.

For many reasons, then, there has been renewed interest in Workers' Co-operatives both in England and Scotland. They have been accompanied by moves inside Parliament. In 1976, David Watkins, MP, introduced a Private Members' Bill which became the Industrial Common Ownership Act. This established a fund of £250,000 from which grants and loans could be made to Common Ownership and Co-operative enterprises. The Act also provided for the recognition of "relevant bodies" to advise and assist such enterprises and an annual amount of £30,000 was set aside for this work. Neither figure is big but the Act established a legislative precedent and underlined Parliamentary interest in industrial Co-operatives. Some felt that the latter was overdue for, as early as 1968, the Government had established the Central Council for Agricultural and Horticultural Co-operation to promote Co-operation and to administer direct grant aid. In the area of Co-operative housing the Co-operative Housing Agency had been established for a similar purpose. Another important Act which was passed earlier this year established the Co-operative Development Agency. Although this will assist all kinds of Co-operatives it is confidently expected that it will do much to boost Workers' Co-operatives.

Alongside the Parliamentary moves there have also been a number of voluntary initiatives. Prominent among these have been those made by the

Industrial Common Ownership Movement and its financial counterpart the Industrial Common Ownership Finance Ltd. The former did much to see the 1976 Act through Parliament and the latter is the agency through which grant and loans made under the Act are channelled.

There have also been a number of regional initiatives in areas such as South Wales, North East England and Scotland. Committees have been established to assist the development of Workers' Co-operatives and it is significant that each committee operates in an area of high unemployment.

The first Committee was the Scottish Co-operatives Development Committee. During 1976 a number of Scottish organisations, agreeing on the desirability of encouraging Workers' Co-operatives, began discussing ways in which they could persuade decision makers to at least consider Co-operative alternatives. It was decided to hold a conference and its size and success indicated that there was indeed a considerable ground-swell of interest in Workers' Co-operatives. The conference proposed that the feasibility be studied of setting up a permanent organisation to help existing and new Workers' Co-operatives. A small working party subsequently reported that it was feasible and proposed a constitution which was presented to, and ratified by, a Co-operatives' Forum held in Glasgow in February, 1977.

The Constitution provides for a large Committee in which there are three broad categories of members. The first comprises representatives from the Committee's sponsoring organisations which are the Co-operative Union Ltd,

the Scottish Trades Union Congress, the Scottish Council of Social Service, the Workers' Education Association, the Industrial Common Ownership Movement and Industrial Common Ownership Finance Ltd. From the foregoing it will be readily appreciated that one of the Committee's strengths is the way that it has been able to bring together a number of different organisations but working towards a common purpose, the establishment of Workers' Co-operatives. Another group of members comprises those representing actual Workers' Co-operatives. Their maximum number is ten and they are elected by the Co-operatives themselves. Their presence on the Committee is very important for they help to ensure that its work is both relevant and effective. The final group of members are those elected by the Co-operative Forum. This meets at least once a year and is open to anyone interested in Workers' Co-operatives. It has been attended by as many as a hundred people including Directors and members of retail societies, trade unionists, educationists from universities and other adult education bodies, community and social workers. The Forum provides a very useful sounding board for the Committee. Besides these three main groups of members the Committee has power to co-opt up to seven additional members who can bring special expertise to its work. At present one of these members is the Chief Executive of the Scottish Agricultural Organisation Society which covers Agricultural and Fishing Co-operatives.

The Committee is large and diverse but, despite this, under the able

chairmanship of Dr Roger Clarke, Assistant Director of the Scottish Council of Social Service, it has proved to be both dynamic and creative and also capable of considerable speed. After a meeting with Bob Cryer, Parliamentary Under-Secretary at the Department of Industry, it was recognised as a "relevant body" under the 1976 Act to advise and assist new and existing Co-operatives. It now receives a Government grant which, together with a grant made by the Co-operative Union Ltd, has enabled it to appoint its first Development Officer, Mr T. Cairns Campbell. It is hoped to make further appointments later. The Committee has also compiled a resource list of people with different kinds of expertise who are prepared to assist Workers' Co-operatives on specialist matters. Again, the Committee's diversity has helped it to draw on a wide pool of expertise.

Besides its advisory work the Committee is actively pursuing a publicity campaign to get over to a wider public the potential which exists in Workers' Co-operatives. It has, however, recognised the need for selectivity in the kinds of ventures it encourages. Workers' Co-operatives can come about in a number of ways and the one which usually receives the most publicity is where a Co-operative emerges from a redundancy situation. The committee has reluctantly concluded that this is the type that has the least chance of success. It is unrealistic to expect that a firm which is already floundering will achieve a turn round merely because it changes its form and becomes a Co-operative. Time is required to plan for the setting up of a viable

enterprise and the collapse of a firm and the creation of redundancies does not usually allow for this. There has to be time for those involved to learn all that is involved in a Workers' Co-operative. It is unreasonable to expect that workers who have been used to being managed all their working lives will suddenly be able to make the transition to self-management. They need to learn Co-operative and business techniques and to understand what are their new rights and responsibilities. The Committee has concluded that there is more chance of success in a situation where an existing enterprise is converted to a Co-operative. This is not such an unlikely possibility as it may at first appear. At the time of writing there is a good chance that proposed amendments to the Finance Bill will allow certain tax concessions. Conversions can come about for a number of reasons. A large concern may wish to shed a subsidiary. A retail Co-operative might wish to do likewise with a productive unit such as a bakery or creamery. There could also be cases of owner-employers who wish to retire or to sell their businesses and prefer to do so to their employees rather than to outside concerns. A conversion allows more time for planning and preparing the work-force for the change. Moreover, there is likely to be an existing capital structure which a redundancy situation might lack.

However well-intentioned it might be, the Committee recognises that it will eventually be judged by the results it produces. It operates in a volatile area. A Co-operative can suddenly appear and almost as suddenly disappear. Even one that has existed

for a few years can collapse. Management systems require to be installed and this comes up against the problems of training and education. The committee has appointed an education sub-committee which faces a number of difficulties, not least trying to identify needs and then to match them with existing provisions. The latter are fragmentary. Because members of Co-operatives, particularly those in their early days, cannot always be easily spared to attend courses, they require postal tuition. So do those who live in remote parts of Scotland. In this, Workers' Co-operatives and other new forms can call on the postal course department of the Co-operative College, Loughborough. This is an obvious way in which the established Co-operative movement can help the new, and in doing so, help to make a reality of the principle that Co-operatives should co-operate with other Co-operatives.

There are other ways in which new Co-operatives can be helped and already the Co-operative Bank has announced how it is prepared to assist them. The Scottish Co-operative Development Committee had begun exploring what possibilities exist for the CWS and retail societies to become outlets for goods produced by Workers' Co-operatives.

For those of us associated with the British retail movement which, after all, has been the main vehicle for Co-operative development, there are many reasons for pleasure in seeing the emergence of new Co-operatives. The first is that they bring the prospect of further expansion for the Co-operative sector of the economy. There are

signs that not only will it expand, but do so at a quicker pace than has occurred in the last 25 years. Secondly, there is the pleasure in seeing Co-operative principles applied to areas of economic activity other than retailing. One always believed that they could but it is none-the-less good to have the confirmation. Thirdly, there is the pleasure of seeing young people once again attracted to Co-operation.

In recent years a number of worrying trends have developed in the British retail movement. The growth of fewer but larger societies has undoubtedly led to a decline in participation. This in turn has adversely affected the movement's democracy. Fewer members are coming forward for election. Indeed, there are fewer members. The concept of membership is being eroded and replaced by that of the customer. By and large these trends have occurred because of economic pressures and the time seems to be approaching when, if they prove irreversible, we may have to question whether modern retailing is

any longer an appropriate vehicle for Co-operation. In the meantime economic empiricism may be winning the battle of the High Street but it is not winning the hearts and minds of men. Ordinary members and Board members in retail Co-operatives are, generally speaking, older than were their predecessors, or than their counterparts today in the new Co-operatives. With their younger members, these are to be welcomed not only because they will help to enlarge the overall movement but also because they will help to carry the Co-operative ideal forward in new ways.

The first Co-operative Society in Scotland was founded by the Fenwick Weavers in 1770. The most recent society to be registered was the Edinburgh Building Co-operative in 1978. Scottish Co-operation is, therefore, well into its third century. The Scots have a saying that seems particularly appropriate as older Co-operators welcome their new colleagues, "Here's tae us, wha's like us!"

The Co-operative Development Agency (UK) – A Decade of Campaigning

by

Peter Clarke

Research Officer, Co-operative Party

The *Co-operative Development Agency Act* received the Royal Assent on 30th June 1978. It defined the functions of the Co-operative Development Agency as:

(a) to promote the adoption and better understanding of the Co-operative Principles and to represent the interests of the Co-operative Movement;

(b) to identify and recommend ways in which the establishment, development and evolution of co-operatives might be facilitated;

(c) to identify and recommend projects which might usefully be undertaken on a co-operative basis;

(d) to appraise and evaluate projects which are to be undertaken on such a basis;

(e) to advise co-operatives, persons proposing to establish co-operatives and other persons seeking its advice;

(f) to provide a forum for discussion and debate within the Co-operative Movement;

(g) to make recommendations to Government departments (including Ministers of the Crown and Northern Ireland departments) and public authorities on matters which the Agency

considers should be brought to their attention;

(h) to keep under review and make recommendations concerning the training courses available to members and prospective members of co-operatives;

(i) to keep under review the establishment, development and evolution of co-operatives throughout the world and the law applicable in the United Kingdom to co-operatives;

(j) to undertake such studies and research as the Agency considers necessary or expedient.

* * * *

The Chairman of the Agency, Lord Oram, was appointed on 12th July 1978. As A. E. Oram he was Labour/Co-operative Member of Parliament for East Ham South from 1955 to 1974, before which he was the Research Officer of the Co-operative Party for 9 years. The other members of the Agency were announced on 26th July 1978. They are: Mr George Brown, Vice-Chairman of the Scottish Co-operative Development Committee, and Co-operative Party National Organiser in Scotland; Mr Harold Campbell, Director of the Greater London Second-

ary Housing Association, the secondary housing co-operative recently set up by the Greater London Council, and President of Enfield Highway Co-operative Society; Mr Brian Garrett, a practising Solicitor, who is a founder member of Belfast Improved Houses Ltd; Mrs Lily Howe, Editor of the "Co-operative News"; Mr John Morley, MBE, Secretary of the Central Council for Agricultural and Horticultural Co-operation and a trustee of the Plunkett Foundation; Mrs Geraldine Norman, a journalist with "The Times" newspaper (Mrs Norman is a joint author of the Anglo-German Foundation's report on the Mondragon Co-operatives); Mr Roger Sawtell, currently Chairman of the Industrial Common Ownership Finance trustees and until 1977, Chairman of the Industrial Common Ownership Movement; and Sir Arthur Sugden, Chief Executive Officer of the CWS and a member of the Wilson Committee on Financial Institutions in the United Kingdom.

The Co-operative Development Agency began its work on 1st September 1978. It will employ approximately 20 staff in its offices in Central London. There will be a Chief Executive Officer and 3 divisions, each with a divisional head. These divisions will provide advisory services, a secretariat and communication with other co-operative organisations.

Historical Background

The establishment of the Co-operative Development Agency represents the culmination of nearly 10 years' campaigning by the Co-operative Party. It was in 1969 that Ian Wrigglesworth, as Research Officer of

the Co-operative Party, got together with his opposite number at the Labour Party's headquarters, Terry Pitt, and put forward a memorandum suggesting the establishment of a Co-operative Development Agency. This proposal found its way into a document entitled "Labour's Economic Strategy", which declared that the Labour Party no longer saw the extension of public ownership in rigid terms: Co-operative enterprise was an alternative to nationalisation. There were many new areas in economic planning where co-operative enterprise had a huge role to play. Therefore it proposed that the Government should establish a Co-operative Development Agency with research facilities and resources to promote fresh development in co-operatives.

This proposal was included in Labour's 1970 Election Manifesto. Following the defeat of the Labour Government in 1970, the Co-operative Movement concentrated its efforts upon ensuring that the Labour Party would retain the proposal on its agenda once power was regained. This objective was achieved and in October 1974, the CDA was once again part of the Labour Party election manifesto. The manifesto committed the future Labour Government to

". . . work with the Co-operative Movement to develop its role through the creation of the Co-operative Development Agency and in other ways . . ."

as one way of establishing a wider, more just and effective democracy.

The Labour Party gained office in 1974 in tumultuous circumstances: it had to switch the nation from conflict

to partnership. Nevertheless, there were some who felt that the Labour Government should have acted more quickly in establishing the Co-operative Development Agency.

In March 1977 a Working Group was established under the auspices of the Department of Industry:

“to develop further the idea of a Co-operative Development Agency to encourage the formation and monitor the performance of co-operatives; to help promote the interests and aspirations of the Co-operative Movement; and to provide support, information and advice generally; to establish how such an Agency might be composed, established and financed; and to make recommendations.”

The Working Group comprised representatives from the Co-operative Union, the Co-operative Party, the Co-operative Wholesale Society, the Fisheries Organisation Society, the Federation of Agricultural Co-operatives (UK), the Central Council for Agricultural and Horticultural Co-operation, the National Federation of Credit Unions, the Credit Union League of Great Britain, the Co-operative Housing Agency, the Fairhazel Housing Co-operative, the Co-operative Productive Federation, the Industrial Common Ownership Movement and the Trades Union Congress.

The Minister of State for Industry, the Rt Hon Alan Williams, MP, made it clear that the role of the Agency would be advisory and promotional. It would not have at its disposal public money for investment in co-operatives.

The Report of the Working Group

was published on 21st October 1977. On 22nd October 1977 the Prime Minister, the Rt Hon James Callaghan, MP, told the Co-operative Party's Sixtieth Anniversary Rally that the Government had reached its conclusions on the Report. He said:

“It is our strong view that successfully organised and conducted producer co-operatives and common ownership enterprises offer a solution to the problem of encouraging all those who work in an enterprise, and the pursuit of ends which should be complementary and which too often seem to be opposed. It is the Government's view that the ideal of co-operation does contribute towards a solution of these current problems in society. I, therefore, am very happy to announce this afternoon that the Government accepts the principles set out in the Majority Report and I undertake on behalf of the Government that, as soon as we can make legislative time available, we shall introduce legislation to set up a Co-operative Development Agency.”

By this time the Labour Government was in a minority in the House of Commons; it was being sustained by a pact with the Liberal Party. However, the Co-operative Parliamentary Group consisting of 15 Members of Parliament and 7 Members of the House of Lords, all of whom take the Labour whip, kept up the pressure on the Government. This culminated in a series of meetings with the Leader of the House of Commons in Spring 1978 and led to the introduction of the

Co-operative Development Agency Bill on 21st March 1978.

The Bill completed its House of Commons stages by 11th May 1978 and passed through the Lords in one calendar month, returning to the Commons on 19th June 1978. Throughout the consideration of this Bill the unique role of the Co-operative Parliamentary Group came into full play. Its members were able to discuss the detailed clauses of the Bill from, in many cases, a lifetime's experience of the Co-operative Movement. Their work ensured that this Bill has established the Co-operative Development Agency which the Co-operative Movement in Britain wanted, that this Agency will be a strong Agency and from its strength a strong and large Co-operative Sector will be created in Britain.

Co-operatives and the State

The establishment of the Co-operative Development Agency raises many points of interest to the international community of co-operators. Firstly, the relationship between national co-operative movements and the State. On the surface it may seem paradoxical that the Retail Co-operative Movement, founded in Britain on the principle of voluntary action, should be looking to the State as a catalyst in the development of new co-operatives. However, precedents had already been set in the agricultural field, with the establishment of the Central Council for Agricultural and Horticultural Co-operation in 1967, and in the housing field with the establishment of the Co-operative Housing Agency in 1976. In a paper written in 1976, Lord

Oram took the view that whilst co-operation had developed slowly by voluntary action, society as a whole was turning to co-operation to solve some of the serious problems which exist in industry, commerce, housing and services. He commented:

“This process cannot await a slow development comparable with the first century and a half of co-operative development on a voluntary basis. Progress needs to be much more rapid. Resources need to be marshalled on a very different time scale than hitherto. Therefore what is required is a partnership between the State and the Co-operative Movement. The State can provide the basis on which voluntary activity can effectively grow.”

Government financing of the Co-operative Development Agency brought with it the need for public accountability; Ministerial appointment of the members of the Agency ensured proper public accountability. The Co-operative Party took the view that this would be an acceptable mechanism provided the Minister made his appointments on the basis of names submitted by representative co-operative organisations. Therefore, this requirement was written into the Act of Parliament.

Whilst this is an important issue, a more important issue is to ensure that State involvement in co-operation does not jeopardise the independence or internal democracy of the co-operatives which are established. The growth of interest in co-operation, especially co-operative production, has been accompanied by an influx of people

new to the Co-operative Movement. They have brought with them new attitudes, one of which is that the State should provide at least 50% of the finance required for new co-operative ventures. Outside financing will bring with it outside control; thus the established Co-operative Movement has been urging a degree of member financing. For example, the Co-operative Bank has offered to provide up to half the start-up cash required for new worker co-operatives, to a maximum of £25,000. The Bank is making available overdrafts, loans—which could be for three to seven years—and other forms of finance which will be available on terms generally better than those for new business ventures. There are certain conditions attached to this scheme. The Bank wants all workers with the co-operative to be shareholders, but if 100% membership is not possible then it wants a “substantial majority” to be members. The Bank is also insisting that each shareholder should have a “meaningful” financial commitment to the venture.

The Co-operative Party believes that if the new Co-operative Movement is to obtain Government aid yet maintain its independence, the Co-operative Development Agency must be powerful enough to bargain with Government, have sufficient status for Government departments to take it seriously, and be sufficiently independent of both Government and any part of the movement to allow it to speak impartially and with authority as the mouthpiece of the movement as a whole. The establishment of the Co-operative Development Agency raises

a point of wider interest to the international community of co-operators. This is the role of co-operators in politics.

The Role of the Co-operative Party

The British Co-operative Movement is unique in that it has its own political party: the Co-operative Party. The Co-operative Party was founded in 1917 with the aim of protecting and promoting the interests of the Co-operative Movement. It was charged with fulfilling this task by obtaining direct parliamentary representation. This was achieved in 1918 when one Co-operative Member of Parliament was elected. By 1929 there were nine Co-operative MPs. The peak was in 1945 when 23 were elected. Since 1950 there have been over 15 Co-operative Members in each Parliament. From the first, Co-operative MPs have taken the Labour whip and in recent years have run as jointly sponsored Labour/Co-operative candidates. Traditionally the Co-operative Party also contests a number of “unwinnable” seats. Thus at General Elections the Co-operative Party contests, in all, between 25 and 30 seats.

The British Co-operative Movement entered politics specifically because it discovered that pressure group politics—merely lobbying Government—was not successful. There are matters upon which lobbying can exert influence but in the majority of matters civil servants are bound by political decisions. In such cases it is the Movement’s voice in the Houses of Parliament and the political side of Government which wins the day. There is no doubt that

lobbying alone could not have secured the establishment of a Co-operative Development Agency.

Even after obtaining Parliamentary representation the Co-operative Movement has continued to lobby Government through its Parliamentary Committee. Experience has shown that Parliamentary representation adds weight to the efforts of the Parliamentary Committee. The existence of the Co-operative Parliamentary Group provides a means of promoting or supporting legislation of direct interest to the Co-operative Movement. Their work on innumerable Industrial and Provident Societies Bills and the Co-operative Bank Act, 1971, are cases in point.

Since 1918 there have been eight Labour Governments. In six of these there have been more Co-operative MPs than the Government's overall majority in the House of Commons. However, the Co-operative Parliamentary Group is not a party within a party. Like the rest of the Parliamentary Labour Party, its first job is to sustain a Labour Government. At times this role is criticised by those who wish to see the Co-operative Party develop a more independent image. The majority view is that there is more to be gained by operating as an integral part of the Parliamentary Labour Party.

This alignment is based upon the belief that the Co-operative Movement is part of the Labour Movement; that co-operation is a form of practical socialism; that co-operation is a form of social ownership. Retail Co-operative

Societies have always been working-class organisations and are equipped to meet the needs of the working class. In many cases Co-operative Societies were founded by the same people who were establishing trade union branches and socialist societies. In Britain, Robert Owen is regarded as the father of the Co-operative, Labour and Trade Union Movements. With such common roots it is not surprising that a lasting alliance has been formed between the Co-operative Party and the Labour Party.

Should the Co-operative Party operate as a separate Party, it would have to compete against Labour candidates and thereby split the working-class vote, allowing Conservative or Liberal candidates to win. This is definitely not in the interests of social progress or the British working class. The history of the Lib-Lab Pact shows that an alliance between two independent parties, one small and the other large, does not operate in the interests of the smaller party. The Liberals claim to have influenced, to have moderated, Labour's policies yet they can point to no one measure which the Labour Government has introduced which is specifically Liberal. In this regard the Co-operative Party is indeed fortunate. It has many such achievements, listed each year in the Annual Report of the Co-operative Parliamentary Group, all testimony to the political muscle of the British Co-operative Movement. And this year, we have achieved the establishment of the Co-operative Development Agency.

Rural Co-operatives and Dairy Development: a Nigerian Case

by
J. A. Ekpere¹

Co-operative Societies have been accepted in most parts of the developing world as necessary institutions for rural development. However, in their classical form, they have achieved very little in reaching and satisfying the needs and expectations of most co-operators, although as marketing institutions they showed some promise in stabilising prices for the primary producers of export crops in Nigeria between 1938 and 1950.

Properly organised, modified and appropriately implemented, co-operatives could be viable tools for initiating and sustaining a lucrative dairy industry in Nigeria. Using the existing grazing reserves as nuclei and a pre-co-operative and educational approach, cattle owners and herdsmen could be encouraged to take up membership in rural milk producer associations which could be co-ordinated into formal co-operative societies.

Success in such co-operatives will depend on a willing and dedicated producer group backed by knowledgeable advisory service, competent in dairy technology and trained in co-operative organisation at grassroot levels.

Introduction

In recent years, considerable attention has been drawn to the role of co-operatives in Nigeria's economic, social and agricultural development. In the last two to three years, special efforts have been made to encourage the establishment of co-operatives as a means for stemming inflation, fighting produce and commodity hoarding and distributive trade deficiencies, as well as ensuring small farmer access to govern-

ment credit facilities and subsidy programmes.

The establishment of a Federal Ministry of Co-operatives and Supply² as well as the transfer to it of supervisory responsibilities over the Nigerian Agricultural Bank attest to the priority which Government now places on co-operatives as a tool for development.

In most parts of this country co-operatives have long been viewed as a promising institutional reform. The inference has always been made that the

¹Dr J. A. Ekpere is Senior Lecturer, Department of Agricultural Extension Services, University of Ibadan, Ibadan, Nigeria.

²This Ministry has recently been abrogated and its functions transferred to the Federal Ministry of Trade and Industries.

traditional production system of the Nigerian farmer favoured the organisation of production along co-operative lines: the large communally owned lands, plantations and animals were readily presented as examples for the possibility of co-operatively owned estates and ranches. Co-operation in other aspects of rural and community life within the structure of the extended family system was seen as a desirable pre-condition for the successful introduction of the co-operative movement. In the production process itself, the farmer made up for family labour deficiencies at peak periods of farm operations through labour exchanges between families. This, it has been argued, was a good indication of the rural Nigerian's in-born tendency to co-operate. There is no conclusive evidence, however, that this impression of the Nigerian being by tradition a "co-operative" animal has been substantiated in reality.

In this paper an attempt is made to study the co-operative movement in Nigeria with specific reference to primary production in agriculture. The factors predisposing co-operatives to success or failure, with special implications for dairy development, are discussed. Finally, a "co-operative type" organisation for the dairy industry is proposed to cater for the thousands of cattle herders in the cattle belt of the country.

Co-operative Societies in Nigeria: A historical Analysis

The British Government fostered co-operatives throughout West Africa with a view to improving the quality of peasant-produced crops. Defined as

member-owned and controlled business organisations with *economic* and *social* purpose, co-operatives have been a viable tool for rural participation and development in many parts of the world. The Latin American experience of Brazil, Mexico, Equador and Peru, the Asian cases of India, Pakistan (Comilla Project) and Philippines are significant examples. In Africa the concept gained prominence in Ghana Co-operative Marketing Unions during the cocoa boom, rural development programmes in Kenya and Uganda, the Ujaama Villages of Tanzania and collectivist orientations in Ethiopia.

The development of co-operatives in Nigeria dates back to 1935 when as a result of the Strickland report of 1933, the first co-operative institution was established primarily to improve the economic conditions of cocoa, cotton and palm produce farmers in the country. Among the many reasons for establishment of co-operatives were:

1. *The elimination of exploitation by middlemen.* It became necessary to check the excessive exploitation by middlemen through the organisation of co-operatives to deal directly with European produce buyers.
2. *Prior to the inception of co-operatives, middlemen purchased poorly processed produce which attracted poor world market prices.* Through co-operatives, it was envisaged that the extension system of the Department of Agriculture would provide the requisite know-how to farmers on how to produce high quality cocoa, cotton, and palm produce. The maintenance of high standards, it

was thought, would fetch high prices for co-operative members.

3. *In the production process, middlemen produce-buyers provided most of the credit at atrociously high rates of interest. They also compelled the small producers to sell their produce ONLY through them. Co-operatives were therefore proposed to provide production credit to members.*
4. *The founding fathers of co-operatives in Nigeria were interested in expanding and promoting the co-operative spirit within a social system which already had the functional rudiments of co-operation.*

Soon after 1935-37 however, these erstwhile production co-operatives were either transformed or redesignated Co-operative Produce Marketing Societies and Unions. The emphasis shifted from production to marketing. Their greatest contribution during this period was price stabilisation. The problems of organised production through co-operatives were neglected. Between the two World Wars and the mid 1950s co-operatives increased in number, but priority was in the business-oriented co-operative type, multi-purpose co-operatives, thrift and loan societies, consumer co-operatives etc.

In the mid 1960s and more so since 1971-72, the role of farmer co-operatives in the primary production process has been re-vitalised. Government efforts which were started in the fifties with the establishment of farm settlements and school-leavers' farms surfaced with renewed emphasis. The number of primary societies increased and so did the number of those involved in crop production and fisheries.

The diffusion and adoption of the co-operative idea in Nigeria is no doubt a success. Also there is a well-established procedure for organising and supervising them.

It would appear, however, that the great hopes reposed in this institution as a means to better farming, more profitable business, and improved living have failed to materialise despite huge investments in human and material resources and a large complex organisational network. The question is why? What comes into direct focus is the apparent fact that whenever co-operatives have failed it is the rural component that has suffered most, where they have succeeded, the benefits have eluded the rural farmer and community.

Co-operative Milk Producers and the Dairy Industry

In any attempt to elucidate a concept of co-operatives as a tool for dairy development, the co-operative milk producer should be the focal point. In most parts of Nigeria milk production is a specialised activity. Over 90% of the cattle, the most important source of milk in this country, is in the hands of the Fulani. There are proponents of goat and buffalo ranches as alternative sources of milk. The extent of success of these efforts is doubtful.

The results of official study³ indicated that the national herd is made up of relatively unimproved stock, plagued by diseases, unthrifty productivity, outmoded management techniques and production practices and unskilled

³Federal Livestock Department "A Socio-economic Study of Fulani Nomads in Kwara State" Ibadan. Aug. 1968. p.2.

labour. The typical Fulani has characteristics similar to those of the small farm (crop) producer. To improve milk and meat output will require reaching and organising the million of herdsmen who now have several years of experience of the "cow-milk culture" as a basic means of survival, the same way the small crop producer has remained the focus of efforts in food production. The need for co-operation is accentuated by the migratory life style of the Fulani. The establishment of milk producer co-operatives along his transhumance and migratory route, with which he could identify, would be invaluable in milk extraction, cattle off-take and medical-health services for himself and his livestock.

Among the several factors which have foiled the success of co-operatives with small farm producers are bureaucratic domination, inadequate management and inefficient employees, apathy among members, lack of capital, technical and commercial skills and inefficient production methods. Sometimes co-operatives are organised for rural people who are not ready for them.

The classical co-operative ideal is difficult to put into practice in a predominantly non-literate society where parity in membership participation and distribution of benefits could lend themselves to different interpretations. Sometimes the co-operative organiser fears the risks of administering to the needs of the small subsistence producer. The perception of the non-literate co-operator is ignored in the mainstream of decision making and programme implementation for several reasons. He thus becomes a passive object in the co-operative movement.

The result is apathy. Other often mentioned problems include absence of collateral, low probability of loan repayment, excessive expectations on the part of members, dishonesty, lack of trust, and loans not used for production but consumption purposes.

These constraints would very likely be present in a dairy co-operative organised along the traditional co-operative approach. The prospective member of a milk co-operative will either be a migrating cattle herder or a partially settled or settled mixed farmer owning a few cows. In some cases, the migrating herdsmen has very little control over the milk since he would prefer to see the calf suckle rather than milk the cow for sale to the co-operative. Whichever it is, the milk co-operative must wear a new hat to be successful in a predominantly Fulani area.

The Pre-Co-operative⁴ Approach to Successful Co-operative Milk Producer Associations

A co-operative, if it is to be effective, has to be operated as a non-discriminating and open system. If it is not, the interests of the least privileged cannot be sustained or guaranteed. This is perhaps the single most important factor preventing the rural majority from identifying with the ideals of co-operatives in their present form. Under such a circumstance, it is desirable to have a pre-co-operative stage in which prospective co-operators have an opportunity to learn, on the

⁴The concept of pre-co-operative organisation in agriculture has been successfully implemented in the Pilot Project on Rural Development operated by the Department of Agricultural Extension Services, University of Ibadan.

job, the real meaning of co-operation. The successes and failures during the pre-co-operative stage provide meaningful learning experience and preparation for the full co-operative phase.

The essential components of this approach are education, demonstration, service and continued dialogue between the organiser and rural participants. In this search, the co-operative organiser engages in informal discussions to unearth the problems of the community, suggests solutions that are demonstrable and elicits support for limited trials of the new idea. If it works, he encourages pooling of resources for more effective performance. The entire procedure can be enacted in the following steps:

1. Create awareness and interest—through dialogue, meetings, discussion groups, question and answer sessions. This establishes open communication, credibility and trust.
2. Follow-up meetings and consultation to spark off interest and action.
3. In-depth analysis, survey and study to obtain additional needed information for decision on what to do and how to do it.
4. Discussion of findings with prospective co-operator representatives.
5. Creation of organising committee to take action on decisions.
6. Election of officers to manage the affairs of the pre-co-operative groups.

In most cases, these groups could be off-shoots of existing traditional and/or co-migratory groups to take advantage of internal consistency of opinion,

outlook and cohesion. During this stage, at no time should the organiser be seen by the co-operator-participants as taking away the control of the organisation from them. Government intervention should be kept to the barest minimum. The members should be provided with information on how to improve the health of their animals, milk their cows in a way to extract the most milk, sell their milk for more money, but must be allowed to make decisions on their own. Secondly, the necessary service for the accomplishment of the benefits now accruing to them should be available and sustained at all times. Finally, the organiser should be vigilant in observing the pattern of leadership and decision making process that evolves, as these become important factors during the transition from pre-co-operative to co-operative organisation.

Co-operatives as a Tool for Dairy Development

The extent to which a group of individuals identify with a new organisation is determined by the operational relevance of that organisation to a common felt need. There are indications that the cattle herders in Nigeria have a common need for improved health facilities, pasture, feed and water for their animals and an outlet for animal products. The belief that the Fulani attaches high value to herd size as against real money (Naira⁵) is fast changing as he gets more exposed to a monetised economy. The desire to migrate is waning and the physical area available for grazing is fast diminishing

⁵Nigerian Unit of Currency. N1.00 = \$1.56.

due to population pressure. Frequent fights and legal friction with settled farmers is making co-existence with non-cattle communities unpleasant. There is evidence that the cattle trader is not as fair as he should be with the cattle herdsman/owner. The demand for cattle products (meat and milk) in far away high consumption urban centres suggests that the economic pay-off to co-operatives (milk producer Associations) will be reasonable. The evidence at our disposal points to the potential effective role that co-operatives can play in dairy development in Nigeria. Such co-operatives should be open to all cattle owners irrespective of herd size. They should address themselves very strongly to the problems, mentioned above, of the cattle owner at the pre-co-operative stage. Properly organised, such co-operatives could very easily become vehicles for the social and economic development of our rural areas. At the same time the milk requirements of our urban consumers would be partially met.

Operational Procedures for Successful Dairy Co-operatives

A co-operative is usually seen and operated as a business organisation. The purpose is profit maximisation for its membership. In a typical rural setting it should also serve a social function, catering to the individual's need for social association with those he loves to be with. Therefore the co-operative envisaged for the Nigerian dairy industry must plan to operate at both levels.

As a business concern, it may want to set up an urban processing factory for finished milk and milk products to

meet the nutritional requirement of the nation. This factory provides the outlet for whatever milk will be produced.

It is at the village producer co-operatives level that more organisational work is necessary. The pre-co-operative and co-operative groups can be linked with the factory as a single functional system. The village co-operatives should see themselves as partial owners of the factory and vice-versa since the survival of each part of the system depends on the health of the other.

All village co-operatives must have access to all-season roads to allow for year round collection of milk from villages for transport to the factory. There is a need for milk collection centres in each village where milk can be picked up twice daily. In each location there should be facilities for quality control and certification e.g. butter fat analysis and real milk content measurement. Milk collected should be paid for immediately or the next day.

Major and minor collection centres should be established to facilitate bulk transportation of milk to the processing factory.

The dairy industry should provide health services, concentrate and supplementary feed programmes, breed improvement programmes and general dairy extension work for co-operators. Where a co-operative is known to have a settled land area, it could be encouraged to develop improved pasture and watering facilities.

In this connection, Government should be advised to start off co-operative milk producer associations within the grazing reserves, not only to encourage the Fulani settlements but

as a basis for animal product off-take in the form of milk.

A core of dedicated dairy co-operative inspectors interested in the development of milk producer associations and the dairy industry should be trained, efficiently deployed and encouraged.

Recommendation for Successful Implementation

There is no doubt that the successful implementation of milk producer associations evolving from pre-co-operative groups in the Nigeria of today will have to operate within the framework of the constraints imposed by the rural economy and the social organisation in general. While such constraints may not affect the feasibility of rural dairy co-operatives, they could reduce the chances of operational and administrative success.

Perhaps the first and most important constraint is the nature of the milk industry itself. Milk is a highly perishable commodity, it is liquid and therefore subject to adulteration, it is quality specific and therefore needs standardisation, considering that milk will be delivered from millions of small producers to a central processing point. The producers are predominantly non-literate and may not be familiar with desirable production practices and levels of hygiene. Effective operation of dairy co-operatives may be a new experience for most of the organising staff. Against this background, success will, among other things, depend on:

1. An organisational framework and operational network appropriate to the task. The collection, payment for transportation, processing and

marketing of milk requires flawless planning and implementation.

2. Delivery of essential inputs and services to rural co-operative sites regularly and on time.
3. Organisation of co-operatives among people of similar interest and social background. All cattle herders may be Fulani, but there are differences between Bororo and Wudabe etc.
4. Usually, co-operatives are subject to supervisory, administrative and control pressures from Government and its functionaries. For successful dairy co-operative organisation, there should be less emphasis on conformity to co-operative regulations, particularly at the pre-co-operative stage. It is difficult to follow a uniform procedure everywhere because of differences in the needs and levels of development of different communities.
5. Co-operative and group activity on the part of input users should be encouraged.
6. The co-operators should own, produce and market their milk. Therefore, the co-operatives should aim at integration. They should own controlling shares in the factories processing their products. If not at the initial stages, they should work towards partial/total ownership.
7. Government should not start rural co-operatives in the dairy industry unless it is prepared to sustain administrative and other support in the formative years.
8. Co-operative education. There is

a need to review present training programmes of co-operative staff. The present curriculum is directed towards modern co-operative organisation. There is a need to develop teaching materials and course content that enhance the organiser's competence to work with local people, for whom the modern concepts of business administration and economics of co-operation have little meaning. General education, public awareness programmes for prospective co-operators are necessary at the pre-co-operative stage.

9. An essential ingredient for a successful co-operative is purposeful and dedicated work by its membership and organisers. An attempt must be made to develop a crop of staff dedicated to development of rural dairy industry through co-operatives.
10. A technical advisory service, readily available and knowledgeable, to solve technical problems of the milk producer is essential for success. The industry must have professional capacity for breed improvement, quality control, processing and marketing.

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Conflict and Co-operation — An Historical Perspective of Ghanaian Co-operation 1928-1970

by
H. B. Jeffrey

Introduction

A functional pre-requisite for successful co-operative development in poor countries is government support. Where this is given, e.g. Tanzania, Zambia, Jamaica under Manley, Guyana, the movement can hope for reasonable success once proper planning is adhered to. Where government support is withheld, or an antagonistic relationship develops, the outcome is stagnation, e.g. Barbados under Barrow, or destruction, e.g. Ghana under Nkrumah.

Because of its grass-root character, many political aspirants in these countries see the co-operative movement as an avenue through which to build political careers, e.g. Tanzania, sometimes in opposition to the government. But nowhere in poor countries is the movement strong enough to withstand administrative neglect or onslaught. This paper identifies this process in an overall historical analysis of the Ghanaian co-operative movement from 1920 to 1970.

The Pre-Independence Conflict

Like most other countries of Africa, marketing co-operatives operating in agriculture dominated the Ghanaian movement. In the 1940s cocoa was—it still is—Ghana's most important export crop. In 1937, cocoa accounted for 98% of agricultural export and 63% of total export. Co-operation in Ghana dates from 1928 "and began with the spontaneous efforts of African farmers to market their cocoa crop."¹

The Department of Agriculture became interested in co-operation to help the farmers improve the quality of their crops through the introduction of modern methods. The early societies were small in size and the secretarial and accounting work was done by the Department. In 1931 the first Co-operative Ordinance was passed but it was designed mainly to deal with credit societies. It was not until 1937 that another Co-operative Societies Ordinance

¹S. Gorst: *Co-operative Organisations in Tropical Countries*. p:65.

The Co-operation Movement in Ghana

	<i>Total No. of Societies</i>	<i>Total No. of Members</i>	<i>Total Share Capital</i>	<i>Total Turnover</i>
1935	432	9,426	£ 10,252	£ —
1945	144	11,100	45,200	445,500
1951	346	30,810	301,810	4,725,084
1968	1,786	201,021 (of Marketing Societies)	79,910 (of Marketing Societies)	—

	<i>No. of Marketing Societies</i>	<i>No. of Credit Societies</i>	<i>No. of Consumer Societies</i>	<i>No. of Producers Societies</i>	<i>Others</i>
1935	—	—	—	—	—
1945	120	4	9	—	11
1951	204	87 in 1950	36	—	89
1968	1,654	73	53	1,017	—

Ghana, formerly Gold Coast, attained independence in 1957. A definite drop can be seen in the statistics after the War, but on the whole the movement grew right through to the independence period. An important feature of the statistics is the early date at which the movement became numerically strong. In 1968 there were 1,786 registered societies, but 1,164 produce marketing societies were unregistered. There were also 299 distillers' societies. Producers' societies concerned with manufacture numbered 100, compared with 917 dealing with primary products.

was enacted making arrangements for marketing societies. With a few amendments this law is still in operation.²

By 1938 many societies began to feel they were not getting a fair deal and so attempted to cut out the middlemen by shipping their product direct to the London market. Three trial shipments were made but the outcome was not up to expectations. The aim of the Department of Agriculture may have been to increase the farmers' crop, but up to 1945 little was done in this respect. Not only was secretarial and accounting work done for the societies by the Department, but it rented equipment

and made many decisions for them. This left the membership without much responsibility and many acted accordingly. The Department became aware of the situation and made a number of changes. It laid down that no society would be given assistance unless it provided sufficient funds for essential equipment. In a further attempt to "de-officialise" the societies, in 1934 societies were requested to provide half the cost of their secretarial work, and in 1936 the societies accepted the whole responsibility. Many of the problems arose because the movement was placed within the ambit of an Agricultural Department where little knowledge of co-operative principles

²In 1975.

existed and where the emphasis was on productivity by any means.

By attempting to sell their product directly to the London market the co-operative movement had given ample proof of its level of awareness of economic exploitation. Between 1937 and 1938 the movement once again showed that awareness in activities which brought it into direct confrontation with the British Government.

In 1935 the cocoa price was £16 per ton; in 1936-1937 it jumped to £50, per ton; in March 1937 it was £40 per ton; but by Christmas 1937 it had fallen to £13 per ton. The fall to £13 was not due to free market variations, but was the direct result of a "buying agreement" among the European companies which controlled 90% of the cocoa bought in Nigeria and the Gold Coast.³

The fluctuation in prices inflicted grave hardships on the peasant farmers, but once those farmers recognised the real nature of the situation they understood quite quickly that their poverty was created by monopoly. Reaction was strong in Nigeria but the crop was sold as usual; the Ghanaian movement responded differently. Crops were burnt and certain European products boycotted. But more damaging to the Colonial Administrator and the multinationals concerned, an embargo was placed upon the sale of cocoa. From the point of view of the British Government the situation was getting out of hand so, in February 1938, it appointed the "West African Cocoa Marketing Commission" to look into the

disturbances in the two colonies.

The Commission decided the disturbances were caused by the "agreement" between the Companies, and that the "agreement" was "fraught with serious possibilities." It criticised the Companies for "errors in judgement" and the Colonial Secretary Mr W. G. A. Ormsby-Gore (later Lord Harlech) for committing himself without consulting the local Administration. Of the Nigerian movement, which had continued to sell its crop throughout the disturbances, it recommended they should "extend their own co-operative establishments and create their own exporting agencies."⁴ There were no such concessions for the "bad boys" of Ghana. The Commission found that they did not at present offer an encouraging basis for future co-operative marketing, and it recommended that all cocoa producers should be associated on a statutory basis for marketing their products!

*Under these circumstances the continuance of the latter (co-operative marketing societies) as a marketing unit would hardly be justified. Members might find some consolation in the knowledge that their societies had pointed the way to collective sales under a generally applied system. We consider, however, that the Gold Coast Co-operative movement should concentrate in the future on the vital function of accepting deposits and providing credit, in which it has achieved a distinct success.*⁵

³The English and Scottish Wholesale Co-operative Societies were not part of the "ring".

⁴The Producer: Journal of Co-operative Business 1938. pp. 321-22.

⁵Fabian Report 1945: Co-operatives in the Colonies. pp. 70-71.

The Second World War prevented the recommendations of the Commission from being adopted. The British Government decided instead to *control the whole of West African cocoa production* through a Cocoa Marketing Board which fixed prices and sold under licence. In 1945 the 144 primary societies which still existed formed themselves into District Unions and the National Co-operative Federation, which later became the Co-operative Marketing Association, was established. Few would dispute the conclusion that the Ghanaian movement was punished for its attempt to protect its members against monopoly capitalism.

The point to note is that British interest was viewed as synonymous with that of the multi-national cocoa companies. The result was that the movement was all but destroyed.

One of the distinguishing features of the Ghanaian movement is the early date from which it received government support. After the war the situation changed and once again the Administration began to offer support. In 1946, the government went as far as guaranteeing loans made to the movement by commercial banks. The loans were used to finance the buying of crops until they were resold by the societies, and to make off-season loans to farmers. The societies gave security in the form of shares on their assets. In that same year the Co-operative Bank was registered to solve some of the difficulties which faced the marketing, thrift, and loan societies, but it also served as a clearing house for all co-operative organisations. Membership of the Bank was open to all registered

societies and the elected representatives of member organisations served as its managing committee. The Bank was primarily involved in giving short-term loans for co-operative development or the redemption of members' farms—the Marketing Board provided funds for the latter function but the transactions were carried out by the Co-operative Bank.

At that period national co-operative education was left to the Co-operative Department, but it was increasingly being felt in the movement that such an important task should be carried out by the movement itself. So in 1951 the Alliance of Ghana Co-operatives was established with this as one of its main functions. The Alliance was also concerned with publicity, auditing, giving general advice to the movement, and it published the "Ghana Co-operator". Membership of the Alliance was restricted to national organisations but in 1956 its rules were changed to accept primary societies.

Pre-independent Ghana provided a good example of the rise and fall of a consumer co-operative movement. As in other countries the high price of consumer goods during and just after the War provided the impetus that the movement needed. The Ghana Marketing Association opened an import business to supply the consumer societies which developed. One year after, in 1948, the Government guaranteed a loan for setting up the Co-operative Wholesale Establishment. By 1952 the movement had 58 societies, 13,800 members, and a turnover valued at £200,000. But supply through the old channels became abundant after the holocaust, and members were unwilling

to support co-operatives whose costs were usually higher than those of the private trader. There were many reasons for the failure of the movement and some were inherent in the structure of the national retail system. Retail commodities passed from the wholesalers to a large number of street corner traders, who although they must have incurred overheads, did not add them to the retail price. This made competition very difficult.

Furthermore, the structure of the Co-operative Wholesale Establishment was not made for stimulating efficiency and enthusiasm. It was controlled not by the members of the primary societies but by ad hoc committees drawn from people living in or near urban areas. These people were not particularly interested in the success of the national movement so the primary societies were neglected. The problems of inefficient, inexperienced, and untrustworthy staff were also present. Buying policy showed little commercial experience and the government had to come to the aid of societies on many occasions. To crown it all, there were complaints of fraud and a Commission of Enquiry recommended the liquidation of the Establishment. Not long after, the primary societies collapsed.

The Ideological Conflict

In 1958, three co-operative experts from Israel were invited by the Government to look into possible areas of co-operative development. Although the Report of these experts is not available it must have been reasonably favourable, for, not long after, the Government announced its intention to increase the staff of the Co-operative Department,

increase its grant to the Alliance of Ghana Co-operatives, and to enlarge the powers of the Co-operative Bank. Nevertheless, apprehension over the structure of the movement was already apparent, and the increased funds given to the Bank were to be used partly for the "old" movement and partly for the Ghana Farmers Marketing Co-operative Ltd.

The latter organisation is most interesting. From its inception the Ghana Farmers Council formed in 1951 played an important role in the political and economic left of the country. In the 1956 parliamentary election its supporters favoured the Convention People's Party, and following that Party's electoral success the Government decided to recognise the Council as the only spokesman for the country's farmers, and also to build for the Council a National Headquarters to commemorate the patriotic role it played in the national struggle for independence. At the time the organisation was not a co-operative, but its influence pervaded the Ghana Farmers Marketing Association Ltd, which formed part of it and was the outgrowth of the Cocoa Purchasing Company, a subsidiary of the Cocoa Marketing Board formed to give credit to farmers. The Company acted in competition with the co-operative movement, but it did not noticeably affect their trade. The Jibouwu Commission was appointed to look into the affairs of the Company after the Government received complaints of fraudulent behaviour. "The Commission's exposure of inefficiency, embezzlement of funds, and irre-

⁶Review of International Co-operation 1967, No. 2.

coverable loans"⁶ led to the liquidation of the Company in 1957. The Ghana Farmers Marketing Association took the place of the Company and became the Ghana Farmers Marketing Co-operative Ltd. So that even before independence the Nkrumah Administration had its eyes on the "old" co-operative movement.

After Independence in 1957 the movement was still too strong for the Government to tackle it without attempts at compromise. Soon after the above plans to develop the movement were made, the Minister of Economic Affairs handed out some more carrots but this time there was the stick. He declared that the movement would be allowed to take over the inspection and auditing functions of the Co-operative Department, but in return it must restrict its growth by not admitting any more primary societies to membership. It should be satisfied with the Co-operative Marketing Association and the Co-operative Wholesale Society. The Alliance rejected the suggestion.

Early in 1960 the Government set about organising a National Co-operative Council of which the founder members were the Ghana Farmers Marketing Co-operative Ltd, the Co-operative wing of the trade union movement, and the Industrial Co-operative Society—formed by the Government to run light industries which were centrally owned and controlled—and the Co-operative Investment Trust. The Council was recognised by the Government as representing the interest of the whole co-operative movement, and charged with co-ordinating the activities of the individual societies. Pressure was placed

upon societies to leave the Alliance and join the Council, and many did so.

The Alliance refused to give way, and further attempts at compromise between the Government and the "old" movement failed. The Alliance registered the National Co-operative Insurance Society although the Government had withdrawn its grant-in-aid. One step was left to the Administration; in October 1960 the Alliance, the National Co-operative Insurance Society, the Co-operative Bank—all its assets transferred to a branch of the Ghana Commercial Bank—were liquidated. In 1961 the President appointed the Ghana Farmers Marketing Co-operative the sole licensed buying agent of the Cocoa Marketing Board, and it was

... assigned the responsibility of offering guidance and leadership to individual farmers as well as co-operative farmers in order that they might play an effective role in the fulfilment of the noble aims of our agricultural revolution.⁷

Reading accounts of this confrontation between the Government and the co-operative movement gives the general impression that, at best, Nkrumah was a dictator whose only interest was to stay in power, and at worst he was simply spiteful. Neither of these outlooks give a sufficient or accurate explanation of the problem which arose. While Nkrumah's actions were motivated to some degree by political considerations, sound economic reasoning lay behind much of this confrontation.

In the parliamentary elections of 1956 the Secretary of the Co-operative Bank

⁷The Co-operative Movement in Ghana (Ghana) 1960-67: p. 14.

contested in opposition to the Convention People's Party, and the Government, given all the talk of the political neutrality of the Co-operative movement, may have rightly felt indignant about this.

One of the oldest principles of international co-operation is "political neutrality," and if the Co-operative movement did not wish to adhere to it they should at least have recognised that the co-operatives could not hope to confront the government successfully. When conditions are propitious and a Government is favourable the movement might well attempt to keep that regime in power, but when a Government is hostile it is best to pussy-foot. Even where the movement acts so as to keep an Administration in office, it should understand that an Opposition could come to power and decide to treat it as a source of future opposition. Some people believe that co-operative movements should behave as pressure groups attached to no party but demanding respect from each. This might seem too passive a role and it may well be, but the point is that if one steps out on a limb one must be prepared to face the consequences.

In many countries, the movements are willing to take on more and more quasi-governmental functions, thus placing themselves in positions where they may be able to inflict considerable damage on the government. In predominantly agricultural countries important functions such as marketing are carried out by monopoly or quasi-monopoly co-operative societies. No government would allow opposition under these circumstances. Therefore, where movements are so tied up with

the Government as to be indistinguishable from it in many instances, it may be best for them to accept the classical role laid out for the civil service and remain politically neutral, but since men are known for running against the grain of rationality, all that one can ask is that movements recognise the possible consequences of the position they choose to adopt. The Ghanaian movement did not fully appreciate the negative aspect of its actions.

Up to 1961 the Nkrumah Administration placed its trust in a development strategy devised by Professor Arthur Lewis, which emphasised dependence upon foreign capital for industrialisation. Needless to say the Plan failed at the same pace as the country's balance of payments condition rapidly deteriorated.

In 1961 the Government decided to change its strategy and introduced a "Seven Year Plan for Happiness and Work." This time the Plan professed socialism to be the national goal, and it sought to achieve self-sustaining industrial growth by 1967. In reversing the strategy of the Lewis Plan, the State was now to play a major role in economic development, for if the plan was to be successful large scale Government investment was crucial.

... Ghana would have to import about seven shillings worth of capital goods for every one invested in economic development. They calculated that some £350 million in capital and construction goods would have to be imported over the seven year period.⁸

In 1961 the country had a balance of

⁸Unity or Poverty, by R. Green and A. Seidman. p. 285.

payments deficit.⁹ If Government investment was to increase agricultural productivity had to be increased and that called for further agricultural rationalisation. At the time the Government was much impressed with Soviet development strategy, and a statement concerning the unsuitability of the British co-operative legacy was made by the Minister of Labour in Moscow where he also let it be known to his hosts that he was there to study the experiences of the Soviet people in the field of development. Whatever his discoveries might have been, on his return to the country the Prime Minister declared that in future the co-operative movement of Ghana would consist of consumer co-operatives and collective farms.

Conflict was inevitable. The movement had been brought up in the classical Western tradition and was not flexible as to its own environment; it therefore decided to fight State Control. Our conclusion, though in a round-

about manner, is the same. The co-operative movement could only survive if it was in line with Government policies; the line the Ghanaian movement took could only lead to its destruction.

The diverse reasons spelled out help us to understand the Administration's attack on the movement. Our argument is not destroyed by the overthrow of Nkrumah's Government in 1966. The co-operative conflict might have contributed, but as far as I am aware it was not a major contribution to the coup of 1966. Since then, the movement has been attempting to re-establish itself, but it has not yet achieved its former eminence (1975). In 1970 Hebe Spaul, an exponent of classical co-operative principles, wrote of the movement: "My all too brief visit to Ghana's co-operatives left me with the stimulating impression of a movement, determined by its own efforts to rebuild on sound co-operative principles what had been so ruthlessly destroyed."¹⁰

Conclusion

Outside the question of the importance of government support, or at least the need for a non-antagonistic relationship between the co-operative movement and government, this paper indicates other problem areas, the most important of which is the tension which may be created if the movement is not adaptable to the needs of its particular situation. To some co-operators the application of "sound co-operative principles" means rigid application of the Rochdale dogma. In Ghana this gave rise to a period in which those of

⁹"In the 1953 Report, Lewis had suggested that industrial investment of about £2 million yearly was necessary in order to achieve a "take-off". In 1954, however, the Gold Coast Government had well over 200 million pounds locked up in long-term, low interest British securities "... all that was really needed was transfer of capital assets". But the Lewis Report argues that it was necessary to keep the £200 million in Britain to be "able to demonstrate its (Ghana's) ability and will to meet its commitments and so inspire the confidence without which foreign assistance... will not be forthcoming." As it turned out the securities neither inspired confidence nor achieved the "take-off", and by 1961 the balance of payments deficits was almost £53 million"; Bob Fitch and Mary Oppenheimer, "Ghana: End of an Illusion" Monthly Review, July-August 1966. pp. 91-93.

¹⁰Review of International Co-operation Vol. 63, 1970, No. 5.

strong nationalist persuasion argued, wrongly I believe, that Rochdale was totally irrelevant.

Again the British tradition of co-operative development to which most co-operative leaders in Ghana have been exposed does not fit well in a country where the ruling Party and government see co-operatives as instruments for building socialism based upon Marxism/Leninism.¹¹

Therefore, adaptability is of central importance. The co-operative movement must be in keeping with the aspirations

of the people. Of course, their aspirations may not be expressed by the government in power. If the movement believes this to be so, and decides to support an alternative, it should at least reflect upon the Ghanaian conflict.

¹¹Forbes Burnham (Prime Minister of Ghana) "Report to the Nation" January, 1976.

See also: "Co-operative Law and Co-operative Development in Ghana" by Prof Hans-H. Münkner. (Year Book of Agricultural Co-operation—1976: Plunkett Foundation for Co-operative Studies, Oxford, UK).

The Yugoslav Agricultural Co-operative Movement

by

Aloyz Glinsek

General Secretary of the Yugoslav Co-operative Union

The Yugoslav agricultural co-operative movement covers the full range of farmers' and rural requirements for improving agricultural production and providing other facilities with a view to comprehensive rural development.

The Yugoslav self-management system is characterised by devolved management and decision-making at the production and income-earning level. In line with this, the Yugoslav Co-operative Union is responsible primarily for co-ordination of activities, as well as representing the co-operative movement within the country and abroad, while the primary co-operatives, within the regional, republic and provincial Co-operative Societies, are the main factor in its development.

Structure and functions of primary co-operatives

Agricultural co-operatives in Yugoslavia have a variety of functions and responsibilities, according to the differing conditions for agricultural production in the country and the educational and cultural levels of the peasant-farmers. Therefore from the

functional point of view, there is no single model followed by all, but a diversity of tasks according to circumstances and prevailing conditions.

Nevertheless, a common trait of all the co-operatives is an effort to increase and rationalise production and raise yields, using better technology and more extensive mechanisation, resulting in higher incomes and the improved economic and social status of the rural population.

The approach to production is integrated with other services, leading not only to increased and more efficient output but also to more effective marketing of products. More specifically, this approach consists of:

1. Introduction of modern techniques to the farmers; assistance with production by full-time co-operative experts; courses, seminars and other forms of training to improve agricultural practice.
2. Supply of necessary inputs to the peasant-farmers (high quality seeds, mineral fertilizers, chemicals, improved breeds of cattle, etc.)
3. Assistance in land tillage by pro-

vision of heavy-duty machinery which is rarely owned by the farmers themselves (harvesters, heavy-duty tractors and other specialist machinery) and which require technical skills for operation and maintenance; provision of maintenance service for machinery owned by the farmers; veterinary and other advisory services.

4. Marketing of produce of member farmers, by negotiating contracts with big consumer units such as processing industries and commercial enterprises in urban areas. Many co-operatives market their products direct, carrying out basic processing, from grading to packing, and even sometimes the final processing.
5. Provision of credit for production and investment for member farmers is a major function. Co-operative credit financing is available from the farmers' savings funds and from banks. The banking system charges concessionary interest rates on loans earmarked for agricultural production or facilities.
6. Co-operatives may also engage in other activities aimed at agricultural and rural development in general, such as small home knitting industries, rural tourism, handicrafts in wood and other trades based on locally available resources. The co-operative is often the only supplier of consumer goods in the village.

Apart from purely economic activities, agricultural co-operatives are also involved in other forms of rural development. They initiate, organise

and finance road construction, rural electrification, water supplies, village halls, sports facilities, medical services, schools and other establishments, all of which contribute to the general well-being and better living standards of farmer-members and the rural population.

Co-operatives organise training for their members, mainly agricultural. A major function is their work with rural youth and women in the sphere of managerial skills, to enable them to participate more actively in the social and political deliberations at co-operative meetings, in the village and further afield.

The above are the main functions of the general type of agricultural co-operative predominating in Yugoslavia. There are also specialised co-operatives, which promote certain types of production, mainly in animal husbandry.

Another form of co-operative activity is carried out by groups of farmers linked with big agricultural estates or other enterprises in the social sector, dealing in agri-business, processing and marketing. It should be noted that in Yugoslavia there is no essential difference between a co-operative and a self-managed enterprise in the social sector. The forms of ownership of the means of production vary: these are individually owned in the case of co-op farmers, but they are also sometimes socially owned. Management and operation of both are carried out on the same principles, therefore the various forms of collaboration between co-op farmers and enterprises in the social sector are highly developed. Since agro-industrial estates dispose of a major portion of the food processing

facilities which take up the products of co-op farmers, some co-operatives are closely linked with or even integrated in agro-industrial estates.

Primary co-operatives are usually set up on a territorial principle, covering the area of a village or a whole commune.¹ In the past, some co-operatives tended to centralise—smaller ones tended to merge into larger ones. Such co-operatives were economically stronger, but the influence of the members declined. The Associated Labour Act² and new laws on the association of farmers promulgated by republics and provinces, insist upon co-operatives offering more direct managerial opportunities to the farmers and a larger say in co-operative business operations and income distribution.

Basic co-op units are formed within a primary co-operative, covering a smaller area; they can dispose independently of earned income, and the members can exercise direct influence on day-to-day decisions. The highest management body in a basic co-operative unit is the meeting of all the co-op farmers and the members of staff. They elect their own delegates for the General Meeting of the primary co-operative. The General Meeting of the primary co-operative elects an Executive Board, charged with implementing the decisions passed by the General Meeting. The co-op farmers

and the employees are represented on the Executive Board and in other management bodies.

Membership is voluntary. A farmer joining the co-operative assumes certain rights and obligations. He is free to withdraw, and can be expelled in case of non-fulfilment of his obligations.

The present co-operatives in Yugoslavia have been established at different times. New co-operatives can be set up by peasant-farmers signing a self-management agreement to establish the co-operative. An inaugural general meeting is convened soon afterwards, to elect self-management bodies, establish a programme and adopt statutes governing the rights and obligations of members and employees of the co-operative.

Although a co-operative is an organisation of associated farmers, it is not debarred from doing business with non-members, providing them with raw material and equipment, purchasing and processing their products. Non-members are not entitled to participate in the management of the co-operative. However, the co-operative is open to all, including smallholders and crofters (who earn a significant, sometimes a major, portion of their income in other spheres).

Thus the co-operative is an organisation which caters for the general development needs of rural areas, and not only those of its members and of agricultural production.

Secondary Co-operative Societies at Regional, Provincial and Republic level—functions and activities

Secondary Societies in republics and

¹There are about 500 communes in SFR of Yugoslavia, averaging 35 villages each.

²The Associated Labour Act 1976 governs the relations, rights and status of work-people in work organisations all over the country, including co-operatives; however it leaves the republic and provincial laws on association of farmers to elaborate the details.

provinces are established under the relevant laws on association of farmers. Their members are primary co-operatives, co-operative units and any other organisations engaged in the promotion of production among the farmers which are willing to join the regional co-operative.

The members of the regional co-operative elect delegates for the General Meeting, the supreme deliberative body for the regional co-operatives. The General Meeting draws up the statutes governing the relations, structure and activity of the regional co-operatives.

The secondary co-operatives are concerned with:

1. *improvement and development of co-operative organisations*: they motivate farmers in the villages to establish new co-operatives and help set them up, particularly with regard to the statutes and regulations providing for self-management in co-operative affairs.
2. *training of co-op members and advanced training of co-op employees*: they promote general, specialised and socio-economic training for co-op members, and sponsor seminars and advisory meetings for the benefit of both members and employees.
3. *planning of co-operative activities*: they devise programmes for developing the local potential of co-operatives and their members (land, mechanisation, etc.) leading to higher incomes.
4. *promotion of marketing for co-op goods and services*: they negotiate contracts between co-ops producing staples, and the processing and

commercial organisations interested in purchasing them, to obtain favourable market terms.

5. *exchange of experience among co-operatives within the country and abroad*, through both correspondence and meetings and exchange visits.
6. *formulation of agrarian policy and adoption of practical steps for implementation at different levels*: taxation policy is determined, as a rule, at the level of a commune; credit policy, co-operative and social security legislation (health protection and pensions) at the level of the republics and provinces. Responsibility for overall development of the economy, including agriculture, rests with republics and provinces: this is the level where the regional society takes the most active part in deliberations about relevant policies.
7. *information on co-operative developments and other issues of importance for the development of the co-operative movement*: secondary societies sponsor and edit bulletins and other sources of information. Republic and Provincial Societies have their own printing presses.
8. *other activities for the benefit of the rural population*: culture, sports, environmental improvement, etc.

Secondary societies are financed out of membership fees and may also acquire other earnings, if they can.

The Yugoslav Co-operative Union

The Yugoslav Co-operative Union was established under a self-management agreement among the republic and provincial co-operative societies. Its

function is primarily the co-ordination of activities, since the main factors in developing the co-operative movement are the secondary societies in republics and provinces. By the end of 1977 there were about 1,500 members of the Union.

The highest deliberative body of the Yugoslav Co-operative Union is the General Meeting, composed of delegates of republic and provincial secondary societies, on a parity basis. The General Meeting determines the Union's policy, adopts the programme of action and financial plan and elects the Presidency, the officials of the Union and the Supervisory Council. The Presidency is the executive body, acting in accordance with the decisions and action programme of the General meeting.

Apart from the Presidency and the Supervisory council there are advisory bodies, composed of delegates from the republics and provinces, entrusted with different aspects of co-operative activity, such as: development of the co-operative movement and co-operatives; promotion of co-operative business operations; setting up and improvement of agricultural production; information, international co-operation and committees on women co-operative members and youth.

The members of the Presidency, including the officials of the Union, can be elected for a maximum of two successive terms of office of 4 years each.

The Yugoslav Co-operative Union represents its members in the (Government) Federal Executive Council, Federal Assembly and in socio-political organisations at the level of the Federation, which consider policies, laws and views about the status of

co-operatives and their members. The Union, thanks to its representation in socio-political organisations, participates in the formulation of agrarian policy. It is a member of the Federal Committee for Agriculture³ which adopts measures for the implementation of agrarian policy.

The Union is entrusted with the exchange of experience and co-ordination among republic and provincial secondary societies. Exchange of experience is pursued through advisory meetings and discussions held on issues of interest to the whole or any part of the Union, which are otherwise autonomous in taking their own attitudes. Co-ordination is needed particularly at the stage of adjustment of policies adopted by each secondary society in republics and autonomous provinces, in their joint interest.

The Yugoslav Co-operative Union represents the Yugoslav co-op farmers abroad. It is a member of the International Co-operative Alliance, collaborates with other international organisations whose work is of interest for agricultural and rural development, maintains bilateral co-operation with national co-operative councils.

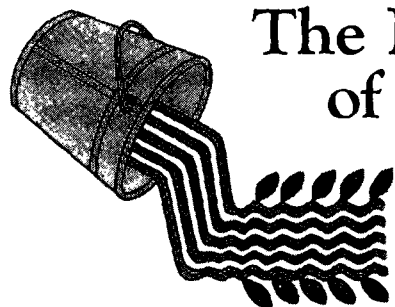
The Yugoslav Co-operative Union fosters exchanges of opinion with all the countries of the world about co-operative structure and management, effective agricultural production and rural development in general.

The Yugoslav Co-operative Union in its international contacts looks for opportunities of widening business

³Federal Committee for Agriculture is the organ of the Federal Executive Council (Government).

contacts, exchanging products of mutual interest to all partners. We therefore stand for the broadest possible business collaboration, for trading conditions which will allow countries producing raw materials and agricultural products, free access to the markets of developed countries, which are often closed.

The Yugoslav co-operative farmers desire to contribute, through international collaboration, to the establishment of the new world economic order, overcome the block division in the world, reach better understanding among the nations and contribute to a lasting peace in the world.



The International Year of the Child—"Buy a Bucket of Water"

by
Muriel Russell
Project Organiser

Most children love to play with water, although it is doubtful if they welcome it when bathtime means the disposal of dirt, particularly behind the ears! For those children who live in the developed parts of the world where water appears at the turn of a tap, their mothers usually take the supply for granted—only when the supply is temporarily cut off do they acknowledge its importance to themselves and to their families. Their immediate reaction then is to fill the nearest and cleanest buckets, kettles, saucepans, etc, hoping that they will manage until the emergency is over and the now precious liquid runs freely again.

At such times it can be brought home very vividly to people that for millions of others in the less developed parts of the world there is no such hope. Water remains continuously precious for them because it is probably some distance from the home and must be carried, every drop of it, on the head in large calabash vessels or other pots. Here and there the burden may be slightly eased by the possibility of purchasing from water traders but of course there is no guarantee of cleanliness or quality as, indeed is the case also with water drawn

from rivers, ditches, pools or the occasional well.

That is why the International Co-operative Alliance in 1979 during the International Year of the Child intends to lend its hand to alleviating this terrible problem which hits so many of our fellow human beings. It is estimated by UNICEF, the lead organisation for the Year, that 500 million children are in danger from the lack of clean water.

The provision of water systems, that is the sinking of wells or the erection of stockpipes, is not new; many organisations have set up such programmes in recent years but the size of the problem is so immense there can be little danger of overlapping if care is taken with the planning. Furthermore in ICA we feel we are able to add another dimension. Having supplied the means to obtain the water, we hope to show the villagers how to organise themselves to maintain a good and healthy supply. So often water has been brought to a site, and then no-one has thought fit to ensure that the equipment and the maintenance are left in responsible hands and under constant supervision. Just as the famous Rochdale Pioneers overcame their difficulties in supplying themselves with



basic consumer goods by simple co-operative methods, so it is possible to show consumers of water how they can take over the maintenance and preservation of their own wells.

This will inspire their self-confidence, but it is no small task; it will require the help of co-operative education officers, registrars' departments, and the production of simple educational materials designed in some cases to meet the needs of illiterates, probably using pictures and sketches. In the educational programmes which will involve both men and women, it will be equally important to attract the interest of children and teenagers so that they carry forward the service and build it into their adult lives. At the beginning it is probable that the establishment of formal co-operatives will be too ambitious in many cases, but guidance towards self-help groups or pre-co-operatives is certainly possible. In most ethnic communities the elements of group action are known and in various forms have been handed down through tradition. In a village there is plenty of scope for encouraging the women to manage the distribution of water, and the maintenance if necessary.

At the beginning of the International Year of the Child, ICA cannot forecast how many wells or water supply units will be provided by the millions of "buckets of water" sold to swell the great river we intend shall flow as a result of this campaign. In Africa, Asia, Latin America, sites are being sought

and as they are identified news will be relayed to countries through the international and national co-operative news services and press. At the time of writing KK and SOK, two great Co-operative organisations in Finland, are pooling their efforts with a view to selling two million "buckets of water." Poland has generously offered to print 150,000 leaflets for use in English-speaking countries. Warm reactions came from many delegations at the Central Committee meetings in Copenhagen and news of national programmes is expected shortly. A brochure carrying very simple guidelines has been prepared and circulated in order to assist all those who wish to support this imaginative scheme. Basically the need is to arouse the response of all co-operators and friends to buy at least one bucket of water each—the cost will be decided by each national movement—such a little amount but so vast a result. Remember man needs water even before he needs food and shelter.

So often one hears criticism that the individual co-operator feels isolated from the real problems of the developing countries—in this project each donor has the opportunity to understand and take part in definite action. This project is positive—we know millions of people are without water and children suffer from the lack of it, and from the extra strains laid upon the parents to provide it. If your co-operative is not taking part in the "Bucket of water" scheme, please make it your first job to find out "Why".

Recent Books

by
Anne Lamming
ICA Librarian

The books listed should be ordered
direct from the publishers.
ICA can only supply its own publications.

AMERICAN INSTITUTE OF CO-OPERATION: Co-operation—making it work, 1977–78

Washington DC (USA), AIC, 1978. 526pp; photos.

The yearbook of the AIC, containing a large number of articles focussing on agricultural co-operatives (especially marketing) and how these function. Includes statistics for farmer co-operatives for 1975/6.

CO-OPERATIVE LEAGUE OF THE USA: International Programs 1978—Commitment to Development through Co-operatives

Washington DC (USA), CLUSA, 1978. 32 pp; photos.

CO-OPERATIVE PARTY: Co-operative Development Agency

London (UK), Co-operative Party, 1978. 8 pp.

FOOD AND AGRICULTURE ORGANISATION: Experiences and models of Co-operatives and other Rural Organisations Engaged in Agricultural Production

Rome (Italy), FAO, 1978. 29 pp.

Report of a consultation on the role of the co-operative system in agricultural development; the consultation identified the necessity of making production-orientation an integral feature of the agricultural co-operative system.

GARCIA MULLER, Alberto: Juroprudencia Cooperativa Venezolana

Baquisimeto (Venezuela), Universidad Centro Occidental, 1977.

Textbook on Venezuelan co-operative legislation.

GROSFIELD, Jan: Les coopératives et les changements agraires en Amerique Latine

Paris (France), Institut National de la Recherche Agronomique, 1978. 76 pp.

An analytical study of the place of co-operatives in Latin American agriculture, its developmental potential and limitations.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Report of the 26th Congress—Paris, 28 Sept–1 Oct 1976

London (UK), ICA, 1978. 294 pp; £5.50.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Research Register of Studies on Co-operatives in Developing Countries and selected bibliography. Bulletin No. 5, 1978

Budapest (Hungary) Co-op. Research Institute, 1978. 93 pp.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Statistics of Affiliated Organisations—Comparative Statements, 1975–76

London (UK), ICA, 1978. 74 pp; £5.00.

Included in these statistics for the first time are now figures for share capital, reserves and total own capital. The statistics cover co-operatives in 64 countries.

INTERNATIONAL CO-OPERATIVE ALLIANCE/CEMAS: Methods in Co-operative Education—Society Operating Manual

London (UK), ICA, 1977. 139 pp, numerous tables.

A guide with specimens on preparation of operating manuals for agricultural and consumer co-operatives at primary level.

INTERNATIONAL CO-OPERATIVE ALLIANCE/CEMAS: Methods in Co-operative Education—Explaining Annual Reports

London (UK), ICA, 1977. 72 pp; 18 graphs; 5 tables.

A guide on the use of annual reports and accounts as an aid to education.

INTERNATIONAL CO-OPERATIVE ALLIANCE—Regional Office for East and Central Africa: Register of Co-operative Research and Planning Documents in East and Central Africa

Moshi (Tanzania), ICA, 1977. 67 pp.

INTERNATIONAL CO-OPERATIVE ALLIANCE—Regional Office and Education Centre for SE Asia: The ICA in SE Asia

New Delhi (India), ICA, 1978. 56 pp; tabs; photos.

Brochure describing aims and work of the ICA Regional Office and Education Centre for SE Asia; including a list of seminars held and books published.

INTERNATIONAL CO-OPERATIVE ALLIANCE, Regional Office and Education Centre for SE Asia: ICA Library Catalogue Part 2, Subject: UDC 334, pp. 215–487

New Delhi (India), ICA, 1978.

Complete listing of all documents collected at the ICA Library in New Delhi from 1960–1976, classified under UDC 334—Co-operation.

INTERNATIONAL CO-OPERATIVE ALLIANCE, Regional Office and Education Centre for SE Asia: Management of Agricultural Co-operatives, Seminar with special reference to the Multipurpose Co-operative

New Delhi (India), ICA, 1977. 36 pp.

INTERNATIONAL LABOUR OFFICE/UNITED NATIONS DEVELOPMENT PROGRAMME: Seminar on the Organisation and Development of Co-operatives for the Disabled—Warsaw, Poland, 4–19 Oct 1977—RAS/75/031—Regional Asia

Geneva (Switzerland), ILO/UNDP, 1978. 230 pp; 25 tables; 4 diagrams.

JOLLY, Richard (Ed): Disarmament and World Development

Oxford (UK), Pergamon Press, 1978. 185 pp; 15 tabs; 9 figs; 4 charts; bibliogr.

Disarmament and development—two major themes in national and international debate for decades—are here analysed together, and the mutually reinforcing opportunities emphasised if only some measure of disarmament could be combined with a new thrust for development.

KIMBLE, Helen, M. A.: Effective Membership of Agricultural Co-operatives—Report of Pilot Study in Oxfordshire

Oxford (UK), Plunkett, 1977. 24 pp (mimeo).

Pilot project to test different methods of filling gaps in existing knowledge of co-operative membership.

MSHIU, Sam (Editor): Exercises in Participative Training—A Selection of Case Studies, role play, in-tray and ranking exercises produced at the ICA Seminars for Co-operative College Lectures 1975-77

Moshi (Tanzania), ICA Regional Office, 1977. 49 pp; 5 tables; 2 graphs.

O'BRIEN, T.: Co-operation in Ireland—Source Document No. 1

Londonderry (N. Ireland), New University of Ulster, 1978. 114 pp; extensive bibliography.

A listing of bodies in Ireland which promote, advise or fund co-operatives, together with information on educational and research facilities, and a bibliography.

ORGANIZACION DE LAS CO-OPERATIVAS DE AMERICA: Seminario "El Rol de la Mujer en los Movimientos Cooperativos de Sudamerica" Lima, Peru 23/27 Enero, 1978

Lima (Peru), OCA, 1978. irreg. pag.

Report of seminar on "The Role of Women in the Co-operative Movements of South America". In addition to country reports there are papers on "The position of women in South America" and "The problems of literacy in co-operatives."

OCA/SIDEFCOOP: 6e Seminario Interamericano de Financiamiento Co-operativo, 1976

Sherbrook, CEDEC, 1978. 258 pp; diags; tabs.

National and international papers and reports presented to the 6th Interamerican Seminar held in Panama in 1976 on co-operative financing.

SARDI, A. H. Ahmad: Farmers' Co-operatives—Institution for Small Farmers in Malaysia

Malaysia, Farmers' Organisation Authority, 1977. 311 pp; 23 photos; various tables.

A collection of papers and articles on the growth, development, problems and future prospects of co-operatives for small farmers; includes up-to-date statistics.

SOMMERHOFF, Walter: La Inflación y el Cooperativismo

Buenos Aires (Argentina), INTERCOOP, 1978. 78 pp; bibliogr.

An analysis of inflation, and how co-operatives are specially affected, written by a well-known Chilean co-operator for the 5th Continental Assembly of OCA, held in Lima in 1977.

SVENSSON, Birgitta: Steg för Steg Mot en Bättre Framtid

Stockholm (Sweden), SCC, 1978. 18 pp; photos.

A book on the role of women in co-operative development.

Book Reviews

Housing You can Afford by Dr Alex Laidlaw. *Green Tree Publishing Co Ltd, Toronto (Canada)*. 1977. 235 pp, bibl, diags, tabs.

To an Englishman involved in the housing movement in his country and committed to co-operative forms of tenure this book about co-operative housing in Canada strikes familiar chords over and over again.

Dr Laidlaw has been a tenacious pioneer of the co-operative idea since the early thirties and has become a kind of Will Watkins of the Canadian Movement. His interests and experience are not limited to his own country. He has worked in India, Ceylon and Nigeria and has served as a member of the Executive Committee of the International Co-operative Alliance. A teacher by profession, in his salad days he developed and has retained an enviable ability to express himself clearly and vividly, without jargon and with a wealth of apt and apposite examples to point up his argument and sustain his case. He writes as well for the laymen as for the professional. His book is highly commended for all who are interested in housing, and particularly those who are involved in non-profit housing associations and are looking for ways in which to advance, in their own countries, the prospect of a form of housing which involves the intimate participation of the user—the resident—in ownership and control on a group basis.

"The general objective of housing policies," writes Dr Laidlaw, "should be to widen the range of choices open to Canadians." Now that is the philosophy being adopted by Government and Opposition in the UK today. In co-operative housing there is a number of varieties. We here are currently experimenting with Management Co-operatives, Par-value (non-equity sharing) Co-operatives, Equity Sharing Co-operatives

—which we call Co-ownership Associations—and a special kind of equity sharing tenure called Community Leasehold.

Alex Laidlaw in his book deals with one kind only. He calls it the "non-profit continuing housing co-operative". He explains that this is "a very special kind" of society in which "the individual members of the co-operative are not permitted to make personal gain in the sale or transfer of housing. The purpose . . . is not to build an investment, but only to provide housing as economically as possible."

In Britain we call this a par-value or non-equity sharing housing co-op. Here, as in Canada, it is, as Dr Laidlaw says, "quite a revolutionary concept . . . not making a profit from housing—how absurd!"

There are now more than 100 housing co-operatives already started in his country. We in the UK have still some way to go to match that. But then the first one was organised in Canada ten years ago and we have only just begun. Nevertheless the last eighteen months has seen a sharp increase in activity here. By June 1978 there were 161 groups actively pursuing co-operative ownership and management of their housing in Britain. In addition 17 local authorities and 31 housing associations were assisting the development of co-operative housing, either on their own estates or else by helping co-op groups develop their own schemes. We have our own Co-operative Housing Agency set up in December 1976 under the auspices of a Government-sponsored and financed body known as the Housing Corporation, and it is this Agency that has recently reported its progress to date. It is beginning to accelerate excitingly.

The parallel between Canadian and British experience is fascinating and illuminating for others who may be

venturing into this form of housing for the first time. The first Canadian project to be organised and built was Willow Park in Winnipeg, we are told. The group responsible had to be determined pioneers—refusing to be deterred by all the obstacles flung in their way. They had only their own faith to keep them going. "Almost nobody, especially in the housing establishment, understood what they were about; most sources of financing would not touch anything so unconventional; housing officials were sceptical because it was outside their ken and experience." Now that precisely echoes British experience a decade later.

The real fillip came in Canada with Federal Government support within the "\$200 Million Programme" launched in 1970 under which five co-operatives received approval for finance. The real fillip for British co-operators came with Government recognition in an Act which reached the Statute Book in February 1975.

Says Dr Laidlaw of their experience that those five projects were the first "in the history of Canadian housing where National Housing Act financing was provided for low-cost housing that would be owned and run by the residents themselves." The Act of 1975 was the first in the history of British housing legislation to provide for low-cost

housing that would be owned and run by the residents themselves.

Dr Laidlaw goes on "Previously there were numerous projects for people of low income but they were all owned by sponsoring charitable organisations, or by Government, or by entrepreneurs, usually builders, or by individuals with money to invest. Now people of modest means could enjoy membership of multiple housing and be judged capable of running their own affairs. The problem of housing people outside the conventional market was given a new orientation of great social significance".

Again the parallel is almost exact.

"Housing you can afford" was written, according to its author, "mainly for the benefit of consumers, especially those who are in trouble over housing but who are willing to plan with friends, neighbours and fellow citizens how they together can act to get secure accommodation and create a desirable and attractive community to live in. It is also for the policy-maker, the official, who has a hand in determining housing programmes, and also the general reader who recognises that the housing environment has an all-pervasive influence on the quality of life."

I confirm that it can be read with profit by them all.

HAROLD CAMPBELL

Co-operative Leadership—Harry L. Fowler by Terry Phalen. *Co-operative College of Canada, Saskatoon (Canada)*, 1977. 280 pp. illus.

Since most of the co-operative organisations in Canada date back no earlier than 1900, it is still possible to capture the record of much of the history of the movement from the memory of persons still living. But time is running out, for many of the pioneers are growing old; and indeed some are already gone from among us without leaving behind some of the important details about the roots of co-operative endeavour in Canada.

So there is good cause for hurrahs among co-operators that we now have in print the life-work of one of the leading figures of the movement in Saskatchewan, where co-operatives are in more ways than one either at the forefront or among the best in Canada. The record appears under the title *Co-operative Leadership: Harry L. Fowler*, edited by Terry Phalen, former secretary of the Co-operative Union of Canada, and published by the Co-operative College of Canada.

The book is the work of three authors: Part I by Phalen, giving the necessary background information; Part II, the

Fowler memoirs, with valuable footnotes by Dr B. N. Arnason; and Part III, an appreciation and summation by Arnason, himself among the prime movers of many of the events described by Fowler. A chart of co-operative organisations, mostly in Saskatchewan, in which Fowler had a hand shows that he played a vital role in organising fifteen, was among the incorporators of twelve, was director in sixteen, served as president of eleven, as secretary of four and manager of five. In a region noted for both co-op ventures and co-op success, a monumental record indeed!

It may be assumed that, though most co-operatives in Canada were started within living memory, the majority, perhaps the great majority, of members do not know how they came into existence or the sweat, struggle and sacrifice that accompanied the birth of most of them, especially those that were started during the Great Depression, when almost nobody had any money, when managerial knowhow was hard to find and when the air was thick with conflicting theories of social and economic reform. It is a great error to imagine that the organisation of co-ops in the "dirty thirties" was easy simply because the need for them was great. Men like Fowler in Saskatchewan had to have an inordinate amount of courage and at the same time have their feet firmly on the ground while their eyes were on far-off stars.

For example, how many credit union members in Canada, who now write cheques at the rate of several hundred thousand a day in total, know of the fight which credit unions had on their hands only 35 years ago to have their cheques accepted and cleared through banks? How did it come about that farmers in the Regina region, at the depths of the Great Depression, were able to rake together enough money to get into the petroleum business in a serious way? What brought about the start of a trust company, created by a group of bold pioneers in Saskatchewan,

that now serves co-operators in several provinces across the country? Fowler gives us an insight into such questions, and co-op members should know about them: they would then appreciate what was built for them in days gone by with the vision, toil and ingenuity of a brave breed of men.

In his memoirs Fowler is constantly giving credit to those who worked with him, the ones who had the special knowhow or aptitude which he lacked, and he names names, telling us who these courageous and resourceful fellow-workers were. He never gives the impression of working without the help and encouragement of others; he is always talking of team-work. But the element of leadership shines through time and time again, and a certain likeness emerges: a sort of C. D. Howe of co-operative enterprise on the Prairies over a period of about forty years.

This reviewer has one regret about the book, and one criticism. The regret is that it does not have a page or two of Harry Fowler's apt expressions to describe things as he saw them. For example, I have heard him say of a certain person that "he knows as much about co-operatives as a dog knows about Sunday." And when a few friends in the movement were trying on one occasion to explain why another person was opposed to consumers' co-ops, Harry remarked: "It's easy to understand; what you're not up on, you're down on." Perhaps we can still have a small collection of such remarks and phrases, for when I last talked with him at his home in Co-op Villa in Abbotsford, B. C., he was using them freely.

The criticism is a minor one. I think the price of the book should be printed in the customary way, even though its cost was covered by co-operative organisations and the government of Saskatchewan. Though its distribution has been subsidised, a fair economic price should be shown so that those who

get complimentary copies, as I did, will be aware of its value. It only weakens the market for co-operative literature to

have a book like this one distributed free without any indication of its actual cost.

ALEX LAIDLAW

Co-operative Organisation—An introduction by B. A. Youngjohns. *Intermediate Technology Publications Ltd, London (UK)*. 1977. 34 pp.

The I. T. Publications Ltd, a subsidiary of the Intermediate Technology Development Group in Britain, are publishing a series of manuals on various aspects of co-operatives in developing countries. One of them is "Co-operative Organisation—An Introduction" by B. A. Youngjohns, a small booklet aiming at providing basic knowledge about co-operative organisation and activities for readers who are assumed to be quite unfamiliar with the movement.

Reading the massive list of contents—80 headings covering most aspects of the co-operative movement—and thereafter realising that all of it is to come within 26 pages, small format and no small print at that, makes one approach the manual with suspicion. One's fears, however, are soon alleviated. Youngjohns is clear, crisp, concise and to the point. He tells us the essence of co-operation within that limited space, in a way which prompts the question: "What is there to add?" Credit is therefore due not only to his knowledge of co-operative matters, but as much to his remarkable ability to convey it to the reader with such brevity and clarity.

Having said that, it would be a contradiction to continue this review, but a few comments may be allowed. One is that Youngjohns makes no nonsense about what a co-operative is. He narrows down the term to mean "*a formal legally-established organisation with a continuing existence based on the*

principle of working together," and he states that co-operatives are business organisations but "not *just* a business." Youngjohns' strict re-definition is very much needed in these days, when the term "co-operative" has been inflated to stand for almost any type of formal or informal, loose or firm, grouping of people for any purpose.

Another point is that he puts his finger on a certain type of often heard criticism of co-operatives, namely that they have sometimes failed to achieve what was promised (by others) and therefore expected from them, or that they have failed altogether. He disposes of that type of criticism with the appropriate remark that it should often be directed elsewhere. Co-operatives are not always successful and failures are many, but then it is important to understand the reasons so that the problems can be anticipated and dealt with. Muddling the issue by pointing at failures caused not by wrong application of co-operative principles and practice as such, but by unrealistic demands imposed by non-co-operative forces, or, indeed, pointing at failures of "non-co-operatives", serves no useful purpose.

Although the manual is written with the conditions of developing countries in mind, it is actually an excellent introduction to co-operative organisations anywhere. Anybody who often meets the question "What actually is co-operation?" could do worse than have a copy at hand to give to the person who is asking, with the advice: "Read this and you will know."

RUNE FORSBERG

El Movimiento co-operativo y el Estado (The Co-operative Movement and the State) by Dr Carlos Mario Londoño M. *INTERCOOP, Buenos Aires (Argentina), 1976. 140 pp.*

It is most regrettable that a very tight work schedule kept me away from this outstanding and most important book which reached us here some months ago, and the publishers should be congratulated on securing it for their list.

We owe a great debt to Dr Londoño for the timely writing of this book, which will be greatly welcomed by all those who sincerely attempt to further co-operative development in Latin America, and who realise that such development must be carried out by its own people, at their own pace, and after deep reflection.

El Movimiento co-operativo y el Estado is written in an immensely readable style, clearly detailed and logical, and above all, with great co-operative conviction. Dr Londoño has presented his findings for the consideration of those Latin American co-operators who realise that their existing institutions are not adequate to deal with the urgent needs of the Latin American people. However, throughout the book there is an awareness that to launch into political action without unity of aims, without planning and without adequate means, would invite failure from the beginning. And so this book attempts to develop efficiently and patiently the various mechanisms necessary to achieve co-operative success.

The author says that capitalism and communism have managed to impose themselves on their respective human societies through persistent indoctrination and the unvarying efficiency of their political and economic strategies. Co-operation, using its own special methods and as the economic instrument of a system, not of enrichment nor of totalitarian domination, but of service, understanding, mutual help and liberation, could win people's hearts equally well.

In that conviction of the place of co-operation in society, the author looks at co-operative relations with and expectations from the State and the attitude of the State to Co-operation. He finds that the position of the co-operative movements varies greatly from country to country in Latin America, an area often lacking in government stability and having a great variety of types of government, which makes difficulties for collaboration between co-operative movements across political boundaries. However most Latin American countries are committed irrevocably to the transformation of their industrial, agricultural and banking systems, and therefore they encourage the formation of any movement aiming to assist in this, and especially the co-operative form of enterprise.

The author pleads with the state for just laws that will make their growth possible, and for a Latin American expression of co-operative law which is not just a translation of European models. He also sees a great need for the formation of apex co-operative organisations in the area. He looks for centralisation of co-operative functions, a sort of inspectorate of co-operatives with responsibilities for legislation, accounting and statistical aspects, together with an institution for co-operative development to deal with co-operative promotion, education, technical and financial assistance and international relations, whose links would be with the President's office of the country rather than with any political party or parties. He sees the State as co-operative promoter, as the creator of economic democracy in which all forms of co-operation can grow freely within the economy of the State, as provider of public utilities such as communications, insurance etc, and its function as guide of the economy into mixed State and co-operative enterprises: the public and co-operative enterprise ideas in fact of Professor Milho and CIRIEC. Dr Londoño quotes the ICA view that "there is an identity of aims

between co-operative and state activity, providing it is free from the pressure of private interests and responsive to the needs of the organisation, which places the economics of service above the economics of money, both nationally and internationally."

The author also sees the great danger of the oligopolies and their growth in the development countries, and how often they have proved fatal to society. Co-operatives open the way to co-ownership by the people of the means of production. Dr Londoño sees co-operatives as agents of change and instruments of development. He is worried about loss of time, and because today still Latin American Co-operation is not in a position to influence events

and take part in them—tomorrow it may be too late . . . so rise, Co-operators, to the call of the hour!

The book contains several accounts of co-operative experience in many Latin American countries, of legal enactments and general difficulties, and provides a good introduction to that area of our world. For anyone who reads Spanish, it is a *must*—even if one does not perhaps agree with all the author's findings. Thank you, Dr Londoño, for this timely contribution to co-operative thinking, which will help especially those whose home is in Latin America, and will enlighten those also who love that area of the world, even from far away.

JHO

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Cables COOPLEBEN

Coop Schweiz
(Thiersteinerallee 14) POB 1285, CH 4002 Basel.
Tel. (061) 20-61-11 Cables COOPSUISSE Telex 62 133

Verband sozialer Baubetriebe
c/o SBHV, Sihlpostfach, Zürich.

TANZANIA
Co-operative Union of Tanganyika Ltd.
National Co-operative Building, POB 2567, Dar-es-Salaam.
Tel. 23077 Cables MUUNGANO

THAILAND
Co-operative League of Thailand
4 Pichai Road, Dusit, Bangkok
Tel. 811414

TURKEY
Köy-Koop (Central Organisation of Village Development and Other Agricultural Co-operative Unions).
Gazi Mustafa Kemal Bulvarı 97, Maltepe, Ankara.
Tel. 30 22 40 Cables KOYKOOP

Türk Kooperatifçilik Kurumu (Turkish Co-operative Association)
Mithatpasa Caddesi 38A, Yenisehir, Ankara.
Tel. 18 82 44

UGANDA
Uganda Co-operative Alliance
POB 2215, Kampala.
Tel. 56984/6 Cables ALLIANCOOP

UNITED KINGDOM

Co-operative Bank Ltd.
(New Century House, Corporation St.) POB 101, Manchester
M60 4EP
Tel. (061) 834 8687 Telex 884 533/4

Co-operative Insurance Society Ltd.

Miller Street, Manchester M60 0AL.
Tel. (061) 832 8686 Cables COLLECTIVE
Telex 66 86 21 COLLECTIVE MCHR

Co-operative Union Ltd.

Holyoake House, Hanover Street, Manchester M60 0AS
Tel. (061) 834 0975 Cables CONGRESS

Co-operative Wholesale Society Ltd.

(New Century House, Corporation Street) POB 53, Manchester
M60 4ES.

Tel. (061) 834 1212 Cables WHOLESALÉ

Plunkett Foundation for Co-operative Studies

31 St. Giles, Oxford OX1 3L.F.
Tel. (0865) 53960

URUGUAY**Centro Cooperativista Uruguayo**

Dante 2252, Montevideo.
Tel. 41-25-41 Cables CENCOOPUR

U.S.A.

Co-operative League of the U.S.A.
1828 L Street, NW, Washington, DC 20036.
Tel. (202) 872-0550 Cables CLUSA

U.S.S.R.

Central Union of Consumer Societies—CENTROSOYUS
B. Tcherkassky per 15, 103626 Moscow.
Tel. 221 7253 Cables MOSCOW K-3 Telex 7127

YUGOSLAVIA

Glavni Zadruzni Savez FNRJ
(Teraziye 23/VI) POB 47, 11001 Belgrade.
Cables ZASAJ

ZAMBIA

Zambia Co-operative Federation Ltd.
POB 3579, Lusaka.
Cables ZAMCOOP

INTERNATIONAL ORGANISATIONS

International Co-operative Bank Co. Ltd. (INGEBA)
(Aeschengraben 12) POB 243, CH 4010 Basel, Switzerland.
Tel. 23-58-27 Cables INGEBA

International Co-operative Housing Development Association (ICHDA)

11 Upper Grosvenor Street, Lo: don W1X 9PA, U.K.
Tel. 493 1137 Cables ICHDA INTERALLIA

International Co-operative Petroleum Association (ICPA)

28 West 44th Street, New York, NY 10036, U.S.A.
Tel. 354 0870 Cables INCOPEPETROL Telex 22 49 14

Nordisk Andelsförbund

3 Axelortov, 1609 Copenhagen V, Denmark.
Tel. 15.15.33 Cables NORFORBUND Telex 27 111 NAF

Organisation of the Cooperatives of America (OCA)

(Baltazar La Torre 1056, San Isidro) POB 4657 Correo Central.
Lima, Peru.
Tel. 22-3392 Cables OCA

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCOOP)

(Reconquista 365, 2° piso) POB 4311, Buenos Aires, Argentina.

World Council of Credit Unions

(5910 Mineral Point Road) POB 391, Madison, WI 53705, U.S.A.
Tel. (608) 238-5851 Telex 910-296-2725 CUNA MUT MDN