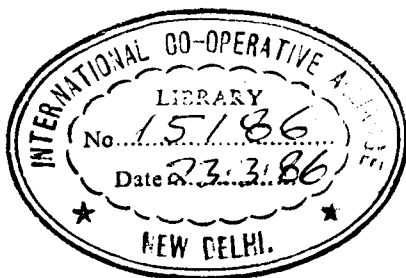


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International
Co-operative
Movement

Review of International Co-operation



Volume 73 ■ 1980
Published quarterly



THIS ISSUE

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Interview with the President

Women's Participation in Rural Development

Century Co-operators as Pioneers of Education (UK)

Co-operative Housing in Lesotho

News from The International Co-operative Movement

New Books

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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 seeks 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 346 million from consumers, agricultural, housing, credit, workers' productive, artisanal, fishery and other co-operative societies.

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 to co-operation.

In the work and meetings of the United Nations, its Economic and Social Council, as well as some of the Specialised Agencies, it enjoys the right of participation 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.

Editorial and Administrative Office:

11 Upper Grosvenor Street, London W1X 9PA Telephone 01-499 5991/3

The *Review* is published also in French and Spanish. The Spanish edition is available from the publishers, Intercoop, Editora Cooperativa Ltda., Alberti 191, Buenos Aires, Argentina. Annual subscription for each edition £4.50.

This *Review* is also available in MICROFORM (English only). For information and purchase apply directly to XEROX-UNIVERSITY MICROFILMS, 300 North Zeeb Road, Ann Arbor, Michigan 48106, U.S.A.

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Review of International Co-operation



The official organ of the International Co-operative Alliance

Editor: J. H. Ollman

Assistant Editor: M. Blindell

Vol 73 No 1 1980

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



The President's Message for 1980

Dear friends and co-operators throughout the world,

The year 1980 will, without a doubt, mark a major step in the life of our International Co-operative Alliance, in more than one respect.

First of all, 1980 marks the end of the United Nations Second Development Decade, and of the First Co-operative Development Decade. For all of us, therefore, at the dawn of a new Development Decade, it is a time for stock-taking.

But although the ICA invites us to look backwards over the path we have travelled, it urges us even more strongly to gather our forces for the road ahead. And 1980 is in fact a special opportunity to consider the future together, since our Congress—to be held in Moscow in November—has chosen as its theme: *Co-operatives in the Year 2000*.

From my recent participation in some national congresses, including those of the Co-operative League of the USA and of Centrosoyuz (USSR), I am pleased to note the interest everywhere aroused by this call to reflect on the future, in which more and more co-operators at all levels of the movement are making an effort to take part.

Our 27th Congress must be a great Congress. The direction it will give our activities in all fields will have lasting consequences; it will commit us for a long time to come, and if we take this commitment lightly, we run the risk of seeing the foundering of our co-operative project.

As co-operators, we all know that the year 2000 offers us an immense challenge, but is there a co-operative reply to this challenge? The international experts warn us that in 20 years' time there will be a billion people underfed: what is our reply to the challenge of the world's hunger? They foresee a billion illiterates: what will be our reply to the cultural challenge? They proclaim a billion unemployed: what shall we reply to the challenge of employment? And above all, how should we reply to the

challenge of North-South relations? The future calls to all of us, wherever we are. It falls on us, with others, to ensure that the response of solidarity and democracy shall prevail against the interests which oppose them.

Every day, a thousand problems assail us in our co-operative lives, capturing our attention and our efforts, distracting them from global problems. But when we look at these everyday problems more closely, do they not echo the great challenges delineated above? So let us reflect seriously today, so that we may choose our actions for tomorrow.

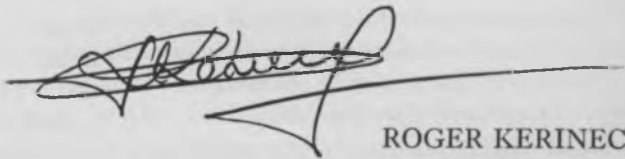
Like the Rochdale Pioneers—to whom the members of our Central Committee, meeting last year in Manchester, went to pay homage—we must show imagination to find appropriate solutions; we must show courage to put them into operation despite obstacles, difficulties and failures; we must show solidarity above all in our determination to work together, fully using this unique instrument in the international field, our Alliance and its specialist committees.

It is through the Alliance that the voice of co-operators is heard at the United Nations in New York and in Vienna, at the FAO in Rome, the ILO in Geneva, UNIDO, UNESCO in Paris, all the governmental organisations where the ICA holds the highest consultative status. It is the Alliance which enables us to meet each other, to understand each other, to exchange our experiences and to work together in many fields, supported by the experience acquired in the course of our international history.

If the Alliance did not exist we should have to invent it, and quickly. And it might perhaps be too late. Our duty today is to strengthen it by giving it our wholehearted support, and by providing it with the means to play its full role. Our common future depends on it.

We still have a few months left in which to reflect, to prepare the decisions which will give our international movement the countenance that we would wish it to wear in the years to come.

So let us take courage—until we meet in Moscow with renewed determination to make our contribution to the conception of a world society in which we would be glad to live.



Handwritten signature of Roger Kerinec, consisting of a stylized, cursive script that is difficult to decipher but appears to read 'R. Kerinec'. The signature is written in black ink and is positioned above a horizontal line that extends across the width of the text block.

ROGER KERINEC

President, ICA

An Interview with the ICA President

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Central Agricultural Co-operative Union (Egypt)

1. *What are the most important tasks before the International Co-operative Movement today?*

Whatever type of co-operative we are engaged in, in whichever country, all co-operators are committed to a task of considerable importance: co-operators have set themselves to work towards the construction of a different society, more equitable through greater solidarity and participation.

We live in an era of interdependence among peoples and globalisation of problems. Whether we like it or not, whether we understand it or not, we are all bound together for better or worse. Obviously we would like to protect our independence, but in trying to combine solidarity and independence we discover co-operation, which is both self-help and mutual help. Thus, the role of the Co-operative Movement is to demonstrate "how the principles which express their neighbourly and brotherly relations in their Co-operatives can also inspire the mutual relations of nations." (*Report of the ICA Commission on Co-operative Principles, 1966*).

The ICA represents the many hopes of its affiliated Co-operative Movements, as well as of those knocking at its door. I have the feeling that the future of all of us

depends to some extent on the success of Co-operative ideas and enterprises. But this depends primarily on us, on our capacity to discover in ourselves the will necessary to develop Co-operation in each of our countries and, through our International Co-operative Alliance, in all the world. In this respect, co-operators are faced with the important task of sensitising public opinion, which they have not always been successful in mobilising on these issues.

2. *The International Co-operative Alliance is open to member organisations of very different ideologies and socio-political systems. It has always adopted a very positive stand in favour of world peace. How can the ICA and its member organisations have a real influence in this field?*

It cannot be denied that co-operative ideas are gaining an ever increasing audience, and I wish to emphasize that in this the specific field of peace, this means a growth of the political audience of the International Co-operative Movement. I had the honour and privilege of participating in the UN Special Session on Disarmament in June 1978—quite an event, indeed, as it was the first time that the UN had given the floor to Non-Governmental Organisations. The ICA

was chosen to be one of the few (25 out of 400) NGOs authorised to express their views from the rostrum. This means that the Movement is progressively gaining recognition of its specific role in the implementation of lasting peace, due to the fact that it is working towards a more "co-operative" world.

At its foundation in 1895—I stress the date because it shows the importance co-operators placed upon international relations from the very beginning—the founders of our international organisation included in its Statutes that their purpose was to build a society—I quote—"organised in the interest of the whole community and based upon mutual self help"; at the same time they bound themselves—I quote again—"to work for the establishment of lasting peace and security". (*ICA Rules and Standing Orders*).

For more than 80 years every Congress, every international co-operative gathering, has provided the occasion for recalling the importance that Co-operators attach to peace. The 1976 Paris Congress gave co-operators the opportunity to call for a debate on this subject under the auspices of the UN and to declare their unreserved support for this cause. They declared their willingness to contribute to the mobilisation of public opinion in their respective countries on the disarmament issue, by calling the attention of peoples and governments to the need for condemning political regimes practising racism, apartheid and fascism which threaten peace.

It is a fact that nowadays public opinion is much better informed on the conflicts between peoples than on meetings with peaceful aims—as if men and women of all countries resignedly

accepted the idea that as long as mankind exists, there will be wars. I would like to reaffirm that Co-operators do not accept this idea and never have.

The ICA is the only international non-governmental organisation which has been able to maintain its unity, which has not experienced the ideological rifts which have struck other international bodies. It is represented in all five continents, in East and West, North and South. Clearly there are more than minor differences between us, and I feel it might be too ambitious to believe that we can see the world in exactly the same manner. But what I find interesting—and in this I may be an optimist—is that by increasing the contacts between us and by helping each other in the technical field, we are on the way to better understanding, to speaking the same language.

But we co-operators know that mutual understanding is not acquired once and for all, that it is difficult because it requires a constant search for what can unite us despite our differences. I am always deeply moved by the fact that men and women belonging to different countries, some of them very distant from each other, with their own geography, history, habits, ways and standards of life, are able to understand each other on meeting, through the simple fact that they are co-operators, that is they share a common way of seeing and doing things.

Talking of peace to Egyptian co-operators is to mention something of great significance to them and to the world as a whole. We can only admire the courageous initiative taken by their Head of State to restore peace to the Region in the name of dignity, independence and justice.

3. *Co-operatives have so far developed only in certain fields and in certain sectors of society: consumer, agricultural supply and marketing, housing, insurance and some others. But in all countries, in the East as in the West or South, large sectors of the economy are in the hands of private capitalists or public ownership enterprises (national or local):*

(a) *How is it that co-operatives have not generally been successful in the field of industrial production, communications, transport and services?*

(b) *Do you think that co-operatives have any chance of developing in these sectors and in other new sectors? If so, in which sectors and under what conditions?*

It is a fact, as you said, that the Co-operative Movement contributes to the economic and social development of many countries, East and West, North and South. Although its role may vary considerably from one country to another, it is indisputable that Co-operation is a phenomenon which occupies a sizeable place in the world, even though it owes this place to a fortuitous conjunction of various circumstances.

Today Co-operation appears to many as an experiment of great interest. It is nowadays, so to speak, "fashionable" perhaps because, as everybody agrees, the modern trend is towards various forms of collective ownership and greater participation of individuals in the management and supervision of enterprises. Many are discovering the co-operative approach, or re-inventing it. Those who seek self-management are discovering workers productive co-operatives: they

are fairly well developed in France, and in many Western countries they appear to the workers—though not necessarily to the trade-unionist—as the best answer to the closing down of viable enterprises; governments are also beginning to pay attention to them. In several socialist countries, particularly Poland and Hungary, workers' co-operatives are experiencing spectacular growth.

For a long time—at least during the first century of co-operative history—the consumer co-operatives formed in Europe dominated the development of the co-operative movement. They were also the ones which initiated the first moves towards joint action at international level, to the extent that the ICA, which they largely contributed to creating, is still today controlled by a majority from that sector of the movement—the President of the ICA has always come from the consumer side—and by representatives of the European co-operative movements. This is a fact.

But for some years—and this is another fact—other forms of Co-operation have arisen and are developing faster than the consumer co-operatives. This is happening more and more frequently in other continents, thus opening a great new field for the expansion of the co-operative movement, especially in the developing countries.

At the same time—and this is a third fact—the so-called Western countries, which gave birth to the first co-operatives, are experiencing changes resulting from the problems of modern life which open up new issues and new areas for development for the co-operative movement. I refer to the struggle for protection of the environment, health care, the fight against waste and the move towards

a different rhythm, even a different type of growth.

The contribution that this type of co-operative can make to the building up of a new society, providing for greater participation by the individual and representing a genuine alternative to the giant national and multinational enterprises, is of momentous importance. Consumer co-operatives, on their side, are increasing their efforts to protect the health of the population and to fight against waste, excessive diversification of goods, and incitement to useless—even harmful—consumption. In many industrialised countries, consumer co-operatives have set themselves progressively to change such consumption habits by selling products without colouring additives, by refusing to sell products harmful to health, by setting up laboratories whose research in the service of the community is recognised by the public authorities and increasingly appreciated by consumers generally, or as in Sweden, by urging their customers to buy simpler products, which cost less but still meet their essential needs.

Farmers' co-operatives are also fighting to improve the quality of their produce and to reconcile the interests of producers and consumers. There is no doubt that their role is of prime importance in the struggle against scarcity of food, by contributing through education towards a more rational distribution of food reserves, more economical management of agricultural land, and better supplies of inputs.

You all know that co-operators, particularly Albin Johansson (Sweden) and Howard Cowden (USA), were among the first to call attention to energy wastage, and that in 1975 in Stockholm the ICA

Central Committee studied the contribution which co-operatives could make towards the better management of these non-renewable resources. Moreover, all co-operative sectors, particularly in the field of insurance, housing and fisheries, attach the greatest importance to environmental problems and to the fight against pollution, a field to which—in my opinion—they make an invaluable contribution, too often underrated or misunderstood, by making their members aware of the responsibility which is theirs in this struggle.

They are performing this function more and more through inter-cooperative institutions which they have created and which enable them, together with other bodies with similar objectives, to exert influence upon their governments, thus contributing to the formation of what is sometimes called the “Third Sector” independent of both private capital and the State. This awakening of a wide public to its responsibilities is certainly one of the new tasks of the co-operative movement.

4. *Many developing countries have come out clearly in favour of co-operative development as a means of national development. They receive assistance from many individual countries as well as from inter-governmental agencies and the ICA.*

(a) *How can this assistance be made as effective as possible?*

(b) *In Egypt we benefit successfully from German help in the field of co-operative training; could the French co-operative movement do something similar for us in the field of co-operative agriculture?*

(c) *Although there are good relations between France and Egypt at popular and governmental levels, there are so far no relations between the co-operative movements of the two countries—why not? How and when will such relations be implemented?*

This can only be treated within the wider context of development issues in our world today.

It is my deep conviction that co-operators have something to say about the whole concept of development assistance, and that it is possible to work out a co-operative development policy, which is neither capitalist nor commercial.

Co-operators do not intend to impose the pattern of development of those countries where co-operatives have been successful. While this pattern has certainly brought social and economic progress it has, on the other hand, brought with it obvious disadvantages and created a great ideological void. It is widely accepted today that affluence does not always lead to happiness, and that a policy of increasing a country's Gross National Product at all costs leaves the poor just as poor, if not poorer, than they were before.

It is also clear that one of the grave defects of present-day capitalist development is that, thanks to the world mass media, it draws everybody towards the same ambitions, the same pleasures, the same dreams, and every country towards a single standard model of progress and of success, resulting in savage competition and, very often, in disillusion and even violence.

This type of development is also questioned today by many leaders in

developing countries who, when asked: "what can we do for you?" reply virtually: "nothing! first change conditions in your own country, and leave us to decide our own future". Such a reaction has its origin in the fact that far too often the type of development applied, without any adjustment, to the developing countries has produced adverse results. Thus, for example, Albert Tevoedjre, Deputy Director of the I.L.O, states in his book "Poverty, Wealth of Mankind" (Pergamon Press, 1979) that diverting resources at the disposal of a country towards non-priority objectives, produces a form of "counter-development". And it is a fact that many of those who do not approve this policy and are searching for a new form of development, today consider—often without knowing it—what co-operators have always advocated, a society "organised in the interest of the whole community and based upon mutual self-help". (*ICA Rules and Standing Orders*).

Visiting Nairobi recently, on the occasion of the ACOSCA general meeting, I tried to outline, among other things, the prerequisites for effective co-operative development, which a co-operative movement should demand from its government. The government certainly has its own responsibilities: provision of the necessary infrastructure, general planning, education, training of officers, etc. But there are also certain conditions essential for the success of the co-operative experiment: only when a policy has been decided jointly, is it possible to set up the experiment of co-operative management in developing countries.

In my opinion there are great prospects for such co-operative experiments.

The current trends in development policy towards less ambitious results, more appropriate and better adapted technology, towards involving people—and particularly rural populations—in their own development, are propitious to the emergence of various co-operative type experiments which will better respond to the new challenge of our time.

It is generally agreed that the existing system of transfer of technology does not meet the needs of the populations in the developing countries, is not adapted to their environment, and does not serve their purpose. They are made to import advanced technology which is not labour-intensive—rather the contrary—which moreover makes them economically (and therefore politically) dependent on the industrialised country (or multinational) from which they import that technology.

The ICA Conference in Rome on “The Role of International Organisations in the development of Industrial Co-operatives” dealt with this issue. But it seems obvious that workers’ co-operatives are not the only co-operatives able to assist in the transfer of technology—requiring, I repeat, the adoption of co-operative methods to ensure its success—and that all types of co-operative can make their contribution.

Obviously the role of the ICA is vital, is almost the *sine qua non*, where co-ordinated effort is involved, avoiding the disadvantages of bilateral relations. For if national interests or block politics exert too strong an influence, there will be no genuine co-operative action. But within the framework of this joint policy, there is certainly room for relations between individual co-operatives in industrialised and developing countries, in the form of “twinning” arrangements or

“solidarity contracts” for example. Such an approach would provide an opportunity to make the general public more aware of the “aid to developing countries” aspect of Co-operation, still too little known in many countries. I think this at least partly answers your question on the relations between the Egyptian and French co-operative movements.

5. *What are your expectations for the development of the ICA in the years ahead?*

We can never repeat too often that Co-operation needs a powerful ICA because the world needs co-operatives and co-operative ideals.

You know, as I do, that many co-operators have dreamt of a Co-operative Republic, while others have thought simply in terms of creating co-operative sectors. When I read for the first time the book on Co-operation by the Belgian socialist, Louis de Brouckere, I was struck by one of his phrases: he said basically that our aim should be to impregnate the world with our ideals. This is perhaps just what we should do. I do not believe that we are in a position to take over the world economy, but if we could demonstrate the effectiveness of co-operative methods as applied to the management of business on a world scale, this could perhaps herald the dawn of an alternative international system.

My ambition is also—and this is difficult—to awaken all co-operators to the meaning of active participation in their co-operative. If they could understand that they are making their contribution to collective assets, to collective reserves, which will help in the construction of a different world, I reckon the battle will be won. In the same way I would be happy

if the full-time leaders of co-operative movements also understood this aspect a little better, at a time when co-operatives, like other undertakings, are experiencing difficulties and passing through crises which even threaten the existence of some of them.

Finally, I believe that it is now, when all are seeking for something nearer to the needs of nations as they themselves understand and express them, that the world needs Co-operation. Co-operation represents the world-wide experience of over a hundred years, wealth that we must at all costs preserve and develop.

I would add that co-operatives should not only co-operate with each other, but should increase their contacts with movements pursuing similar aims and fighting in the same spirit: consumer organisations, para-cooperative rural associations, mutuals—especially credit and insurance—people's banks, trade unions, etc. Co-operatives should serve as a meeting-point for these movements, and if possible should lead the whole non-profit sector.

I repeat, we are all bound to a task of considerable importance, but I would like to believe that, however arduous it may be, however strong may be the pressures of daily life and of habit, however numerous our superstitions and fears, we shall succeed in proving that the material strength of co-operative ideas may become a lever in the hands of peoples for their development.

In concluding this interview, I would like to hope that the co-operators of Egypt will join forces in the struggle for development, so that their success will benefit the whole community. They should know that they are not alone, that many farmers and workers all over the world are fighting the same peaceful fight. Through the ICA they can benefit from each others' experience, and this is perhaps the great significance of the world co-operative movement—that we are all members of one family engaged in the great work of peace and development.

I wish you success and peace for the future.

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How to Promote People's Participation in Rural Development through Local Organisations*

by

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I. Introduction

Participation is a special form of interaction and communication, one which implies the sharing of powers and responsibilities. To have effect, participation requires the existence of institutionalised channels, i.e. local organisations in developing countries.

Recent literature and policy documents concerning rural development have given increasing emphasis to the need for innovative approaches based on high levels of participation by intended beneficiaries (COPAC 1977; AID 1975; World Bank 1975; and others). In this context participation is generally presented as the "active involvement" of "target" groups in the planning, implementation and control of programmes and projects, and not merely their passive acquiescence in performing predetermined tasks (Münkner 1978), nor merely their exploitation in order to reduce

labour costs. Participation, it is argued, guarantees that the beneficiaries' own interests are taken into account. This enhances the likelihood that programmes and projects will prove effective in meeting felt development needs and that participants share equitably in all benefits. Moreover, people's participation "in making the decisions which affect them through organisations of their own choice" has been identified as an essential component of any "basic-needs-orientated policy" and as such has been endorsed by the international community (ILO, p. 24, World Employment Conference).

The "why" of people's participation is considered as established. The pressing question which awaits discussion is the "how". What strategies best answer to the conditions in rural areas of developing countries to ensure the emergence and consolidation of "local organisations", i.e. purposeful action groups, associative by origin, participatory by nature and with well-defined membership.

We should distinguish "local organisations" from "local government insti-

*Mr. Verhagen was a member of the Netherlands Interdepartmental Steering Committee for the *World Conference on Agrarian Reform and Rural Development* (Rome 1979) and his paper was originally written for this Conference.

tutions" primarily involved in formulation of local policies, determination of development priorities and administration. In fact there are places where the functions of action-orientated local organisations and institutions of local government overlap, or even coincide. In Tanzania, since promulgation of the "Villages and Ujamaa Villages (Registration, Designation and Administration)" Act of 1975, the village unit is to function as both an institution of local government and a "multi-purpose co-operative" (Section 13 of the Act); other countries—e.g. Malagasy Republic and Mozambique—have also chosen

to pursue similar institutional arrangements.

In this article, however, I omit further consideration of local government institutions or organisations set up to serve as local branches of political parties. Instead attention will be devoted to purposeful local action groups with predominantly economic objectives.

At the outset a note of caution: for all the potential benefits of people's participation in local organisations, such a development strategy cannot substitute for the reform measures necessary to redistribute production resources and wealth, i.e. land and water.

II. The gap between people's participation in theory and practice

The obvious shortcomings of conventional modes of planning and programming have propelled *participation* into becoming a fashionable topic, both in academic circles and in national and international forums wherever rural development policies are debated. Frequent allusions to the necessity of institutionalised participation in rural development make discrepancies between what is being advocated and what is happening in reality all the more jarring. Those familiar with the history of rural development programmes in third world settings know all too well that popular participation, particularly by the under-privileged, usually remains marginal at best, especially in programmes with official support. Perhaps this should no longer surprise us. Programmes and projects with official sanction behind them are generally not the outcome of a participatory process involving the target groups for whose benefit they are con-

ceived. Instead they are initiated and mapped out within a closed national bureaucratic planning system, at times involving considerable consulting inputs from agencies of international assistance. Moreover, the institutions subsequently charged with carrying out such programmes and projects usually operate at levels far beyond popular control and are not structured to encourage participation.

Even organisations designed with a democratic and participatory structure, co-operatives, farmer associations and development villages, for example, must function for the greater part under strict regulation and control by development authorities. The organisational autonomy suggested by their official status turns out upon closer analysis to be merely nominal. Whether launched by a colonial administration, a post-Independence development administration or a non-governmental agency, the structure, objectives and modes of operation of

popular organisations were—and still are—fixed by law (e.g. co-operative law), by subsidiary legislation (regulations, etc.) or by orders emanating from the promoting agency.

To date most local organisations have borne the imprint of whatever agency or administration originally promoted them. Thus they at heart embody an authoritarian or at best a paternalistic, approach to rural development. It is hardly surprising that people in rural areas regard them, and more importantly respond to them, as a mere extension or technical arm of their promoting agencies. People at the base have been afforded little space to participate in goal definition, determination of organisational procedures, control or evaluation of the organisations depicted as their “own”. Indeed, over the last ten years even this little space has been shrinking. In the field of co-operative development numerous case and country studies are available to provide evidence in support of such categorical complaint.

The limited scope for participation in actual practice should also be seen in relation to general political developments: “Over the past decades . . . developing countries have increasingly developed ‘authoritarian type’ governments . . . (which) tend to look upon rural organisations as their *instruments* of development” (Newiger 1978, p. 187). Governmental desire to exercise greater authority over rural organisations is exemplified in co-operative legislation. During the past fifteen years wherever “adjustments” have been considered necessary, these have virtually always extended the powers of intervention and control of the supervising authority (i.e. the government).

A second factor seriously limiting the self-determination of rural organisations, and thus the scope which they offer for true participation, is the ever-increasing power of para-statal enterprises in charge of high level commercial and processing functions. Entrusted by statute with ample powers and responsibilities in such areas as the distribution of production resources, the marketing and processing of farm produce, and the overall regulation of agricultural production, para-statal enterprises tend to reduce co-operatives and similar organisations to the role of subordinate agents of execution. Few development theorists would dispute the claim that the primary function of agricultural co-operatives is to serve their members’ interests. In reality, however, all too often such organisations are forced into positions of dependence and subservience, unable to do anything but submit to operational conditions dictated by para-statal corporations. In turn, individual farmers find themselves helpless in the face of *demands* made on them by “their” co-operatives.

Under prevailing conditions, where associative local organisations have been founded and promoted in developing countries, one may observe without exaggeration that these organisations have been given a poor chance to demonstrate their developmental value. Their potential as instruments for mobilising the participation of rural populations has been demonstrated to a very limited extent. Indeed, considering the history of rural development up to now, all those concerned with people’s participation cannot but agree that a new approach is needed. In order to achieve conditions which will encourage and not

stifle local initiative, participation at the base must be integrated systematically into the very procedures by which rural organisations are created, their goals

identified, their operations controlled and evaluated, and, should the need arise, their transformation or dissolution be decided upon.

III. Basic principles of strategy for successful promotion of people's participation

Even if the actual realisation of participation in rural areas still awaits the full priority attention it merits, considerable experience in this field has nonetheless been accumulated in both developing and industrialised countries. Study of past efforts to generate participation of underprivileged groups makes it possible for us to specify certain basic principles of strategy for successful promotion of people's participation. Below, I have attempted to formulate thirteen compact guidelines:

1. *Promotion of participation: no charity, no coercion*

As a development strategy to combat poverty, people's participation must be kept distinct from classical charity and welfare approaches which attempt to channel "aid" to people considered too poor, too resourceless to help themselves. Participation can be promoted effectively among the underprivileged who, with some external assistance from change agencies, can modify their present living-conditions by means of self-organisation and self-help.

As a strategy, participation is also inconsistent with schemes which seek to mobilise people through regimentation and coercion (COPAC 1978, p. 7).

2. *Participation in design as well as execution*

Participation should start at the stage of deciding what to do and how to do it.

It should continue throughout project implementation, allowing feed-back control and adjustments (Cahn and Passett 1971, Münkner 1978). It is an all too widely held misconception that rural organisations which are thought up, administered and directed in the early phases of their development by their promoters (government or technical assistance agencies among others) can later be transformed into a participatory form of organisation through "educational programmes".

3. *Impose no obligatory model*

Rural populations should be given the opportunity to develop their own organisations. Models for group action and organisation should not be presented by promoting agencies as binding but rather as proposals for further consideration by promoters and target groups alike (Buys 1978a, p. 8). (Cf. IV: Appropriateness of organisational form).

4. *Determine no a priori set pace of development*

Every rural organisation should be allowed to proceed at its own pace of development in harmony with its own capacities of self-administration and self-organisation. Stimulation and support from external agencies is certainly required; they should not lead, however, to artificial growth, either in the volume or the range of developmental functions undertaken.

5. *Goals of group action: participation means response to "felt needs".*

The objectives of organised people's participation should be an expression of the aspiration of group members to improve and to control the circumstances of their lives. Concerted action should be perceived by members as necessary to the achievement of this desired end.

6. *Participation should produce tangible benefits within a foreseeable period*

Identification of an appropriate "take-off" activity for a local organisation is crucial. This take-off activity should yield substantial and tangible benefits in a limited period of time and at relatively little cost. Technically, the take-off activity should involve mobilisation of the expertise and experience available among group members (Buckton 1975; Buys 1978b, p. 26; Kramer 1969; Ruthenberg 1968).

7. *Members should be called on to contribute from their own resources--voluntarily*

However materially deprived member-beneficiaries may be, some *voluntary* contribution whether in the form of capital, labour or land, has proven essential for both success and widespread participation. This principle requires special attention in schemes which aim to enlarge the resource base of small farmers, fishermen, etc. by providing them with inputs and credit. Too often the agencies' primary concern to get the scheme in "full swing" within the shortest time possible means bypassing considerations of resource and moral commitment by beneficiaries (AID 1975, Buys 1978b, Morss 1976, O'Kelly 1973, Solomon 1979).

8. *The organisation should be socially viable*

Participants must be able to see themselves as a group with common interests and needs and therefore be prepared to accept each other as partners in common action and enterprise.

9. *There must be adequate concern for economic viability also*

In determining membership size for local organisations, social and economic viability *both* require consideration. Isolated economic arguments may all too easily justify formation of an organisation with a heterogeneous, geographically dispersed membership. Exclusive preoccupation with economic viability has often led to the establishment of co-operative service units at a supra-village level (e.g. district level) which precludes full membership participation, especially by women. The economies to be derived from scale enlargement can easily be demonstrated with "hard" figures in feasibility studies whereas the dysfunctions and "dyseconomy" resulting from non-participation as a consequence of expansion cannot. The drawbacks of enlargement seldom receive sufficient attention*.

*The Mondragon Movement of industrial co-operatives in the Spanish Basque country provides an example of timely planning to combat possible ill-effects of non-participation as a consequence of excessive scale enlargement. The commercially highly successful Mondragon group consists of 78 co-operatives. The size of individual enterprises is kept small. "Experience has shown that the co-operative system works most smoothly and efficiently in smaller enterprises of not more than about 400 (members). (Out of the 78 enterprises) 50 or so industrial co-operatives average a labour force of around 100" (Campbell et al. pp. 32, 33).

10. *Whenever and wherever large-scale organisation is unavoidable, still contrive to retain an essential level of participation*

Scale enlargement and large-scale organisation cannot always be avoided. The larger the organisation, the more complicated it becomes in terms of administration, management and technology. The multitude and complexity of decisions which need to be taken, often at short notice, require the delegation of increased powers to skilled administrators and professional managers. Such delegation imposes serious limits to broad based participation, in particular at higher levels of administration and management.

Under such operating circumstances, organisations may turn away from direct participation and adopt the next best strategy, "representation". Yet we must not overlook the possible alienating effects of representation which, experience indicates, is open to abuse. Even in large-scale organisations, participating members should ideally retain ultimate authority in certain key areas: the definition of organisational goals; the reaching of decisions concerning how to achieve these goals; the distribution of benefits; and the composition of representative administrative bodies (boards, committees).

11. *Education: use it as a tool, not a remedy*

The primary aim of any educational programme offered by a promoting institution should be to equip the members of the organisation with sufficient information and tools to facilitate meaningful participation in decision-making and control (Hopkins 1976). "The

opportunities provided for participation should strengthen members' participatory consciousness" (Bernstein 1976). "A curative approach" is to be avoided (Cahn and Passett 1971).

12. *Foster emergence of leadership from membership ranks*

In instances where members belong to differing social categories, uncontrolled autocratic leadership and management structures are likely to develop (Inayatullah 1970). Leaders should preferably emerge—and executive staff as required—from the same social category to which members at large belong. Adherence to this basic principle is of outstanding importance in a situation where the upper-strata of a given rural population are known to feel little or no responsibility for the well-being of the lower strata.

13. *External supervision is also necessary*

As a complement to internal control exercised by members themselves, external supervision is necessary to ensure the equitable distribution of benefits and to prevent possible misuse by leadership and executive staff. Those organisations with extremely mixed membership and/or operating on a large scale require frequent and thorough external supervision (auditing in particular). Where there is no substantial resource input from members, but considerable resource input (e.g. credit, production inputs, allocation of land) from outside, the need for external supervision is greatest. The building-up of an effectively operating supervisory apparatus is difficult to achieve and its operating costs are relatively high.

* * * *

To put the thirteen principles enumerated above into practice would in most cases require a drastic shift in the policies of change agencies and the attitudes of their fieldworkers. It would demand a belief in the capacity for self-development of all people, regardless of

their formal educational background. Such belief, it can be stated with assurance, is not shared by everybody. Indeed, the notion is often ridiculed as naive or utopian, or both, by those who support a rural development promotion policy with more paternalistic overtones.

IV. Forms of rural organisation conducive to participation

The appropriateness of the organisation is just as important as that of technology. Appropriateness of organisations, however, is less often discussed, more easily taken for granted. Organisations which encourage people's participation in development action can be divided into two categories:

1. promoting agencies (ministries, development centres, etc.) which support rural associative organisations and monitor their functioning; and
2. rural organisations themselves (farmer groupings, etc.) with promotional tasks vis-a-vis their membership.

The latter will be discussed here, promoting agencies in section VI.

When rural organisations fall short of expectations, lack of education and training or negative attitudes among the membership and/or leadership are reasons often advanced to account for their comparative failure. Close analysis, however, frequently reveals that the principal cause of poor performance is the inappropriateness of the organisations conceived, promoted and sometimes imposed by change agencies. Until the early 1970s this viewpoint was relatively ignored in international and national discussion. Gradually the appropriate-

ness of organisational form has gained recognition as a legitimate issue for international (rather than national!) debate (see among other publications, the provocative UNRISD studies *UNRISD 1969-75*, "Two Blades of Grass", *Worsley 1971*, "Co-operatives and Rural Development in East Africa" *Widstrand 1970*, "Popular Participation in Social Change" *Nash, Dandler, Hopkins 1976*). But because it questions the quality of leadership exercised in national promoting agencies and in supporting international organisations, it is still not a popular position to defend.

Given differences in economic and social setting, for rural organisations to be appropriate they too must vary: in structure, juridical status, composition of membership, objectives and modes of operation. Attempts to take all these factors into account will lead, naturally, to the adoption of different forms of organisation. The optimal form in a specific situation can best be determined by all the participants concerned—promoters as well as (prospective) members. No form should be rejected for reasons of sheer administrative convenience or because one particular model of organisation is allegedly superior to others.

In discussing various possible orientations for policies designed to build up

an institutional framework for participation, it might be helpful to distinguish rural organisational forms according to the following criteria:

1. Informal groups as distinct from formally established organisations;
2. Groups/organisations restricted to pursuing economic objectives as distinct from those pursuing social, educational or cultural objectives as well;
3. Groups based on traditional concepts of organisation as distinct from those opting for "modern" forms;
4. Organisations set up as service organisations for members as distinct from groups for common production.

1. *Informal groups vs. formal organisations*

Informal organisations of limited size set up with the mutual consent of group members lend themselves particularly well to organisation on a participatory, self-help basis. Members may unite around such technically simple activities as common storage, shared use of draught animals and equipment, improvement of irrigation systems, common transport of water and firewood, etc. The ILO Director General, in his report *A basic needs strategy for Africa* (1977), wrote: "The trend towards more informal associations may become more widespread as such groupings meet the needs of poorer people whose capacity for managing formal associations is still inadequate."

Quite soon, however, sometimes from its very start, a self-help group may need a formal status that permits it to act on its own as a legal entity for the purpose of making purchases, selling crops, de-

positing savings or contracting loans. In several countries, therefore, provision has been made for the registration of co-operative groupings which have not yet drafted statutes; such registration of pre-cooperatives occurs with the understanding that after an initial trial-and-error period they will be transformed into regular, fully-fledged co-operatives. In other instances, it may be more suitable for small mutual-aid groups to remain informal, or else to associate themselves with other groups in a single formal organisation which renders services to them all in common.

Formalisation carries with it the danger of diminished flexibility and autonomy. It increases the chance of undue interference by politicians or government officials eager to use the local organisation for their own purposes (Morss 1976). For similar reasons, well-established primary groups might be reluctant to formalise collaboration among themselves preferring not to unite in a secondary organisation (e.g. co-operative unions). Over the past seven years an impressive growth of village co-operative groups has taken place in the Ivory Coast; co-operative leaders have consistently rejected proposals to proceed to the formation of secondary organisations at district or provincial level, however, because of their fear that this step would encourage "outsiders"—influential persons with distinct political bias or bureaucratic interests—to attempt a take-over*.

2. *The combination of economic and non-economic objectives within one organisation*

Some groups/organisations may wish

*Author's personal observation.

to include in their range of functions the satisfaction of the social, educational and cultural needs of members and their families. The formation of separate organisations for separate purposes may well be wasteful. It is possible for a religious organisation, to cite one example, to provide a sound basis for a savings and credit society (Credit Union), or for a co-operative group of farmers, to cite another, to offer an appropriate setting for a functional literacy programme. Similarly, the local section of a plantation workers' trade union may well prove to be a good starting point for the formation of a co-operative savings and housing society or a consumer co-operative, etc.

As a general principle we might even venture to say that the intertwining of different kinds of objectives and activities within one and the same organisation should not be feared but encouraged in all cases where such combination can provide strong individual or collective incentives for both participation and development. Should it matter whether the orderly classification of rural institutions into well-defined categories thus becomes more difficult, if not impossible, as long as multiple-goal organisations can demonstrate that they have an incremental development value?

Community development and *animation rurale* approaches are criticised, among other reasons, for being one-sided in their emphasis on the social aspects of development while failing to create the economic conditions necessary to generate sufficient wealth to finance such projects. In keeping with a similar line of argument, co-operatives as "business organisations" are reproached for their neglect of social and cultural aspects

of development while pursuing with a purely commercial orientation the satisfaction of individual needs.

If we construe rural development to involve the satisfaction of both individual and collective, material as well as non-material, needs then we should reject interference "from above" in stipulating what goals are permissible for self-help groups. The nature of those institutions which come in direct contact with rural populations too often reflects the division of executive responsibility at national level (ministries) and/or the professional bias of rural development workers. Appropriate institutions, whether multi-functional or highly specialised, are given too little chance to emerge.

3. *Traditional vs. "modern" principles of organisation*

Institutions based on traditional, indigenous forms of collective organisation are sometimes advocated as the most appropriate ones for involving the entire population in a balanced process of social and economic development. Indeed, in West Africa village organisations well-rooted in tradition have proven effective in mobilising participation for development purposes, provided that villagers are given enough scope for self-organisation and not overloaded with set development tasks by promoting agencies.* Elsewhere, the record of organisations deriving their principles of organisation from tradition has for several reasons been less positive. In some cases these organisations were assigned development tasks far beyond their managerial capacities.

*Liberia (Seibel and Massing and Hyden, p. 14) and Ivory Coast (personal observation).

Furthermore, no positive results can realistically be expected where an organisation is obliged to implement a scheme which is neither liked nor well understood by leaders and followers alike. Traditional leaders who must shoulder responsibility for supervising and guiding the implementation of unpopular measures (e.g. the purchase of cash crops from farmers at a price far below real market value) find themselves in a most embarrassing position.

When consequently such organisations fail to elicit much enthusiasm from the population, there is no reason for us to generalise and to discount local organisations rooted in tradition as ill-suited for development purposes.

It should also be realised, however, that a traditional organisational structure does not invariably guarantee the equitable distribution of benefits, nor does it necessarily safeguard members from exploitation at the hands of traditional leadership. Research indicates that traditional-based co-operative forms of organisation are most likely to prove effective development instruments in those places where the social structure within which such organisations emerge is "egalitarian and merit-orientated" (Hyden 1978, p. 14). Where a non-egalitarian social structure prevails, however, new bonds of solidarity have to be encouraged, leading to the formation of class-based organisations as opposed to community-based ones. Tradition is by no means always an asset for development-orientated group action (Worsley 1971, pp. 22-23). Where certain groups have a vested interest in maintaining the *status quo* because for generations the stratification of society has been to their

economic advantage, "tradition" may prove an obstacle to developmental change.

4. *Service organisations vs. organisations for common production*

Service organisations are set up to render services to individual producers or consumers without necessarily interfering with the autonomy of the production or consumer unit, i.e. the farm unit or household. Once such an organisation assumes a role of any importance, the need arises for professional or para-professional management. Professionalisation tends to make the organisation less accessible to those who use its services. The history of marketing co-operatives in all countries, for example, demonstrates how service co-operatives "are particularly vulnerable to concentration of power to those in management", persons who are rarely producers themselves (Nash & Hopkins 1976b, p.11; see also Galjat 1976).

A decentralised structure and the maintenance of operating units at village level are of fundamental importance for participation in a multi-tier service complex. If for efficiency reasons local operating sections cannot be maintained, the only means left to combat inordinate domination by management are genuine democratic procedures for electing representatives, special training programmes for elected leaders and a sound, selective information service for members.

By way of contrast, groups for collective production are organisations in which members actually work together. There is daily face-to-face contact among members. Such groups tend to remain

small and are therefore more conducive to full, active participation. One should remember, however, that in a modern economy, collective production groups are liable to need service organisations just as badly as individual producers do. Therefore, to enable service organisations to function in the interests of primary producers, whether collective or individual, producers themselves must be allowed to participate at all levels of organisation. This raises the question of how para-statal and similar service organisations tending towards autocratic forms of administration and management (see Section II) can be democratised and gradually brought under the control of those who depend on their services.

Discussion of the relative merits of individual versus collective production is often dominated by ideological considerations. All too easily one loses sight of the large middle group between these two extremes: production in which farm operations and systems can be integrated to a varying extent (Worsley 1971). Indeed, if we conceive of the fully independent, family-owned farm unit and the farm collective as the two poles of a continuum, then at different points along the line we can imagine a multitude of possible organisational forms within each of which essential economic functions (i.e. marketing, supply of inputs, credit, production planning and production itself) can be co-ordinated, integrated or merged to a different degree.

Experience has shown that the small farmer is served best by an integrated package of services combining marketing, supply, extension, etc. with special emphasis on assistance in production planning and farm budgeting (Newiger

1978). In addition, for economies of scale to come within their reach, small farmers will have to co-ordinate their individual production plans. The above considerations point to the need for multi-functional service organisations, frequently referred to as "multi-purpose co-operatives"; the services provided by such organisations should ideally include assisting groups of small farmers to draft joint production plans. With such a multi-purpose "production-oriented" service structure, farm systems and production arrangements would more closely approximate to the pole of collective production without necessarily ever reaching that extreme.

In moving towards greater integration of production, voluntary participation is essential: the counter-productive effects of any collective arrangement not wholeheartedly supported by the individuals concerned are well known.

* * * *

From the above discussion of different types of associative enterprise, we may conclude that the scope for feasible people's participation in decision-making, in execution of operations and in control will depend on the form of the organisation, the nature of the enterprise and the scale of operations. Judgement concerning a feasible level of participation, however, should not be left exclusively to the technocrats of social engineering. Surely this is an issue suitable for consideration, discussion and decision-making by members of local organisations themselves.

V. Some implications for national macro-policies

The choice of people's participation in development requires a certain political and ideological commitment the importance of which should not be minimised. Participation as a development strategy fits well into a political structure and ideology wishing to avoid the extremes of totalitarian direction and control emanating from state or party organs on the one hand, and on the other, an exploitative "free enterprise" order that favours individualism and social disintegration. If we define *political development* as the development of "institutionalised channels for effective participation" (Ollawa 1977, p. 404), and *political growth* as the growing "penetration" by government-controlled institutions into society, then advocacy of participation means preferring political development to political growth. Furthermore, acceptance of a strategy of participation entails that priority be accorded to economic development rather than to economic growth, where *economic development* is defined as the mobilisation of national productive resources and the improvement of allocation structures to satisfy the basic material needs of the total population, and *economic growth* as increase in GNP or product or income per capita (Ollawa 1977).

The choice between development and growth is not an easy one. A "basic

needs" focus necessitates that a greater part of national resources in terms of money and manpower be directed to programmes which seek to develop the productive capacity of the underprivileged. Simultaneously, an institutional framework has to be built up which assures participation by the disadvantaged sections of the population and equitable distribution of benefits. Since resources are limited and assistance to marginal sections of the population is relatively costly (Hyden 1978; Lele 1977), such orientation can negatively affect economic growth. Additionally, the production of export crops might have to give way to the production of food crops, thereby exacerbating balance of payment problems.

Finally, it should also be recognised that people's participation may easily clash with centralised planning: "... too much centralised planning is the anti-thesis of participation" (Nash & Hopkins 1976b, p. 22). Centralised planning in the wake of Independence has become fashionable in many developing countries. Here implementation of a participation strategy would require the remodelling of organisational links and procedures between the development administration and the rural population, and a re-definition of the development functions of change agencies.

VI. Major features of an effective development agency for promoting local rural organisations

The most decisive factor for securing meaningful participation by target groups is the care with which the process of organisation-building is monitored at

local level by the promoting agencies.*

*In technical assistance programmes these institutions often act as "counterpart organisation(s)".

National promotion and regulation structures for rural organisations are usually rather complex and encompass a series of bodies with different promotional tasks; they may consist of a combination of a specialised Ministry or specialised departments within several ministries, semi-autonomous governmental agencies, agricultural banks, various sorts of training and education centres, church organisations, trade unions, co-operative apex organisations and even political parties. All these bodies may have been assigned, or have assumed, development tasks in keeping with the plausible premise that people in rural areas need support and guidance in building up their organisations. Co-ordination between such diverse institutions will, however, generally be poor; conflicts about competence or what course of action to follow as well as disputes about areas suitable for combined effort are quite common. Admittedly, inter-organisational friction cannot always be avoided.

The problem is compounded by technical assistance which national institutions receive from international or bilateral governmental or non-governmental foreign aid agencies. The development strategies such donor agencies advocate may also differ, and these strategies may make themselves felt in the policies adopted by national institutions.

In spite of the considerable number of studies already undertaken, it seems to me that the development scientists have not yet offered us satisfactory guidelines for building up structures to achieve the effective promotion of people's participation in developing countries. On the basis of personal experience, I have

tried below to single out some broad lines of thought relevant to this aspect.

People's participation cannot be effectively promoted by governmental, non-governmental or political organisations which are themselves inimical to participation. The promotion strategy of any agency inevitably embodies the main features of the organisational principles which govern its own functioning. When participation is non-existent within their own organisations, development workers in the field cannot be expected to display much aptitude and enthusiasm themselves for a participatory approach. Agencies characterised by autocratic structures of command, by one-way communication between higher and lower staff, are ill-suited for the promotion of grassroots participation. Government services usually fall into this category. Indeed, the disappointing performance of rural organisations, particularly in achieving participation, can be attributed above all to rigid and inconsistent policies pursued by the government agencies in charge of promoting them. Poor performance to date has reinforced the view held in non-governmental circles that government-dominated organisations should not be involved in promotional activities at all, but should be restricted to global planning and to overall supervision and co-ordination of development activities. The problem is that whereas massive participation cannot be expected to be realised on a nation-wide scale without energetic government support, too much governmental involvement leads to authoritarian rather than to participatory development approaches.

One way out of this apparent dilemma might be to assign development tasks, as

distinct from registration and supervision tasks, to separate agencies with either semi-governmental or non-governmental status. Whatever their official status, their autonomy must be sufficient to safeguard them from being encumbered by the normal rules and procedures prevailing in government bureaucracies and to provide them with a framework which permits participatory decision-making by all staff. All persons employed in such agencies should see it as their first task to induce people's participation.

In many developing countries, indeed, such agencies have been set up to promote group formation among the rural population. They cover, generally, a wide spectrum of productive and social activities; they take a special interest in participation and in education; and they enjoy considerably more organisational autonomy than any ordinary government institution.*

These agencies may differ widely in their legal status, in the formal and informal links which they maintain with the official development administration in their country, in the value systems which they advocate, in their organisational and financial structure and in other fundamental respects. Moreover, it is evident that the relations between various aspects of their structure, their strategies and their effectiveness in reaching and involving marginal groups,

*Throughout the world such agencies are known by various names: as Co-operative Development Centres (Moore, 1978), supported by the ILO; as Rural Promotion Centres, e.g. *Office de Promotion Rurale* in the Ivory Coast; as the Organisation of the Rural Poor in India, a body with trade union support; as the Bangladesh Rural Advancement Committee (BRAC); or even as a "movement", e.g. the Commilla Movement in Bangladesh or Sarvodaya in Sri Lanka.

have yet to be studied satisfactorily. There are, however, in any event, strong indications that such special promotional agencies are more successful at inducing people's participation than ordinary government bureaucracies—despite the shortcomings and errors from which these special agencies, too, are anything but immune.

What has the history of promotional practices with regard to people's participation taught us to date? Perhaps we may be permitted here to formulate broad guidelines concerning recommended policy for rural promoting agencies:

Guideline 1: The destiny of such agencies should be their eventual transformation into service organisations belonging to the primary groups which they once assisted to build up. Thus promoting agencies should be self-transforming and not—as sometimes, unrealistically, co-operative departments or bureaucracies established under technical assistance projects are assumed to be—self-liquidating.

Guideline 2: The educational policy of such agencies should differ fundamentally from the classical "curative approach" (See III.11). Its leading aim should be the development of an information delivery system capable of helping potential or active participants to identify new avenues to economic and social progress through common action and organisation. Furthermore, methods and techniques should be developed which ensure that information is equally accessible to all.

Guideline 3: Field officers should be given a position in the organisation's hierarchy and enjoy a status commensurate

surate with their fundamental importance to rural development.

- (a) The training of field officers, partly pre- and partly in-service, should above all furnish them with the skills and attitudes necessary for them to communicate with the people in rural areas whose participation in local organisations they wish to stimulate.
- (b) Seen as front-line development workers, field officers cannot promote participation persuasively if they themselves are mere pawns of "top level" decisions within the

employing agency. Field officers, to be truly effective in their job, should have a say in the decision-making process within their own organisations.

- (c) Because of their immersion in and familiarity with local circumstances, field officers must be viewed as the most precious asset of any development agency for promoting rural participation. Their work, however, is fraught with frustration. They require not only control, but active encouragement as well as technical and psychological support, from the employing agency.

VII. Summary and concluding remarks

Promotion of the participation of rural populations in the development of their own home areas requires the encouragement of local group-formation and group action (I). In developing countries, even though many extant local organisations may be endowed, formally, with statutes incorporating participatory ideals (e.g. co-operatives), in practice few such organisations manage to avoid subservience to powerful development organisations such as parastatal corporations or national ministries (II). Any development agency, governmental or non-governmental, intent on stimulating genuine participation at the base and ongoing self-help group action must pursue appropriate strategy measures (III). In a given situation one form of organisation—and of technology—may be more suitable and effective than another. No one model deserves universal application. Rather a variety of rural organisations, any one of

which can in certain conditions perform well, is likely to emerge in the course of the participatory process: such local organisations may be informal or formal, primarily economic in orientation or more broadly developmental in outlook, based on tradition or new forms of solidarity, designed to encourage common production or to render services to individual producers (IV). Promotion of popular participation as part of a national development strategy naturally entails implications for macro-policies (V). National agencies entrusted with the realisation of widespread participation will only be able to achieve significant results if they enjoy considerable financial and operational autonomy; their field officers need freedom from the usual pattern of constraints prevailing in government bureaucracies (VI).

Within the scope of these pages it has not been possible to discuss the details of

structure and modes of operation needed for the successful national promotion of people's participation.* From the broad policy lines sketched above, however, it should be apparent that the strategy of participation has no cheap and quick solution to offer to the intricate problems of rural development. In fact, the institutional framework that such a strategy

requires can only be built up in phases and represents a considerable investment in time, manpower and money.

What I hope to have made clear is that where participation appears to be delivering disappointing results, we should no longer be so quick to blame the apathy or lack of understanding of the local rural population; instead, first and foremost, we should examine the adequacy of the promotion policies and strategies pursued.

*For an attempt which goes a fair way in this direction, at least in relation to co-operative development, see Odede & Verhagen (1976).

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Nineteenth Century Co-operators as Pioneers of Education— The Lancashire Experience

by
Nigel Todd

Nigel Todd, Member Education Officer, North Eastern Co-operative Society (UK), based this article partly on research conducted with the assistance of the British Social Science Research Council. The author also acknowledges help received from the staff of the Co-operative Union library at Manchester.

The contribution made by the consumer Co-operative Movement during the formative years of British popular education is often neglected. An odd paragraph or footnote in the published histories of education tends to represent the sum total of attention paid to the educational services that were once provided by local retail co-operative societies.¹ Yet throughout much of the 19th century co-operators championed education in a very positive way: they not only pressed the state authorities for new or greater public educational facilities, they offered an education network of their own. At this time the Co-ops were by no means unique among voluntary

organisations in establishing educational activities, of course, but the details and extent of their provision is generally underestimated.

In Lancashire (the “cradle of Co-operation”) co-operative education was particularly well-developed—a third of the national total of co-operative societies devoting funds to education in 1871-72, for example, were located in the county. A study of the educational work of the early Lancashire co-operators is particularly important, not just because of the scale of the co-operative provision in that region, but also because Lancashire became the model for others to follow. Co-operators in Lancashire had to pioneer an experience on which other British Co-ops could build, and as they were dealing with a community in which social and public services were underdeveloped the Lancashire experience eventually took on worldwide interest and relevance.

¹This lack of attention is now being challenged as a result of new interest in co-operatives in Britain: for recent work on the history of Co-operative education see—John Attfield, “The Educational Work of the Royal Arsenal Co-operative Society, 1918-40” in History of Education Society, *Informal Agencies of Education* (Conference papers—December 1977)

It is probable that co-operators in Lancashire derived their commitment to education from two principal sources. Firstly, Owenism had been strongly entrenched in the county and where Owenites had opened stores—at Warrington and Salford in 1831, for example—or established communities (as at Birkacre, near Chorley, in 1832) schools and classes were attached. Education and Co-operation were seen by the Owenites as inextricably intertwined, and consequently this concept was integrated into the approach adopted by the famous Rochdale Pioneers, who were largely responsible for providing the modern Co-operative Movement with its initial impetus in 1844.

But Owenism was not the only influence on the thinking of those Lancashire co-operators who set up Co-ops from the 1840s onwards. Lancashire also had a rich seam of voluntary, self-help educational endeavour. This background certainly blended with co-operative ideas and many local Co-op pioneers had been associated with a variety of these other educational movements—mechanics' institutes, mutual improvement societies, voluntary libraries and so on. These connections, though, did not necessarily imply the abandonment by co-operators of the Owenite belief in education as a means of achieving social change. The men who initiated co-operative educational work at Lancaster after 1863, for instance, had been involved with a local "Mutual Improvement and Recreational Society" formed by a noted radical, Henry Solly. Solly's followers had split from the town's mechanics' institute in 1860, and had formed their own mutual improvement (i.e. self-education) society, when the institute's

managers had refused to allow workingmen half the seats on the governing committee. Several of the supporters of Solly's Society also turned their attention to creating a small library attached to a Lancaster silk mill, a centre of political radicalism.

It was in this milieu that the co-operators of Rochdale built an educational function into their co-operative society. They formed the nucleus of an education department in 1849, and newsrooms and a library of about 1000 books had been opened by 1856. 2½ per cent of the Rochdale Co-op's net trading profits were devoted to education after 1853 and the first full-time education secretary was appointed in 1862. One of the original pioneers, J. Smithies, recalled in 1867 that the Rochdale Society had intended allocating one-tenth of its net profits towards a school for the children of Co-op members. This, in form at least, was an Owenite idea but, as it happened, the proposal was declared illegal and abandoned. But Rochdale, at any rate, provided the model of financial support and organisation for co-operative education elsewhere. Not all societies offered education—many held to a "narrow" role of democratic shopkeeping and dividend distribution—but in Lancashire the proportion of societies with budgets for education tended to increase during the late nineteenth century until, by 1902, about half (102 out of 218 societies) were regularly spending money on education.

Each local co-operative society was responsible for education in its own area. Societies tended to follow the Rochdale method of funding their educational work, but in some cases money was raised by members' subscriptions, grants from Co-op boards of management,

profits on social events or by loans. The percentage of net profits set aside for education did vary from one society to another, although it was usually between $1\frac{1}{4}$ per cent and $2\frac{1}{2}$ per cent (occasionally rising to 4 per cent). Amounts raised under the percentage system also differed from society to society. At Bolton, in 1892, a $2\frac{1}{2}$ per cent grant brought £1,852 for education—but at Lancaster the same percentage raised only £289. The Eccles Society—which spent over £5,000 a year on education by 1902—came to be Lancashire's "big spender" in co-operative education, while Bolton's comparable education grant of over £3,000 gave that Society second place. Internal organisation of educational administration also varied. However the usual pattern was for an education committee to be elected for a fixed period at meetings of society members.

The first services offered by Co-ops—newsrooms, libraries and occasional lectures—emerged in the 1850s, and classes in technical and general subjects were clearly evident by the 1870s and 1880s. During the following decade the Women's Co-operative Guild became an important addition to co-operative educational organisation; classes in general subjects began to be replaced or supplemented by classes on co-operative topics; and a vigorous co-operative press achieved a wide circulation.

Free newsrooms were relatively easy to establish, and a great many social organisations were active in this field during the nineteenth century. Some co-operative societies made a distinctive contribution by opening large numbers of newsrooms in their communities. This was achieved by basing newsrooms on Co-op branch stores. The Oldham Indus-

trial Society, which opened its first newsroom in 1866, had 19 branch newsrooms by 1894; Bury Society had 20 by 1905 and Eccles Society had 12 by 1907. According to Co-operative Union statistics there were 206 co-operative newsrooms in the North West of England by 1900. A very wide range of daily and weekly newspapers, magazines and journals were available in co-operative newsrooms. Indeed John Bright, a prominent English Radical politician, noted in 1862 that the Rochdale Society's selection of periodicals was "better and more extensive than that provided by the (London) Athenaeum Club".

Co-operative libraries began when the free public library system was in its infancy. Consequently, some Co-op libraries rapidly became significant local institutions. Again a wide variety of subjects were stocked, although the choice of books could cause lively controversies among a society's members (members with religious affiliations mounted a furious opposition to the purchase of scientific books by Lancaster Society's library in 1868, for example). The Co-op libraries made a major impact. Several biographies of workingmen have revealed the importance of a Co-op library to personal development. The Labour Party and trade union leader, J. R. Clynes, recalled (*Memoirs 1869-1924, London, 1937*) that as a young cotton-piecer in the 1880s, "books of my own were rare luxuries. Most of my reading was done in the Oldham Equitable Co-operative Society's library . . . reading Shakespeare, Ruskin and Dickens, or whatever else I could get hold of."

Similarly James Haslem, the author of several histories of Co-op societies, noted in his history of *Eccles Provident and*

Industrial Society Ltd., (Manchester, 1907) that

“Many of us . . . must remember the day when the attractive worlds of science, or art, or music, or literature, or history might have been as dead to us had it not been for the classes, lectures and libraries of the Co-operative Society.”

The co-operative libraries were popular and were among “the main agencies of book provision in the urban areas.”²

Public lectures were arranged by many co-operative societies in Lancashire, and on a systematic and regular basis from the late 1880s. Co-operators tended to work closely with the University Extension Movement and, interestingly, the Co-operative Movement seems to have exercised a democratic influence on the work of the UEM. Discussion sessions were included in the UEM’s lecture format for the first time, following requests from Rochdale Co-operators, in 1868.

Classwork was at the root of co-operative education by the 1890s, although the Rochdale Society appears to have set up classes as early as the 1850s. Other societies had gradually followed suit and classes in foreign languages, scientific and technical subjects were well-supported. The passing of the Technical Instruction Act in 1889, however, gave local authorities an opportunity to take over a large slice of this area of education, which in part had been pioneered by the Co-ops. Co-operators then re-examined their activities and, guided by the report of the Co-operative Union’s Acland Committee of 1887, co-operative edu-

cation committees began to place an emphasis on classes in co-operative principles and book-keeping, industrial history and citizenship. There was also an effort to aim some of this class-work—especially on co-operative history and principles—at children. A number of societies set up classes for children after 1900.

A further fascinating extension of co-operative classwork in Lancashire also took place shortly after the turn of the century, with the foundation of “continuation schools”. These were evening classes provided for young people who had left school but who were still too young to enrol at local authority technical colleges. St. Helens Society operated “continuation schools” during the late-1890s and had several hundred students by 1905. There were also co-operative “continuation schools” at Leigh, Oldham, Rochdale and Preston. The Preston Society’s schools attracted over 2000 students at each session between 1902-04. Having proved the existence of a demand for technical education among young adults of 14-16 years of age, the Co-ops gradually allowed the local authorities to take over the provision. The co-operatives had been just about the only working-class organisation to organise technical education, and significantly the Co-op schools were apparently more popular than their state successors.³

In addition to providing formal educational services, co-operators initiated considerable educational work among working-class women through the formation of the Women’s Co-operative

³See: A. Mansbridge, “Working Men and Continuation Schools” in M. E. Sadler (ed.) *Continuation Schools in England and Elsewhere* (Manchester, 1907).

²T. Kelly, *History of Public Libraries in Great Britain 1845-1965* (London 1973) page 130.

Guild. The WCG was launched on a national basis in 1883. Local branches were formed at Rochdale in 1883 and at Bolton in 1886, but it was not until the 1890s that the Guild put down firm roots in Lancashire. The WCG attracted a large membership and undertook substantial educational work among its members, with help from local co-operative education committees. Through the Guild working-class women were able to discuss health care, social reform, women's suffrage, cookery, art and a great many other subjects. The Guild also provided a means for women to exert a greater influence on the male-dominated Co-ops.

Supplementing all of these activities was a lively co-operative press. A journal entitled *The Co-operator* had been circulated in the 1860s but this was replaced by the weekly *Co-operative News*, founded as the principal voice of the Co-operative Movement in 1871. Many societies distributed the *News* and, increasingly throughout the late-nineteenth century, published their own local monthly journals as well.

The Bolton *Co-operative Record* was probably one of the first of the local ventures which, after its foundation in 1889, quickly established a circulation of 1000 copies a month, increasing to 15,000 a month by 1905. The Ashton *Co-operator*, the Preston *Co-operative Record*, (cir. 8000 a month), and the Lancaster *Co-operative Record* were founded in 1890. The Failsworth *Co-operative Messenger* was started in 1891 and had a circulation of 55,000 a month by 1909. In fact, by 1900 there were a host of local co-operative journals, including the Oldham Industrial's *Record*, the Bury *Quarterly Review*, the Chorley *Record*,

the Manchester and Salford Society's *Herald*, the Roe Green *Record*, the Radcliffe *Review*, and the Pendleton *Record*. Most of these publications were distributed free of charge to members. The journals were well-produced, carried a high standard of articles and reports on Co-operation, and must have made a major contribution to member solidarity, loyalty and consciousness in the Lancashire Co-operative Movement.

The educational work of the Lancashire Co-operators established guidelines for co-operatives in other parts of Britain, and perhaps in other parts of the world as well. However, there has never been complete support for co-operative educational work, and even in Lancashire co-operative educators had to face persistent opposition from other co-operators. There were always those who took a limited view of Co-ops as simply shops, and who resented the distribution of surpluses in any form other than by the cash dividend. As a result it took three attempts before the Failsworth Society was committed to opening a library. There was a bid to abolish the Blackpool Society's education committee in 1894, and although this was unsuccessful there was a further attempt in 1903. This kind of outright opposition to educational work was mounted on occasion, but differences of opinion over the scale of the co-operative financial commitment to education went on all the time. At Bury, the local society's members voted to prevent the appointment of a full-time librarian in 1865. Fifty members of the Bolton Society signed a petition, in 1884, to call a special general meeting to reduce the Society's education grant; the proposal was defeated at the meeting. Ten years later, members of the Oldham

Industrial Society abolished most of their evening classes, despite opposition from the Society's education committee. Skirmishes such as these occurred in a large number of Lancashire societies, including Rochdale, and illustrated the uneasy tension between economic and educational aims that is still apparent in sections of the Co-operative Movement.

On the other hand, the commitment to education was very strong among the Lancashire co-operators. Although the nature and type of co-operative educational services changed over time—libraries, newsrooms, and a range of classes tended to be transferred to local authorities, thereby providing a nucleus of demand, provision and materials for

the state education service—the Lancashire Co-ops have maintained their educational commitment to the present day. Education in Britain owes a debt to the work of the Co-operative Movement in laying sound foundations for later development. For in those early years, as Albert Mansbridge, a pioneer of British adult education observed:

“co-operative societies stood revealed as the only working-class organisation which adopted a persistent education policy.”⁴

⁴A. Mansbridge, “A Survey of Working-Class Educational Movements in England and Scotland” in *CWS Annual 1906* (Manchester 1906), page 294.

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Low Cost Co-operative Housing in Lesotho*

by
Walter J. Campbell
and
Eduardo Galindo

Because it captures much of the spirit of the man and of the job and of the chemistry of technical assistance, we have lifted from the writings of Eduardo Galindo these two paragraphs which highlight his work in Lesotho:

My modest success, if one may call it that after a proper evaluation, has not been because of my skills but rather because of my human background as a Mexican belonging to the Third World. After working with my own people, under hunger and humiliation, I have learned the lesson. When you work with people the first thing to do is to try to understand them. 'Communication is the key.' 'Sharing your heart is the tool.' 'Pushing gently is the strategy.'

My type of work is a very complicated one. You have to deal with a range of different social strata from the poorest to the richest and from a family to even the President of a nation; and in this case the King and the Prime Minister, the Ministers, Permanent Secretaries, suppliers, contractors, engineers, lawyers, auditors, architects, accountants, etc. You have to play the role of a politician without being one. But it's a beautiful experience, I would not change for anything.

Background

The Kingdom of Lesotho is a constitutional monarchy surrounded by the Republic of South Africa. The entire country is at a high altitude with the "lowlands" varying between 5,000 to 6,000 feet above sea level. This is the main agricultural zone. The rest of the country is highlands that rise to 11,000 feet.

Lesotho won its independence in

*This edited extract is published by kind permission of the United Nations Capital Development Fund, for whom the Report was prepared in June 1979.

October of 1966 and is governed by an executive department including the Prime Minister and his Cabinet. A National Assembly carries legislative powers and a Court of Appeal and subordinate courts comprise the judiciary.

The principal industry is agriculture with production of corn, wheat and sorghum, beans and potatoes. Industry is limited principally to carpets, woollen articles, candles, pottery and jewellery with major exports of wool, mohair, cattle and diamonds.

The population of 1.2 million people in 1976 is made up of about 85 per cent Sotho and 15 per cent Nguni or Bathetu; less than 1 per cent of the population is white. English is the official language with Sesotho as a second official language.

A shortage of adequate shelter and an increasing population with an annual growth rate of 2.2 per cent have precipitated a housing crisis.

Against this background the Government of Lesotho (GOL) invited the UN Development Programme (UNDP) and the UN Capital Development Fund (CDF) to provide a feasibility study and undertake a programme of low-cost housing in Lesotho.

The feasibility study was carried out by the International Co-operative Housing Development Association (ICHDA)

in the persons of Lloyd Morris and Eduardo Galindo. This feasibility study was the basis for a grant of capital from the CDF of \$845,000 with a parallel grant from the UNDP for the technical assistance to aid the Government of Lesotho in implementing a pilot low-cost housing project. The programme began in early 1975 with the arrival of Eduardo Galindo, the ICHDA Housing Advisor. Galindo is a citizen of Mexico; an architect who had a background of co-operative housing in his country and had served with the Foundation for Co-operative Housing in the United States before undertaking the present assignment. His first assignments were to create a technical service organisation (TSO) and a pilot co-operative housing project in co-operation with the various departments and divisions concerned with low-cost housing.

The Service Organisation—LEHCO-OP

The *Lower Income Housing Company (Pty.) Limited*, commonly known as LEHCO-OP, was formed with representatives of the National Development Corporation (NDC) and the Ministries of Commerce and Industry, Education, Co-operatives and Planning represented on the Board of the TSO. LEHCO-OP is a non-profit organisation which has skills and technical know-how as well as experience in the promotion, organisation and administration of co-operative housing programmes. The functions of a technical service organisation normally include site selection, land acquisition, fiscal planning and design, general contracting and construction, site planning, construction inspection and control,

legal services, promotion of savings programmes among the members, education, training and organisation. The TSO is a parastatal organisation with the principal board members appointed by the Ministries of Government; the Chairman is the Minister of Education, the Honourable A. S. Mohale.

The incorporation of the TSO was handled by the Ministry of Planning, but for purposes of convenience the shares of stock in the company were assigned by the General Council of the Lesotho National Development Corporation to two individuals, the ICHDA project advisor and an official of the Central Planning Agency. This allocation of shares has, unfortunately, led to con-

tinuing confusion and a local investigation. The confusion was settled when it was agreed that the shares should be reassigned to the Minister and Permanent Secretary of the Ministry of Commerce and Industry.

Throughout its history the TSO has had the advice and support of the Resident Representative of the UNDP and strong advice and counsel from that office.

LEHCO-OP has become a continuing technical service organisation which assumed responsibility for the construction of 190 homes in the pilot project and is now working with the Government and with the World Bank and the Government of Canada on a substantial extension of the programme.

The Mohalalitoe Co-operative—the pilot project

Almost in parallel with the founding of LEHCO-OP was the formation of the Mohalalitoe Co-operative Housing Society as the pilot project in Maseru. The lessons learned in the creation and continuing operation of the co-operative are described in some detail later in this report.

Programme Objectives

The specific programme objectives that guide LEHCO-OP are as follows:

- (a) To establish housing co-operatives for lower income families in Lesotho. Within this overall goal the programme establishes certain limits and guidelines approved by the donors: the Government of Lesotho and CDF.
 - (i) Establishing a revolving fund which lends the co-operative money to be used in construction.

- (ii) These funds to be returned in a period of time which allows the funds to be used for subsequent projects within a reasonable time span.
- (iii) The establishment of an interest rate high enough so that the funds will not be dissipated by inflation.
- (iv) The selection and training of a management staff in the TSO to ensure professional administration.

(b) To assist other enterprises of a parallel nature which will help the Lesotho economy and furnish employment opportunities.

(c) On-the-job training of local personnel to upgrade their skills; and finally the TSO undertakes an ongoing programme of co-operative education and orientation.

Terms of Reference

The manager is the chief executive officer of the TSO with overall responsibility for programme execution and administration. These general responsibilities include (a) setting operating policies for all TSO activities in accordance with the general guidelines established by the Board of Directors within the terms of the project agreement; (b) recruitment, training and direction of TSO personnel; (c) the overall budgetary control of funds of the TSO or monies held in trust by it; and (d) liaison with UNDP, CDF and the Government of Lesotho concerning provisions of agreed programme implementation, programme progress and adjustment of implementation plans.

The manager of the TSO must have substantial experience in self-help co-

operative organisation and housing finance, housing design or construction and TSO administration.

A principal objective of this technical assistance endeavour was the preparation and promotion of local personnel during the early years of actual project operation. The ICHDA advisor served as project manager while selecting and training a local deputy manager. At the end of a training period, which ended January 1, 1978, the ICHDA advisor stepped down as manager and turned over responsibility to his deputy, Mr. Vincent Makhele, who now serves as chief executive officer.

In many countries a TSO is the co-operative apex organisation representing all co-operative housing societies in the country, but in Lesotho it was not possible to register it as such mainly because of donors' demands and also because there was already a registered co-operative housing federation.

The Board of Directors—Policy

The Board of Directors sets policy and meets only when policy issues are involved. An Executive Committee meets regularly to interpret the Board's policies with a view to helping management to implement them. The Committee is made up of those people from housing and related Ministries who are willing to devote a substantial amount of their time to attending meetings that help solve problems. Normally these people are not permanent secretaries or managers which means that they can afford to attend meetings more regularly.

Management—the Operations Level

At the operations level the management is composed of the Managing

Director and his Deputy. Under their direction various departments deal with different aspects of the programme. These are:

(a) *The Administration Department:* Headed by the General Administrator, with responsibility for day-to-day personnel and administrative matters.

(b) *The Community and Social Operations Department:* Headed by a Senior Community Organiser, in charge of the sales programme, education and training of co-operative members before, during and after construction; production of a newsletter for the members, etc. This department must always have a strong co-operative background and social leadership.

(c) *The Finance Department:* Headed by the Controller, has custody of all company and co-operative funds keeping appropriate books of accounts. This department is staffed with people who have background in bookkeeping and accounting. The Finance Department purchases and issues building materials to the member families.

(d) *The Technical Service Department:* Headed by an architect, the Department is in charge of programming, scheduling, designing, construction and delivery of the completed homes.

(e) *Production Systems Department:* This department was set up in 1977 to manufacture building components and materials for the project.

The Managing Director and the Deputy Managing Director carry responsibility for all five departments. But their responsibility does not stop there. Initiation of long-range planning and the outreach of the organisation—an official responsi-

bility of the Board of Directors—often comes from the management and the implementation of those policy decisions

usually comes back to management. Board and management are necessarily a team.

Project Implementation

Land Tenure

In Lesotho, the right to use and occupy land is by leasehold; all land is owned by the nation with the King serving as trustee.

This system of land tenure may look very convenient from the outside, but if one looks at how the system is working, one can see the limitations, shortcomings and misuse. In general, land is allocated by the chiefs. Unfortunately without priorities, without a framework of proper planning, land is often given to individuals with no guidelines and controls. This practice has resulted in very low densities in the use of land for housing in all urban areas especially Maseru.

The average plot size allocated to individuals ranges from 1000 to 3000 square metres (1 metre = 3.3 feet). This trend has caused land shortage in Maseru, making it extremely difficult to obtain land for low-cost housing. It was by fortune that the site used for the Mohalalitoe Co-operative was earmarked and actually allocated to the Lesotho Housing Corporation (LHC). As the Government was committed to providing land for the project under the GOL/CDF Grant Agreement, it was easy to obtain from LHC the transfer in the name of Mohalalitoe. LHC at that time was dormant and had no plans under consideration for the use of the site.

When plans to go ahead with Phase II within CDF/GOL agreements were approved, a site adjacent to Mohalalitoe

was applied for, to accommodate the 70 houses to fulfil the agreement's limit of 270 units. An application was filed and after persistent pushing and with the backing of the Central Planning Development Office (CPDO) and the LEHCO-OP Board, the site was finally allocated a year later in the name of LEHCO-OP.

Site Work

In mid-July 1975 LEHCO-OP engaged a firm of consultant engineers to prepare the layout for the sewerage, water and road works. After they had completed the design, tenders were open for contractors, and preparations to begin with the work started in September 1975. After some delays due to rain and supply of materials the job was completed with a reasonable speed and almost on schedule. The total cost was reasonable, measured against the rate of inflation at the time of construction. Each plot cost about R750 (\$820).*

The on-site infrastructure, including street lighting and electrical reticulation, was a straightforward grant, non-repayable, from CDF to the first project as a pilot project. This task was carried out by Lesotho Electricity Corporation at a cost of R26,000 (about \$30,000).

Planning

When the ICHDA Project Director arrived in the country, one of the first

*Rand (R) = U.S. \$1.20

problems he faced was that of office accommodation, until LEHCO-OP built its own office in the middle of Mohalalitoe site. The first idea in building the office was to use it as a prototype house and also for training the labour force before starting construction of the houses. Today the office is the headquarters of the organisation giving a sense of permanency for all the employees. At the moment the office is too small to provide room for all the staff and plans are under way to expand it.

Another major problem was the difficulty of obtaining building materials.

Ninety-five per cent of building materials came from across the border in South Africa. The only available materials in Lesotho were burnt bricks, sand and crushed stone. Unfortunately the high demand for these products locally made it difficult to get them in bulk thus causing problems with schedule implementation. To solve this problem in part it was decided to build storage facilities or a supply depot. This decision soon precipitated one of the crucial decisions in the programme, namely the creation of a building supply depot now known as Production Systems.

Production Systems (PS)

As already stated, Lesotho only produces small amounts of crushed stone, sand and burnt bricks which are not sufficient to meet the internal demands. As a result, it is obliged to import from South Africa to supplement these materials.

After a thorough analysis the project management took the initiative and proposed to UNDP Maseru and the Central Planning and Development Organisation to create facilities within LEHCO-OP to produce wooden windows, door frames and concrete blocks. The idea was to provide and deliver these components, which could be locally produced, to the family members of the co-op with no delay and with savings on transport, which would have to be paid if the materials were to be transported from across the border. Apart from these savings there would be more reliability of supply. But perhaps the most important point in setting up Production Systems was the employment generation

accompanying its establishment.

Production Systems and LEHCO-OP, and most importantly the country, have benefited by the creation of this very successful enterprise.

The Outreach

In addition to this initiative of Production Systems, as an important link in the housing programme, it was possible to attract other donors. An illustration of the multiplier effect of this initiative came early in 1978. The Foundation for Co-operative Housing (FCH) and USAID, after being approached by LEHCO-OP through the Government, came to Lesotho to make a feasibility study to determine the possibility of *funding* Production Systems.

By the time the ICHDA advisor had left Lesotho, the appropriate request for assistance from AID had been prepared. FCH in consultation with USAID Maseru proposed an AID programme to support PS with technical assistance and

capital investment to upgrade the installation of PS—mainly the joinery carpentry shop and the concrete products.

Expansion and Tightening of Controls

The USAID-funded Operational Programme Grant (OPG) was initiated in February of 1978 with the arrival of the FCH resident technician. Under the terms of the OPG, FCH is providing 30 months of technical assistance and \$75,000 in capital assistance for the development and expansion of Production Systems, as the manufacturing division of LEHCO-OP.

Currently, PS employs 45 people in two distinct areas of manufacture: concrete products including bricks and blocks, and joinery products ranging from door frames and window frames to household, office and institutional furnishings. Recently PS began offering interior joinery and design services to local architects, builders and contractors. During 1978, PS sales are projected to amount to R180,000, or \$208,800. Already the outreach is in effect. Most of its sales volume will be obtained from private and public sector clients.

During the initial nine months of the resident technician's scheduled 30-month assignment the following key tasks have been accomplished:

- (a) The streamlining and updating of the PS accounting system in preparation for financial audit covering the operating period ending 31 March, 1978.
- (b) Design and installation of financial reporting systems which generate monthly budgetary control statements, and quarterly profit and loss statements.
- (c) Financial planning for financial year 1978-1979 including sales and operating

budgets, projected profit and loss statements, etc.

(d) Analysis and streamlining of PS manufacturing operations, including design and installation of manufacturing cost control system.

(e) Development of employee policies and procedures and establishment of programme of twice weekly informal discussion groups to transfer policies and procedures to employees.

(f) Design and implementation of non-formal skills training programme to assist the development of skilled Basotho joiners employed by PS.

(g) Obtaining short-term technical assistance from FCH/DC to research and develop materials for a non-formal training programme geared to LEHCO-OP and PS administrative and management staff.

(h) Implementation of staff development training programmes utilising group dynamics, participative management and experimental learning techniques. Twenty LEHCO-OP and PS staff personnel participate in weekly training sessions.

(i) Obtaining short-term technical assistance from FCH/DC in marketing.

(j) Obtaining technical assistance from US Peace Corps/Lesotho in formulating marketing, sales and advertising programmes for PS products; these programmes include budgets, direct mail materials, advertising logo and copy.

(k) Construction of 1500m² block-making facility with a productive capacity of more than 500,000 units per year.

(l) Construction of a modern joinery equipped with semi-mass production equipment completed early 1979.

Mohalalitoe Co-operative—how it works

The Mohalalitoe Co-operative Housing Society

According to the Work Plan in the Project Document, the first six months of project activity were to consist of preparatory activities among which was the setting up of the Technical Service Organisation and formation of a co-operative housing society which was to be the recipient of the loan from the CDF.

A sales programme was to be outlined for the project to be presented to the public in general; and one of the major aspects of this programme was the selection criteria which were to serve as guidelines for selecting prospective members.

Applications

The sales programme soon brought applications from the public. The application form was always filled in by a community organiser who explained fully the conditions of the project to all those who came to apply. Only those members of the public who fulfilled the majority of the selection criteria, especially that of income range, were allowed to complete an application form. All the qualifying applicants were later interviewed at their residence for a deeper and thorough interview as a family unit. This family survey follow-up method also enabled the community organisers to have an opportunity to assess the applicant's conditions of living, i.e. how poor or how good his or her dwelling quarters were. This included assessment of availability of social amenities such as water, sewerage or sanitation, electricity, etc. Beyond this physical check-

up of the dwelling conditions, this practice was intended to build a sense of confidence in the community organisers by the would-be members so that from that point onward they would be in a position to discuss potential or real family problems which could otherwise lead to difficulties in the repaying of the loan in the future. For this reason the community organisers always insisted that both parents and their children and other dependents be present during the interview.

The data from both the application and the family survey forms were compiled on one form with major headings which were based on the primary selection criteria. The selection of any particular family depended on how high that family scored on the selection criteria and also on the recommendation of the community organiser who interviewed the family at home. The latter was found necessary because often families have a tendency to exaggerate the inadequacy of their living conditions and their ability to repay the loan just to gain acceptance.

Final Selection

The family survey stage was followed by the final selection and notification. To reach this stage was not easy with the Phase 1 development; first, the demand was higher than expected; second, the majority of applicants were government employees; third, between that period of selection and the formulation of the project there had been salary reviews; and fourth, the number of divorcees, widows, and single or unmarried mothers was much higher than expected. To

have a balanced group which would result in a harmonious community under these circumstances was not easy.

Of major difficulty was the determination of the household income. According to the Project Document the income criterion was to be on total household income but in the case of Lesotho this was found to be terribly unreliable. It was soon discovered that because of meagre job opportunities, both man and wife were employed. This made household income a poor basis for selection since it was often irregular. In addition, Lesotho has one of the most progressive forms of taxation in the world. All these reasons, plus the fact that most families had numerous dependents because of the extended family system, left the project management with no choice but to use the income of the breadwinner as the major selection criterion. The merits of such a decision may not be fully appreciated by anyone who has not been close enough to the real situation. Assessment of economic conditions in a developing country is complicated because statistical data is inadequate or unreliable. The assessment of real incomes is complicated in an African setting where the extended family is common. Here you find that even an unmarried young person from school is as burdened as a married one in terms of the number of dependents that he is obliged by tradition to maintain and this is exacerbated by rife unemployment.

At the very outset the Project Manager encouraged selection primarily from the private sector, the rationale being that Government employees could resort to Government for assistance in solving their housing problems. This soon

proved to be inappropriate for Lesotho. According to a recent report on "Proposed National Housing Policy" by Robert S. DeVoy, Housing Consultant in May 1978 for the Lesotho Government, only 20 per cent of Government employees lived in Government houses while the rest either rented or provided their own housing. In the absence of a formal lending institution in the housing field when the project started, it was therefore not possible to exclude civil servants from the project without meeting widespread public protest. There were also other factors which made it even harder to exclude Government employees; the project being Government-sponsored, the civil servants were the first to know of it and rushed in large numbers. Their exposure to mass media compared to the average man in the street also gave them an added advantage.

Of utmost importance was the fear of the average factory employee of getting involved in a relatively big and long-term mortgage agreement. This kind of loan agreement is most unusual in Lesotho and as a result many people with relatively low incomes were hesitant about getting into what seemed to be a large debt with long-term maturity. This was even further complicated by the interest element which was akin to traditional ways of lending money.

Final selection was made by a selection panel, headed by the Project Manager initially, to give him an opportunity to train the Senior Community Organiser and his staff. As this team got used to their job the Project Manager gradually withdrew. Later when the co-operative committee was sufficiently trained in co-operative principles, by-laws and

administration of their society, they were asked to name representatives to the selection panel. These steps were taken to give the committee a say in the selection of their future neighbours. It was also felt necessary to do so, so that LEHCO-OP could share responsibility for selection.

As indicated above, final selection was made on the basis of data from applications and family survey forms. Selection was granted only to those who appeared to have the greatest need in addition to being in the right income range. Of particular importance was that the prospective member lived under poor conditions which could be hazardous to his or her health and that of his family. Another reason was that he or she had a relatively large family to maintain. Those families who were not successful in the final selection were put on the waiting list. This meant that those on the waiting list were in fact qualified and could be used to fill any vacancies that could occur later in the life of the project if the family was still interested and still at the same income level.

Plot Allocation

Right from the beginning the intention was to be as impartial as possible in the allocation of plots to those selected. While the plots were more or less of the same size, 350m², they differed here and there in terms of location, type of soil and ease with which to work them. It should also be noted that they were substantially smaller than any other civil service, private or government housing development prior to that date. To avoid being accused of favouring certain individuals, a lottery system of allocation was used. Plots were assigned

numbers and a draw was made, and the condition was that everyone accepted whatever number he or she drew from the lot. The system worked well and there was never a complaint on that account.

Orientation of Members

After final selection and plot allocation those selected underwent a group orientation and training programme. The education programme consisted of co-operative principles, by-laws, subscription and occupancy agreements, self-help methods including minimal training in construction. The duration of the education programme lasted through the stages of construction and was meant to continue into the post-occupancy period because it was felt that for any co-operative society to succeed there must be continuous education.

The education programme was to be undertaken jointly with the GOL Co-operative Department staff, who were the only ones that could recommend registration, once they were satisfied that members understood basic co-operative principles and their responsibility to administer the affairs of the society. Unfortunately due to lack of staff, or perhaps of staff trained in co-operative housing, it was not possible to include them in these training sessions until the society was actually registered. This shortcoming perhaps contributed to the problems that later sprang up in the co-operative. Subsequently, when problems surfaced, the Department of Co-operatives staff were as ignorant as the members of the Mohalalitoe Co-operative in many aspects of the project. If they had been included in the training programme they could have learned

from the project team and be able to mediate in the event of disputes.

Administration of the Co-operative

According to the Co-operative Law operating in Lesotho, each society is expected to run its own affairs through elected committees. The Department of Co-operatives is charged with the responsibility of promoting and guiding co-operative societies and also auditing their books at the end of every financial year. Co-operatives like Mohalalitoe which are promoted and developed by private initiatives can only be registered with the blessing of the Department of Co-operatives. According to the by-laws of Mohalalitoe Housing Co-operative, there is only one major committee or Board of Directors whose main responsibility is to administer and run the affairs of the society. Pursuant to the by-laws of the same articles, LEHCO-OP acted as the business secretary and manager for the co-operative. This proviso was included in order to give the lender an opportunity to monitor the use of funds and as a result monitor the repayment of the loan.

The first committee* of Mohalalitoe was elected on 29th August, 1975, which is the official anniversary of the society. The election of the committee was democratic and was held *after* the members had been taught thoroughly about the procedures and responsibilities of the management committee. The method used was that of appointing a committee which was charged with the responsibility of nominating the best would-be committee members. These were to be

people with outstanding leadership qualities. The nominating committee then presented seven names (as by-laws specify) at an annual member meeting as candidates for the Board of Directors. Members were also given an opportunity to nominate additional candidates. Then the names were voted on.

The merits of the above system, especially in a situation where people did not know each other well, cannot be questioned. LEHCO-OP developed the project right from its inception and had an advantage of knowing which members could make good leaders given the necessary training. Secondly, this method assisted the members in electing their leaders without any whims or prejudice and in addition it eliminated any hit-or-miss that would otherwise occur if people were elected unguided.

LEHCO-OP undertook the training of all committees elected by the members as it was important for the societies to be able to run their affairs. It was LEHCO-OP's philosophy to educate and gradually hand over to the members of the society the right to run their affairs. Training did not centre solely on co-operative principles but also included management principles as well as principles of leadership. Because LEHCO-OP believed that the respective committees should have a say in who becomes a member of the co-operative, three members of the management committee were included in the selection panel. This involved training the committee in selection criteria and the subtle aspects that have to be taken into account before selecting anyone as a member of the co-operative.

*Board of Directors

Construction and Self-help

When the community and technical sections of LEHCO-OP were satisfied that the members had been reasonably trained in the workings of a co-operative society, understanding of their responsibilities and basic skills in construction, then construction of the houses started.

The Family and the Cluster System

The organisation of construction was on the cluster basis. This means that those forming a cluster were to start construction the same week. Members were always encouraged to work as a team to accelerate progress and maximise self-help. Initially this worked very well and it was interesting to watch some of the LEHCO-OP staff actually helping members to dig and fill their foundations. However, as time went on, this spirit of "do it together" fizzled out and people started to be individualists and to become more dependent on LEHCO-OP skilled labour. Because of the relatively small numbers of such skilled labour, serious problems resulted with families giving less and less self-help every day. Although steps were taken to solve the problem, LEHCO-OP never did fully solve it until we defined clearly what tasks would be performed by LEHCO-OP labour, while the families performed the rest. Although many families did their share of the work, the assessment is that more work could be done to increase the self-help input from families. LEHCO-OP is currently reviewing this policy issue very seriously. Already steps have been taken to release all the site labour leaving only a few skilled teachers and supervisors.

Issue of Materials to Families

The issuing of materials to families was handled by the site clerk who issued waybills itemising all materials needed by the families. The waybill, among other things, had the name of the family, site number, name of the brigade foreman and signature of both the clerk and that of the family. All the physical issues were handled by the storekeeper and his assistants from LEHCO-OP stores. The gatekeeper checked all the goods at the gate by counterchecking with the copy of the waybill. The waybills are later entered on house cost cards for each individual member by a clerk employed specially for this task. The house cost card forms the basis for future analysis of the actual cost of each housing unit.

The issuing of materials to families was one of the major problems, and necessitated the employment of a separate consultant who produced a stores warehouse or supply depot manual to guide the handling of supplies. Prior to this, handling and issuing of materials was hard to control, especially when it came to bulk materials such as sand, crushed stone, bricks, etc. The difficulty with these was that they were usually off-loaded straight on site, wherever there was activity. This type of system resulted in abuse and made control difficult. The problem was later solved by having a fenced site compound in which all bulk materials were off-loaded.

Loans to Families

According to the Project Document which was written in 1974, loans to the families were to be limited to R1000 (\$1200). An analysis of the economic

situation as soon as the Project Director arrived in Lesotho in May 1975 showed that for the size of units anticipated to be built, the loan had to be raised to R1300 (\$1560) for materials in order to absorb the effects of inflation. So when construction started in January 1976 families were entitled to draw material loans of up to R1300 (\$1560). Labour was expected to be not so high because families were expected to put in labour estimated at R250 (\$300) per unit. The loan of R1300 (\$1560) was to be repaid in 10 years at 9 per cent per annum which is R16.47 per month rounded up to R16.50 (\$19.80). This is what families are paying back now. Even with this upward revision it was still not possible to cope with inflation which up to now is estimated at 40 per cent or approximately R2000 (\$2400) on the average including labour. This means that both materials and labour costs rose higher than budgeted. An upward revision of monthly repayments will have to take place and, in fact, the exercise is well under way. It is expected that the loan will now be repaid in 15 years at 9 per cent per annum. The monthly repayment resulting therefrom is R19.20 (\$23.04) which will still be relatively affordable by the families.

Apart from the effects of inflation it must be realised that estimating the costs for self-help is very difficult. Wastage and misdirection of materials result in more materials being issued to each family than was estimated. Where a contingent of skilled labour is provided, it is hard to control labour costs because skilled workers say that it is more difficult to help families build than to do the building outright for them. As a result, it has been extremely difficult to

draw a line between what was done by families and by our skilled labour. Families did not give of their best knowing that skilled labour was there to build when they did not turn up. It was again costly to keep skilled labour idle when families did not turn up for self-help. Inevitably, this ended up in increased costs both for material and labour.

Because of these considerations, it has now been decided to cut down skilled labour so that families will be expected to produce almost 100 per cent self-help. It is hard to assess whether this will succeed or not because it has not been tried before in Lesotho.

Repayment by Families

As stated above families now in occupancy are expected to pay back R16.50 (\$19.80) per month as amortization of a R1300 (\$1560) loan for ten years. Families were expected to start repayment of the loan as soon as they moved in. This meant that families started repaying at different periods. The co-operative also started to repay the global loan into the revolving funds as soon as families started repaying. All this was done in order to avoid families living in their houses rent free until the official repayment of the loan started. This was scheduled for 1st August, 1978, which was the time that all the 200 units were expected to be completed.

During the initial stages when LEHCO-OP was in full control of all financial matters repayments by families and the co-op were very good. This was because the community organisers spent most of the time educating and guiding families by sending reminders on time. Also, since families often occupied their

houses before they were completely finished, LEHCO-OP used to enforce repayments by withholding materials and service until a member was up-to-date with his or her monthly payments.

The Problem of Delinquencies and Its Solution

But the above picture changed drastically when disagreements between the TSO and Mohalalitoe started to emerge late in 1977, when the then committee was accused of too much allegiance to LEHCO-OP. A lot of people were confused and felt insecure while others took advantage of the conflict between LEHCO-OP and the co-op by not paying anything. As a result, the default rate rocketed. It had always been possible to keep default below the 20 per cent mark but as the confusion spread, the default rate jumped to the 70 per cent mark within a matter of two months, i.e. between March and April when the committee decided not to pay anything into LEHCO-OP revolving fund.

However, the LEHCO-OP Board of Directors on which the Commissioner of Co-operatives serves, took a firm stand to solve the problem. Long regular

meetings were held between LEHCO-OP and the co-operative committees to try to iron out differences. It is gratifying to mention that by the end of September, 1978, all major grievances between the two organisations were resolved. The co-operative has paid all the arrears into the revolving fund and the default rate is declining. A sense of confidence between the committee and LEHCO-OP management is developing very fast and there is stronger co-operation in many aspects of the project.

Education as a Basis for Co-operation

It is indeed true that education takes a long time to get into people's heads but once there, it stays. This is true of Mohalalitoe. The struggles were nothing but a slow process of education which is now solidly planted in the hearts and minds of all co-operators at Mohalalitoe. After these struggles, they have emerged as mature men and women capable of running their affairs with minimum assistance from LEHCO-OP and the Department of Co-operatives. It is indeed an achievement for the co-operative movement.

The Construction Experience

Lessons from the Construction Experience

The pilot project in Maseru produced some interesting experiences from which we drew several lessons for later use. The major experiences have led to organisational changes in the following fields:

- (a) allocation of skilled labour;
- (b) allocation of materials;
- (c) house design;

(d) pre-construction education.

The remainder of this section deals with how these changes were made.

(a) *Changes in Skilled Labour Allocation.* The first group of families went through the procedure which was then standard. On site they became part of a brigade of other families who were led by the brigade foreman. Each brigade consisted of this group of families with

self-help input, and the skilled worker assisting them to do the more difficult jobs. Skilled labour only helped families if they were present, which was mostly over weekends, with a few present during the week. Families simply asked the brigade foreman for skilled labour assistance. Labour used was recorded.

On the surface this all seems quite straightforward, but there were problems hidden beneath the simplicity. These began to show themselves especially when LEHCO-OP had got over the hectic start and had time to stand back to see what had happened.

The first observation had to do with the efficiency of our skilled labour. They were tremendously busy over weekends and harassed by families all wanting assistance at the same time. They did not have much to do during the week when there was an understandably poor attendance from working families. The solution was to work on the corners of the brickwork, or do other difficult jobs during the week in the families' absence, and get the families to fill in between the corners during the weekend. Families had to sign the record sheets to agree that the work had been done.

The problem should have been obvious but wasn't fully appreciated until some time later. As soon as families saw their house progressing without their effort, they relaxed. The initiative now was no longer with them, but with the skilled labour. The result was a general decline in self-help input. One can imagine that if the family did not see their house progress they could then blame the skilled labour and not themselves.

This led to the first major change: a reorganisation of the allocation of skilled labour with a view to increasing the

self-help input. Clearly what had to be done was to transfer the initiative for progress back to the families. Somehow they had to take the decision that their own work was the way to progress; but LEHCO-OP still had to use its skilled labour efficiently. The system developed was to use coupons. As families pay their deposit they get coupons to that value. As the total deposit is R250, this is the total value of the coupons that they may obtain. This gives them something like a cheque, or traveller's cheque, which they can exchange for skilled labour jobs on their house. Coupons are limited, and are kept by the family. This system transfers the conflict of value for money and the initiative for progress of construction back to the families.

(b) *Changes in the Allocation of Material.*

While members had the opportunity to push LEHCO-OP skilled labour to get their houses built faster, naturally they exercised this power which led to conflict with the LEHCO-OP. It took time to deal with the skilled labour allocation problem in the way that has been described. In the meantime, it caused polarisation of members versus LEHCO-OP and the "we-they" situation resulted. The very basic conflict was that members on the one hand wanted to obtain the house of their dreams as soon as possible, and LEHCO-OP on the other hand had to try to keep expenditure within the budget.

Families began to want more materials and material of what we might call "dream" value. For instance, families wanted more doors, bigger windows, special roofing patterns and so on. The conflict situation arose out of this because of two factors. One was the fact

that the members had been given a choice of designs and they were led to believe that there would be choices of materials because it was believed important for people to decide for themselves. The other was the fact that when offering a choice of materials LEHCO-OP had been unable to control material supply effectively or to keep individual records efficiently. The system worked for the choice but not for the cost records. Consequently the member was not presented with the house cost statement that would have controlled his choice by making him conscious of the limit of his budget. The system would have worked well if the family had been made to struggle with budget limitations.

This pointed the way to a stricter solution whereby the materials for the basic house form a quota. The amounts of material are accurately specified and are delivered in carefully counted batches. This is a firm-handed solution and yet one which provides certain choices of finishes, colour, etc, as well as the choice of where to place windows, doors, etc. For those who can afford the "more", "bigger" or "better" materials they can pay the difference between what they want and the standard item.

(c) *Changes in House Designs.* Through the skilled labour allocation experience and the material allocation experience LEHCO-OP began to find out what the *real* needs of the members were. Of course they needed a house and that was being provided. But within this there were other needs. They wanted early occupancy; they wanted a smooth supply of materials and they wanted a simple building system. Sympathy with their problems led to a re-evaluation of

the house designs that had been initially used in terms of both the members' and LEHCO-OP's needs. The six house types had some faults. These were mainly an inefficient wall-to-area ratio, a roofing system that could be improved, and a problem that no room could be used to store material during the construction process. Construction was slow because of these failings.

The revision of the design was made by the architect and tested on the future occupants. (Remember in the first designs the ideas came from the members.) They all approved. It had a number of advantages, incorporating less construction problems than the first types, and was a better solution to the members' needs. Main advantages were: the switch to blocks from bricks which speeded up construction considerably; a modular self-pinning roof system that was quickly erected; the option to build the "shell" first and move in; and a phased construction process whereby the bathroom was built first and used as a storeplace for materials.

The choice of design was also more flexible. Once the family built the outside walls and had the roof on, then they decided what internal partitions arrangement they needed. The options were two, three, or four rooms in various arrangements. One organisational change which increased construction progress was that a family was encouraged to take leave during the stage of external wall and roof construction. Construction time from start to occupancy was reduced to a possible 9 to 12 weeks.

(d) *Changes in Pre-construction Education.* The last reflection that will be dealt with in this report is something which

stems from all three experiences just described: allocation of skilled labour; allocation of materials; and speed of construction related to house design. All three problems pointed to gaps in the pre-construction education. Families did not fully understand the building process. They didn't understand that there was a limit to the budget. So LEHCO-OP had to revise the lecturer-type education system (where they had been told about these things), and get the ideas across in a more effective way before the families started building.

What LEHCO-OP did was to go through the whole construction process

beforehand, using game form. Families obtained loans of paper money which they used to buy materials from the storehouses and to pay for skilled labour help while they built a house out of play blocks. The exercise proved to be most valuable.

We realised that the technical aspects of organising a self-help project are not only technical. They are interwoven with community dynamics and personal psychology. The families must not only, through sweat and work, overcome their housing problems, but must also achieve personal and family fulfilment, the basis of community.

Relations with the Government of Lesotho

The Government of Lesotho initiated the low-cost housing project and elements of the Government working with the people followed the project through to its completion and to the extension of the project into other programmes.

Departments Involved in the Pilot Project

The full and complete co-operation of the Government of Lesotho is illustrated by the fact that various high level officials of the Government serve on the Board of Directors of LEHCO-OP; and the Minister of Education, the Honorable A. S. Mohale, serves as Chairman.

The King of Lesotho dedicated the first six prototype houses completed in the project in 1976. The Prime Minister and his Cabinet made a formal visit to the project when it was nearing completion in 1978. Among the Government agencies which worked with the ICHDA resident specialist and LEHCO-OP were the Lesotho National Development

Corporation, the Lesotho National Bank, the Ministry of Commerce and Industry, the Ministry of Finance, and the Ministry of Agriculture, Co-operatives and Marketing. All of these have played vital roles in the achieving of the success of the venture.

The Ministry of the Interior, which was also involved in the development of the project, has now established a Housing Section whose responsibilities are to co-ordinate the various shelter and development aspects for the government.

Evaluation of Support and Co-operation

One of the few disappointments was the lack of co-operation with the Registrar of Co-operatives, later renamed the Co-operative Development Commission, during the early days of the project. This lack of co-operation stemmed from the fact that the major work of the Ministry was in the field of agriculture. The

specialists in co-operatives were specialists in agricultural co-operatives with no previous experience in co-operative housing. As a result the development of full and complete co-operation in the Mohalalotse had to grow as the co-operative grew.

By the time the project was completed the Co-operative Development Commission was playing an active role and may be equipped to undertake the housing co-operative role to add to its knowledge and experience in the agricultural co-operative field.

Activities Outside the Project

In the project document the TSO Project Director's terms of reference called for extensive work in housing above and beyond the pilot low-cost housing project.

The Project Director followed his terms of reference as they were spelled out. Probably the major achievement besides the setting up of a permanent organisation was (a) pushing for formation of a national housing policy, and (b) creating an institution for building materials production.

LEHCO-OP has also emerged as an organisation capable of providing ser-

vices in the field of planning and architecture not only to LEHCO-OP projects but to the public as a whole, and is doing jobs for CARE, World University Services, etc.

Other activities at the moment are the co-ordinating role to prepare a joint programme for housing and employment generation in the rural areas with CARE and LCCUL (Lesotho Co-operative Credit Union League); also assisting in preparing a plan for the CARE/GOL joinery shop for manufacture of school desks formerly imported from South Africa.

Problems and Lessons for Future Projects

The World Problem of Inflation and Its Effect on the Pilot Project

Inflation is such a common problem worldwide that it might be brushed off as commonplace, but its impact is such that many families who would otherwise be living in their own homes in Maseru are still without housing.

The original grant was so structured that 210 homes were to have been completed in the first section of the Mohalalotse Co-operative and an additional 70 homes lower in cost, were to be produced in a second section. Inflation was a principal factor in holding down pro-

duction to 190 homes instead of the planned 280.

Inflation, of course, was not the only factor. The people who build their own homes almost automatically escalate the level of those homes making everything a little better than was intended because they are confident they can carry the costs. In the developing world it seems to be a fact of life that the lower cost homes wind up being a little more costly than planned. But undoubtedly there could be tighter controls holding down the level of the housing if this were made a high priority.

Lack of a National Housing Policy

Some of the difficulties encountered in Lesotho grew out of the fact that there was no strong counterpart housing agency in the national government. Several of the ministries were concerned with housing but no determination had been made at the highest level as to the point or points of chief responsibility.

During the time that the ICHDA pilot project was under way USAID sent a specialist to draft a proposed national housing policy. The government has now given low-cost housing a high priority and outside agencies have been brought in to assist with financing of an extensive housing programme.

Problems with the System of Land Tenure

Under the constitution of the independent state of Lesotho the land is owned by the state. Use of land in the early days was parcelled out fairly easily with the result that plots of land for housing were much larger than necessary. Fortunately, the government held land which was almost ideal for the pilot co-operative housing project. However, a great deal needs to be done in the land-use field. If there is to be adequate land for the homes needed in the urban areas, and if effective use of land for agriculture and industry is to be possible in accessible sections of Lesotho a firm policy and effective implementation are necessary.

Reaching the Lowest Income Families

One of the top priorities within the United Nations and within the national assistance agencies is the priority for serving the lowest income families in

the poorest nations of the world. The pilot project in Lesotho was aimed at reaching low income families, but because it was designed as a self-supporting project the families selected had to be capable of making repayment on the mortgage funds loaned to them for their housing construction. This automatically eliminated the lowest of the low income families who are without a continuing source of income to make payments no matter how small. Many families who would otherwise be eligible felt that their source of income was so undependable that they could not make a long-term mortgage commitment.

Under a "minimum shelter plan" or a "sites and services plan" it is possible to start a project for very low income families whose only resource may be the manpower to build a simple shelter and over the years to maintain and improve their dwelling. This may have to replace the aided self-help approach used effectively in Lesotho if the "poorest of the poor" are to be served.

Co-operative Education

No matter how effective the planning and construction of its homes, a co-operative housing project can still be ineffective if people do not have a thorough and continuing education in their opportunities and responsibilities as members of the co-operative. Not only does the spirit of the co-operative sag, but opportunities are lost for the many corollary projects that can be undertaken if the co-operative is effective. These include small income-producing enterprises, community facilities for better recreation and health, handicraft projects, and individual or group gardens and other undertakings.

Fortunately, LEHCO-OP and the government representatives on the Board of Directors stimulated and undertook extensive education programmes. So Mohalalitoe is quite well-established and can be expected to grow in importance and influence in the community.

Financial Control in Management

Almost from the beginning the ICHDA advisor and his counterpart called for assistance in the field of financial controls. The ICHDA representative was an architect who realised his lack of expertise in financial controls. But the hiring of specialised financial management had not been authorised in the basic grant. Arrangements were made part-way through the programme to squeeze out funds for short-term financial assistance. A short-term consultant who did assist to some extent in this field was a specialist in management and community development. Finally the advisor sent by FCH through an AID grant to assist with the development of Production Systems brought some financial expertise to the situation.

Legal Form

LEHCO-OP, as the technical service organisation, was planned as a parastatal organisation under state ownership and control, but with freedom of operation and eventual co-operative participation in ownership which could give it

the combined strength and freedom needed for a continuing programme of technical assistance.

One of the problems of LEHCO-OP was created when the organisation was established and the form of ownership of the project was not thought to be a problem of overriding importance. It is now clear, with hindsight, that a little more time addressed to the legal organisation structure would have saved time and eliminated problems in the long run.

Building Materials Production

Earlier in this report much was said about Production Systems Ltd, which was set up by LEHCO-OP to produce building materials for use in housing construction for the Mohalalitoe Co-operative. The experience of housing co-operatives in both developed and newly developing countries has indicated the importance of building materials production to ensure continuity of adequate supplies under the control of the co-operative. Such production systems are not only a factor in lowering the cost of materials but they also produce jobs.

It is hoped that the problems encountered in Lesotho and the steps taken to overcome them may be useful in other projects and in other countries as steps are taken to encourage further development of co-operative, self-help, low-cost housing construction.

International Co-operative News

—the Editor reports...



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With the cessation, for financial reasons, of the ICA's Co-operative News Service, we have decided to include in the Review news of some of the important happenings in the international co-operative field.

ICA and the UN

From a recent Statement to the UN Preparatory Committee for a New International Development Strategy, made by Mr. W. J. Campbell, ICA Representative to the United Nations in New York, on the **Co-operative Role in the New International Development Strategy**:

As the United Nations considers its strategy for development in the Decade of the 1980s, the International Co-operative Alliance is pleased to present this outline of strategy designed to move the UN towards a more co-operative programme of development based on self-help, self-reliance and maximum participation of the people in shaping their own destiny.

The proposal is not based on theory or speculation, but on solid, successful experience on all continents and in a majority of the member states of the United Nations.

It is designed to redirect the North-South dialogue from one of "aid" to one of "co-operation".

It has within it the seeds of greater co-operation between the East and the West.

It is based on a philosophy of self-help and development rather than condescension and "the welfare approach". It depends less on massive transfer of capital than upon technical assistance, trade, and co-operation.

As this body knows, the International Co-operative Alliance is the oldest and largest economic organisation in consultative status with the Economic and Social Council. The ICA has 350 million members affiliated with co-operative associations of all types in 70 countries. They include members in the less-developed countries of the South and the developed countries of the North. They include members in the Eastern centrally planned countries and the mixed economy countries of the West.

In addition to agriculture, energy, and consumer goods, the co-operatives are deeply involved in credit, banking, insurance, and other financial services as well as housing, medical care, fishing, training, tourism and recreation.

Trade flows freely among the co-operatives of the developed world. It could be multiplied manyfold in the decade of the 80s.

Distribution is the base of co-operation, but production is a multi-billion dollar business. Factories, mills, mines, and refineries owned by the co-opera-

tives serve part of the needs of the membership—consumers, farmers and fishermen.

For those delegates who are familiar with the co-operative movement in their own countries, it will be obvious that the co-operative movement is a process of growth and development. It is an evolutionary rather than a revolutionary development. The growth of co-operatives must be gradual but not necessarily slow.

Co-operative development cannot be mandated. The co-operatives are voluntary associations which grow through education and training; they require the participation of the member owners of the co-operative associations; good management is essential.

However, governments can hasten the development of co-operatives by providing funds and personnel for education. Governments can arrange for technical assistance in the development of co-operatives and for available long-term capital loans at reasonable rates of interest, which can assure the co-operatives of the opportunities for expansion as they develop.

Any association or enterprise of any kind requires good management. Governments can assist in management training, seminars, and other programmes to provide technical assistance and make readily available loan capital to supplement the savings and investments of the members, whether the co-operative be in agriculture, consumer goods, housing, medical service, insurance, banking or other facilities.

The Statement then gave details of the functioning of various types of co-operative—agriculture and fisheries; energy; insurance, credit and finance; consumer; housing; services (health, child-care, tourism); workers' productive—and concluded:

Although they are in operation in more than 70 countries and include something over 350 million members, the existing co-operative organisations do not make up a "co-operative economy". There are many blank spots in the structure, in many sectors and in many countries. The *public sector* of any economy includes roads, dams, large construction projects, welfare services for the disadvantaged members of the community, general public education, defence and security, and including very extensive retirement programmes. In the *private profit sector* many large and small enterprises serve people in a variety of ways. In some countries the private sector dominates the economy. In other countries the public sector dominates. It is not expected that the co-operative method of economic operation will replace either the public or the private sector. The co-operatives, however, provide a rapidly growing and highly satisfactory method of taking care of most of the economic needs of the people—in food and agriculture, housing and shelter, health, credit and many other fields. They are working toward a more co-operative economy, nationally and internationally.

Co-operative development could make a significant contribution to the New International Economic Order which could develop in the course of time along co-operative lines. People may be unwilling to accept the increasing domination of the world economy by huge transnational corporations run for the profit of a tiny minority. Indeed the ICA statutes call for the substitution of the "profit-making regime by a co-operative system organised in the interests of the whole community and based upon mutual self-help".

Co-operative development and a wider application of co-operative principles

have a clear relevance to the task of reducing unemployment and under-employment and bringing about a fairer distribution of wealth and income and of the benefits resulting from the development process; and more equitable policies on incomes might do much to bring inflation under control. The transformation of economies through co-operative development may be a fairly slow and evolutionary process but it does offer a real hope for a more equitable economic order and the far-reaching changes in the structure of world production called for in the General Assembly resolution in February 1979:

“... It is recommended that the member Governments declare a state policy which unequivocally favours the co-operative movement as a major factor in the development process because it involves people in the process through democratic self-help.”

For many years, the UN has indicated a strong interest in co-operative development, particularly in the less-developed countries. Specialised programmes have been developed by the International Labour Organisation, the UN Food and Agriculture Organisation, UNESCO, UNIDO, the UN Capital Development Fund, the UN Development Programme and other divisions and agencies within the United Nations family of organisations.

For the last two years the Secretary General, under instructions from the UN General Assembly, has been preparing a report on “*The Experience of the Member States of the United Nations in the Promotion of the Co-operative Movement*”. A first draft of this paper (1/19/78/15 8 March, 1978) was prepared when 60 nations provided answers to questionnaires submitted by the Secretariat. After the first draft was presented to the Economic and Social Council the response from other countries was encouraging and now more than 100 governments have submitted to the Secretariat information on their experience in co-operative development.

The Secretariat is under instructions to complete the study and present it to the General Assembly in 1981 through the Economic and Social Council which is expected to consider it at an earlier session.

The FAO, ILO, UNIDO, UNDP, and the Capital Development Fund have all participated in technical assistance and/or capital assistance on a loan basis for the development of co-operative projects.

1. The International Co-operative Alliance *recommends*: (a) that as a feature of the development decade and as part of the strategy for that decade of development the United Nations sponsor a series of meetings to familiarise all governments and the people of those countries with the benefits of co-operative enterprise; (b) that the regional economic commissions of the United Nations sponsor, in co-operation with the International Co-operative Alliance and other international and national non-governmental organisations, *regional conferences or seminars* on co-operative enterprise within their areas. These regional conferences should be held *within the coming year*.

2. Following the completion of these conferences, it is recommended that a *world conference on co-operative development be assembled in New York, Geneva, or one of the United Nations centres*, and that a programme be presented to that world conference based on the experience of the regional seminars and with recommendations by the UN and its member agencies for action to stimulate further the growth of co-operative enterprise as part of the New International Economic Order.

3. That, to implement the above, the Secretary General establish an Office

of Co-operative Development in an appropriate division of the Secretariat or the UN Development Programme to serve as a focal point for development of co-operatives through the family of the United Nations and its specialised agencies.

The International Co-operative Alliance is proud of its association with the United Nations as a Non-Governmental Organisation having consultative status with the Economic and Social Council. The Member Organisations of the ICA will be urged to participate actively with the UN and its member organisations in constructive steps to achieve a new and more productive International Economic Order.

Schools and Co-operatives

The following Statement was issued on completion of the 46th ICA International Co-operative Seminar and 1st International Symposium jointly sponsored by the *Office Central de la Coopération à l'Ecole* and the *Bureau International de la Coopération Scolaire* on **Schools and Co-operatives as Instruments of Development and International Understanding** held at UNESCO HQ in Paris, 17/19 December 1979.

Children are the world's most precious resource. They are future parents and also parents of the future. Because of these two responsibilities children need to learn how to build on the achievements of the past and, in addition, to boldly seek new solutions to the age-old problems of mankind—famine, poverty, pestilence, disease, ignorance and international conflict and misunderstanding.

The First International Symposium on "Schools and Co-operatives", in Paris December 1979, focussed attention on the needs of school children and on the role and responsibilities of co-operative societies. The Symposium received evidence which demonstrated how school co-operative societies, organised and run by students and assisted by adults, provided an excellent method of developing skills in the practice of democracy, decision-making, managerial and social responsibility. School co-operatives also provided an opportunity for students to raise fundamental questions about the guiding principles of human conduct.

These benefits to students and the community were cited in evidence presented to the Symposium from all five Continents. From the Americas came case studies from Argentina, Canada, Dominica and Haiti; from Africa came material from Ivory Coast and Morocco; the Asian reports came from Australia, Japan and Malaysia; and finally from Europe came citations from Belgium, Cyprus, France, Greece, Italy, Poland, Portugal, the USSR and Yugoslavia. In contrast, the experience in Denmark, Finland, Japan, Sweden and the United Kingdom highlighted the fact that in some countries school co-operatives can be difficult to establish despite the presence of powerful adult co-operatives.

During the Symposium it was emphasised by many of the participants that school co-operatives should not be seen as a form of adult patronage. They could be independent organisations in their own right, providing a genuine opportunity for the young to become independent of the old established adult co-operatives. The relationship between adults and students should include support and active co-operation between their respective organisations. More-

over, adult co-operatives, when recruiting new staff or seeking new cadres of lay leadership, should give full consideration to the experience and qualifications of those who have served school co-operatives.

One highlight of the proceedings was a joint declaration by the French and Polish delegations affirming “. . . that co-operative organisations in conjunction with modern school systems should play an important role in the whole process of education in propagating ideals of peace and international understanding”. The statement pledged support for the United Nations General Assembly’s “Declaration on the preparation of Societies for Life in Peace”. The participants in the Symposium unanimously agreed that the French-Polish statement be written into the record of the proceedings.

The Paris Symposium was not an ivory-towered exchange of views. Perhaps the most revealing and telling question was posed by the participant from Haiti who asked with genuine concern, “How can I create a co-operative with students who do not have any money?” Members of the Symposium responded by giving many examples of school co-operatives which had been successfully started and run with limited resources.

School co-operatives are unique institutions: they provide a practical method of self-education and preparation for post-school and working life as well as providing goods and services for their members. As a method of teaching social accountability they are unequalled. The Paris Symposium pledged itself to the international extension of school co-operatives in the 1980s as one method of educating the parents of the future about their common responsibilities and the brightness of their opportunities.

The participants in the Symposium then drew the attention of local, national and international co-operative bodies—in particular the 27th ICA Congress to be held in Moscow in 1980 which is asked to disseminate the results of the Symposium as a contribution to the Congress theme “Co-operatives in the Year 2000”—as well as of inter-governmental, government and other authorities, for action where appropriate on the following recommendations which, in the view of participants, would contribute to the successful promotion on a wider scale of school co-operatives:

- (1) School co-operatives require a favourable environment in which they can flourish. The United Nations is urged to prevail upon those of its member governments which have not already done so to introduce legislative measures conducive to the establishment of school co-operatives. In this particular respect the ICA is requested to use its special category consultative status with the UN to press for early action on this proposal.
- (2) To facilitate the dissemination of information and educational training materials relating to school co-operatives; those countries which already have an established structure and network of school co-operatives should transmit such information and materials, at regular intervals, to the ICA, BICS and ILO so that they can establish for the benefit of others clearinghouses on school co-operatives.
- (3) Since ICA and BICS offer a valuable international channel of communication between the adult co-operative movement and school co-operatives, the two organisations should create a regular working group, co-opting additional members from other international and national organisations as necessary,

to sustain the momentum of interest in school co-operatives and to strengthen the ties between them and the adult co-operative movement.

- (4) In order to develop further links across national borders and so contribute to international understanding, an international congress of young school co-operators should be organised in the near future.
- (5) For the particular benefit of countries in which school co-operatives do not at present exist, the ICA through its CEMAS service, and with the collaboration of BICS, is invited to prepare a prototype guide to the constitution, organisation and functioning of school co-operatives.
- (6) In 1982 the ICA and BICS should consider the advantages of organising another international meeting for school co-operatives.
- (7) The Symposium acknowledges the important voluntary role being played by many teachers throughout the world in developing school co-operatives. It feels that in all countries serious consideration should be given to the inclusion of Co-operation in teacher training programmes.
- (8) Organisations represented at the Symposium are called upon to act bilaterally and vigorously to encourage exchange visits between school co-operative groups, and with the children's organisations attached to adult movements in those countries where school co-operatives do not exist, and to exchange information material such as school magazines. More specifically, but without prejudice to exchanges which may occur in the meantime, information exchanges and progress reports should be made in December 1980 and on each subsequent anniversary of the Symposium.
- (9) Recognition of the fact that school co-operatives and schools are the vital source of future members, leaders and employees of the adult co-operative movement, implies a more intensive effort by adult co-operative movements everywhere to strengthen their links with school co-operatives, schools and existing government agencies in this field. The adult co-operative movement should give special attention to devising personnel recruitment policies to reach out to school co-operators, who are already committed to a co-operative ideology.

Co-operative Development in S.E. Asia

Co-operative Development in the 80s in S.E. Asia was the theme of the 6th Open Asian Conference on Co-operative Management, held at Hotel Jayapuri, Kuala Lumpur, Malaysia, from 26th to 30th November 1979. The Conference, organised by the ICA Regional Office & Education Centre for S.E. Asia, New Delhi, in collaboration with the Malaysian affiliates of the ICA, was formally opened by *Mr. Edmund Langgu*, Deputy Minister for Agriculture, Government of Malaysia. It was attended by 277 participants from Bangladesh, India, Indonesia, Malaysia, Nepal, Philippines, Singapore, Sri Lanka and Thailand, with one observer from the ILO.

Mr. Langgu said that his government looked upon co-operatives as an important vehicle in bringing about progress for socio-economic development, and had set up a revolving fund of Malaysian \$25 million to assist and foster their

growth. He thought the movement could play a more active role in helping to forge rural development and provide services in rural areas.

Welcoming delegates to the Conference, *Dato N. A. Kularajah*, President of the Co-operative Union of Malaysia, emphasised the need for professional management in co-operatives; the chief executive of a co-operative should be a co-operative leader with general management abilities, who could keep the co-operative service concept going and also gear the organisation to general co-operative development.

Speakers at the Conference were: Mr. S. S. Puri, Secretary, Planning Commission of India; Mr. M. Matsushiro, Counsellor, Central Co-operative Bank for Agriculture and Forestry of Japan; Mr. R. Mathimugan, General Manager, Co-operative Central Bank Ltd., Malaysia; Mr. R. P. P. Rajapakse, Deputy Commissioner of Co-operative Development, Sri Lanka; *Dato N. A. Kularajah*, President, Co-operative Union of Malaysia; and Mr. R. B. Rajaguru, ICA Regional Director for South-East Asia. Dr. Dharm Vir, Joint Director (Education), Mr. Lionel Gunawardana, Joint Director and Specialist in Agricultural Co-operation, and Mr. M. K. Puri, Joint Director and Specialist in Consumer Co-operation, at the ICA Regional Office, acted as Resource Persons in addition to the main speakers.

The Conference split into three discussion groups, chaired by Brig. General D. Tutaan (Philippines), Mrs. S. Satyabhama (India) and Mr. R. S. Jayaratne (Sri Lanka) respectively. Each subject was introduced by two lecturers.

The discussions of Group I (*Co-operative Development in the 80s in the Region*) covered: the relationship of co-operative apex organisations with national planning bodies, emphasising that each was essential to the other's effective functioning; co-operatives and the poor; the necessity for a more efficient structure and management of co-operatives in order to draw in the large part of the populations still outside the movement; the role of labour unions in Singapore in sponsoring and developing different types of co-operatives, and the need for co-operatives to maintain neutrality; the need for movements to influence co-operative legislation in their countries, to ensure that it should not be restrictive but should assist the growth of strong and independent movements in the 80s; and the need for apex organisations to receive sufficient financial support from their members to enable them to be strong and viable and carry out their functions, including research and future planning, more effectively.

Group II (*Strategy for Mobilisation and Investment of Funds through Co-operatives in the 80s*) recommended that as co-operatives have been accepted as appropriate forms of organisation for economic development, particularly in rural areas, strategy for mobilisation and investment of funds through co-operatives should form an integral part of the planning process. Internal resources of co-operatives as well as concessional finance from specialised institutions, including the central bank of the country, should be mobilised for development of agriculture,

a major economic activity in the region. The resources of urban co-operatives should also be mobilised for this purpose and appropriate investment policies adopted. Steps should be taken to protect the savings of members against pressures of inflation in the 80s, by proper investments, e.g. real estate and plantations. The Group recommended that the expertise needed for a careful mix of long-, medium- and short-term deposits for balanced investment and income, at present lacking in the countries of the region, should be developed in the 80s, and also that the example of India and Japan, where deposits in both co-operative and commercial banks are insured, could be followed by other countries of the region to safeguard the deposits of members.

Group III (*Role of Thrift and Credit Societies vis-à-vis Better Living and Community Development in the 80s*) discussed the subject in two parts: strengthening thrift and credit societies; and broadening the scope of their activities. The Group emphasised the importance of member education for sustaining, promoting and increasing the membership and suggested that co-operative education should be included in school curricula. Measures for the better utilisation of resources enumerated by the Group were: investment in other co-operative societies; formation of an educational fund; and guidance for members on investment of funds in relevant areas.

The Group recommended (a) that committees of credit societies should carry out research in order to identify areas where loans could be granted to members for productive purposes, e.g. new cash crops, handicraft and other non-traditional occupations; (b) the promotion of social and cultural group activities for creating better understanding among members, e.g. meetings, sports activities, dinners and cultural shows, children's painting competitions etc.; (c) that societies should widen their activities beyond their membership to benefit the larger community, with special attention to the under-privileged, neglected and handicapped groups, and should create public awareness of such programmes.

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This seminar demonstrated the importance of Regional co-operation between co-operatives in the field of development.

Retirement of a great Editor: Jean Boniface

Of exceptional sensitivity which made him particularly receptive to everything that is human, Jean Boniface had to be a journalist, in the same way that he had to be a co-operator. His proverbial kindness and his simplicity have won him numerous friends inside and outside France, and his experience and culture made of him an engaging personality who left his mark in the course of many years on the French co-operative press.

He came to *Coopérateur de France* from *Monde Ouvrier* in 1958, and in 1970

succeeded Roger Kerinec as Chief Editor. He was always concerned to keep in direct contact with co-operators, and interested in the various aspects of information and communication within the co-operative movement; he was Chairman of the ICA Working Party on the Co-operative Press from its formation in 1970 until his retirement. He is also the author of several books, including *L'homme consommateur* (reviewed in No. 1/1977 of the *Review*).

On his retirement the *Coopérateur de France* decided—in all friendship—to turn the tables on their ex-editor by putting him at the ‘receiving end’ of an interview, published in the issue of 17 November 1979. Here Jean Boniface spoke about the immense power of the co-operative press, if all its journals were to speak with one voice:

“That is why I have tried to increase my contacts, to throw out bridges, to give life and reality to the great worldwide community of journalist co-operators. Getting to know each other better, we discover that we all have the same difficulties, and the same passion for informing and convincing, we can help each other and open windows to the great open air.

“There is much talk of a new international information order, as of a new economic order, an order where the great press monopolies will no longer stifle even the weakest voice, where truth will be truly free to spread.”

Jean Boniface finished by saying that although this order would not come to pass in a day, at least he could say that in his paper, nothing had ever been written knowingly against the truth, and he knew that this would continue under his successor and the new team.

We wish him a contented retirement. He will be greatly missed by his many colleagues of the co-operative press the world over.

Forerunners of Russian Co-operation

With the approach of the 27th ICA Congress to be held in Moscow and looking at the tremendous achievements of the Co-operative Movement in the USSR (to be described in our next issue), it seemed appropriate to cast a glance back to some of their forerunners in the early 19th century. In 1825 an uprising of army and guards officers on the occasion of the accession of Tsar Nicholas failed, and the rebels were sentenced to exile and hard labour in Siberia, with special orders from the Tsar to make life as hard as possible for them. There, driven by hunger and desperation (the source of all true co-operative ventures), and with some connivance by the local authorities, they founded their Artel with statutes similar in many respects to those of the Rochdale Pioneers—so far away and unknown to them—which enabled them to survive in prison and exile, and even allowed a few of them to enjoy freedom on the death of Tsar Nicholas in 1856. This achievement, because of political circumstances and lack of communications, remained virtually unknown to the outside world—even possibly in the USSR—until the publication in 1968 of a book,

Co-operators, by Prof. S. P. Dnieprovsky (Moscow 1968) which won one of the ICA Triennial Prizes (since discontinued) for the best publication on Co-operation.

In 1831, unknown to the Tsar's prisoners in Siberia, the Second Co-operative Congress in the UK met at Birmingham; this was also a meeting of the poor and impoverished, to which for lack of funds two of the delegates walked nearly 300 miles from Glasgow. It was that Congress, chaired by Robert Owen and William Thompson, that produced the first organised impulse to create a band of "co-operative missionaries" to go out into all the world, little knowing that at roughly the same time in far away Siberia a group of State prisoners was founding a collective enterprise actually based on Robert Owen's writings, which some of them knew, following an earlier, less formally structured, economic association at their first prison in 1827. These Artels enabled the majority of the prisoners to survive the sentence of hard labour, and later to overcome the privations of the exile which followed the prison sentence.

That great master of definition, John Stuart Mill, described Co-operation as an organisation "where the whole of the produce is divided so that all can partake of the profits of labour". This was done in the Artel: capital was only a trading charge, disregarded once paid, and labour for the good of all, by brain or hand, constituted the only claim on profits.

One of the Rochdale Pioneers, Charles Howarth, devised a plan whereby the share of profits due to members should be held by the board of directors up to a certain total for each member who would then be registered as a shareholder in that amount. In the Artel, a decade before Rochdale, a similar procedure was evolved for the benefit of those members who did not have wealthy relatives and were not in receipt of remittances. A Reserve Fund created within the Artel also ensured that a cash sum was always available for members leaving prison to go into exile.

The Report of the ICA Commission on Co-operative Principles pointed out that "it is no mere coincidence that so many eminent pioneers and leaders of Co-operation have been also great popular educators". The members of the Artel not only shared their education with each other but also taught the children of local workers, again no doubt moved by Robert Owen's writing.

Truly Markham's verse,

*There is a destiny which makes us brothers;
None takes his way alone;
All that we send into the life of others
Comes back into our own . . .*

sums up well the interplay of co-operative thought so long ago, and illustrates the power of the written word which was able to carry the thought and ideas of 19th century Western Europe as far as the corners of the Siberian wastelands to light up the Decembrists' prison darkness.

J.H.O.

Recent Books

by
Anne Lamming
ICA Librarian

The books listed should be ordered
direct from the publishers.
ICA can only supply its own publications.

AKERMAN, Nordal: Can Sweden be Shrunk? (Article *Development Dialogue*, 1979:2).

Uppsala (Sweden), Dag Hammarskjold Foundation, 1979. 43pp; illus; bibl. (mimeo).

An analysis of the main social, economic and political developments in Sweden during the past 40 years, leading to a series of conclusions that the Swedish economy must include a much larger co-operative share to survive.

AMERICAN INSTITUTE OF CO-OPERATION (AIC): Co-operatives—People with a Purpose. American Co-operation 1978-79.

Washington DC (USA); AIC, 1979. 501pp; tabs; stats; illus; index.

A collective appraisal of the state and status of co-operatives in the USA, with special attention devoted to current challenges to co-operatives - anti-trust legislation, size, inflation, energy, exporting.

APTHORPE, R. and GASPER, D.: Public Policy Evaluation, Meta-Evaluation, and Essentialism: the Case of Rural Coops. (ISS Occasional paper No. 75).

The Hague (Netherlands), Institute of Social Studies, 1979. 45pp; notes; refs.

"This paper looks at some of the structural aspects of the making of evaluations of policies in order to help explain some common features of evaluative discussion of public policy."

ASOCIACION DE ESTUDIOS COOPERATIVOS/CENTRO NACIONAL DE EDUCACION COOPERATIVA: El Credito Cooperativo—Gestion, Regulacion y Futuro (Cuadernos Cooperativos 7).

Zaragoza, AGELOOP-CENEC, 1979. 226pp; bibl.

A collection of 17 papers on co-operative credit presented at a 1978 meeting. Most papers concentrate on management matters, and the legal framework for credit co-operatives in Spain.

CHAPLIN, Paul and COWE, Roger: A Survey of Contemporary British Worker Co-operatives (Working paper Series 36).

Manchester (UK), Manchester Business School, 1977. 56pp; refs; bibl; app.

A report based on a survey of small and recently established worker co-operatives in the UK, with comments on their origins and nature, and observations about factors likely to influence the expansion of the new co-operatives.

CO-OPERATIVE FEDERATION OF NEW SOUTH WALES LTD.: Worker Co-operatives Handbook.

NSW (Australia), Co-operative Federation, 1979? 33pp; tabs; figs.

A simple basic guide for new worker co-operatives in Australia on how to manage accounts and financial management.

'CRUZ, M. D.: Member Activities in the Japanese Consumer Co-operative Movement (Coop. Series 21).

New Delhi (India), ICA RO & EC SE Asia, 1979. 34pp; charts; illus.

A survey of housewives' activities in Japanese consumer co-operatives; these include courses in home book-keeping, joint buying groups, festivals, hobby activities, and merchandise development and testing.

ELAVIA, Mrs. B. H.: The Study of Co-operative Land Development Banking in Gujarat.

Baroda (India), Dept of Co-operation, MS University of Baroda, 1979. 151pp; tabs; apps; bibl.

An analysis of land development banking in Gujarat—a state which pioneered this form of long-term finance for agricultural development.

ESPINOSA, José Carlos: Manual de educación cooperativa—Nociones para una formación cooperativista.

Buenos Aires (Argentina), INTERCOOP Editora Cooperativa Ltda, 1978. 202pp; bibl; annexes.

The handbook has four main parts: on education, co-operation, co-operative education, and on the planning of co-operative education.

FOOD AND AGRICULTURE ORGANISATION: Report on the "Expert Consultation on Increasing Agricultural Production through Co-operatives" held in Bali, 9-14 October 1978.

Rome (Italy), FAO, 1979. 34pp; appendices; (mimeo).

This report contains a summary of discussions on four broad themes: how to increase agricultural production in developing countries; why results vary between co-operative systems; effects on grassroots of regional and national programmes; applicability and adaption of systems from one area to another as well as recommendations for future action.

GEORGE, Oskar: The BSV Bank—Bank for the Investment of Savings and Capital Formation: Tasks—Organisation—Achievements.

Frankfurt-am-Main (FRG), Bank für Gemeinwirtschaft AG, 1979. 71pp.

"The BSV Bank is of interest chiefly because of its pioneering achievements as a mail order bank, and owing to the novel banking services it provides."

INTERCOOP: Regimen Legal de las Cooperativas (Ley 20.337) (Serie Documentos No. 4).

Buenos Aires (Argentina), INTERCOOP Editora Cooperativa Ltda, 1979. 285pp; app; tabs; index; 4th Ed. rev.

Standard textbook on Argentine co-operative law.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Productivity in Retailing.

London (UK), ICA, 1979. 43pp; tabs; stats; maps. (Mimeo).

A summary of the papers and discussions at the ICA Research Officers' Group meeting hosted by Konsum Osterreich and held in Vienna 25-29 September 1978.

ICA REGIONAL OFFICE & EDUCATION CENTRE FOR SE ASIA: Co-operative Press and Publicity—Report of a Regional Workshop.

New Delhi (India), ICA RO & EC SEA, 1979. 70pp; tabs; photos; graphs.

This workshop report outlines the present situation of co-operative press and publishing in SE Asia and in Japan; it further deals with journalism as part of mass communications and the problems encountered in co-operative press and publicity. The report concludes with observations made by participants on the co-operative movements of Korea and Japan.

ICA REGIONAL OFFICE & EDUCATION CENTRE FOR SE ASIA: Recent Changes, Trends and Developments of the Co-operative Movement in South-East Asia.

New Delhi (India), ICA RO & EC SEA, 1979. 437pp; tabs; stats.

A compendium of information on the co-operative movements in each of the member countries covered by the ICA Regional Office.

MARINHO, Luiz Claudio et al: America Latina: economia y cooperativismo.
Buenos Aires (Argentina), INTERCOOP Editora Cooperativa Ltda, 1978. 112pp.

Contributions by four authors, two of which deal with the economy of Latin America, and one with multinational corporations and co-operatives. The final chapter is entitled: "Co-operation in Latin America: reality and perspective".

PURI, S. S.: Ends and Means of Co-operative Development.

New Delhi (India), National Co-operative Union of India, 1979. 280pp.

The author identifies and analyses the various factors which have a bearing on the initiation and acceleration of co-operative development. He provides guidelines for those concerned with planning and development both of individual co-operative institutions and of the movement generally.

REED, Edward P.: Group Farming in Smallholder Agriculture—Experience and Potential in South Korea.

Madison (USA), University of Wisconsin, 1979. 370pp; tabs; footnotes; bibl; maps; apps. (Mimeo).

A PhD thesis on Korean group farming, which examines two major forms of common action—co-operative workteams for rice transplanting, and government-initiated group cultivation of rice.

SCHNEIDER, José Odelso and LAUSCHNER, Rogue: Evolução e Situação Atual do Cooperativismo Brasileiro.

São Leopoldo-RS, UNISINOS, 1979. 64pp; tabs; bibl.

A paper which describes and analyses the Brazilian co-operative movement, sector by sector, with many statistical tables.

SOMMERHOFF, Walter: La inflación y el cooperativismo.

Buenos Aires (Argentina), INTERCOOP Editora Cooperativa Ltda, 1978. 78pp; bibl.

Paper presented at the 1977 Assembly of OCA. It is a guide to inflation, and how co-operatives are affected by it, with particular reference to inflation accounting.

Book Reviews

By PAUL DERRICK

Socialism Tomorrow: Fresh Thinking for the Labour Party by Mark Goyder. *Fabian Society, 11 Dartmouth Street, London SW1. 65p.*

How to Convert to a Co-operative Basis by Roger Sawtell. *CDA, 20 Albert Embankment, London SE1.*

Community Socialism by Giles Radice. *Fabian Society. 65p.*

The socialist ideas of the British Labour Movement derive originally from the co-operative ideas of Robert Owen; but during the last hundred years these co-operative ideas have been to some extent superseded by state socialist ideas, so that people associate socialism with wholesale nationalisation. The Fabian Society, 95 years old this year, is in some measure responsible for this decline in the co-operative content of socialist ideas in Britain.

Now the Fabian Society seems to be taking an increasing interest in co-operative ideas. In 1978 it published two pamphlets *Industrial Common Ownership* (David Watkins) and *Towards a Worker Managed Economy* (Jeremy Bray MP and Nicholas Falk). It has just published two more, by Mark Goyder and by Giles Radice MP, both suggesting moves in a co-operative direction.

Mark Goyder discusses various aspects of Labour Party policy but is particularly concerned with the transformation of industrial common ownership by changes in company law involving the repayment of persons contributing risk capital and the vesting of ownership collectively in a trust. This is clearly something fairly close to co-operative ownership; but the experience of the motorcycle co-operative at Meriden near Coventry, of vesting ownership in a trust, has not been particularly happy. Nearly all the capital was loan capital provided by government, and the co-operative has been having difficulty

in paying interest on it. There were no personal shareholdings, no participation in the growth of assets when earnings were ploughed back. Mr. Goyder calls on the Labour Party to interpret the call in its Constitution for "common ownership" in terms of changes in company law and a rationalisation of the rewards of investors; but he might perhaps have said more about the direct conversion of a conventional company to a co-operative basis.

This is the subject of the first pamphlet published by the recently established Co-operative Development Agency. Direct conversion by small employers approaching retirement has been discouraged by Capital Gains Tax and Capital Transfer Tax liability; but changes in the UK Finance Acts for 1976 and 1978 made it possible for this tax liability to be avoided through the formation of a trust for the benefit of employees. Mr. Sawtell believes that the complicated nature of such changes might be avoided by certain changes in co-operative law and the CDA has been looking at this possibility.

Mr. Radice's pamphlet also commends the formation of small co-operative enterprises. There is interest in co-operative development both on the Left and on the Right of the British Labour Party. It was a Labour Government that set up the new Co-operative Development Agency—but with support from the Liberal and Conservative parties. Mr. Tony Benn, who set up the workers' co-operatives at Meriden near Coventry, Kirkby near Liverpool, and in Glasgow in 1975, is much identified with co-operative development; and the nearest his new book, *Arguments for Socialism* (Cape, £5.59), gets to explaining what he means by socialism is his suggestion that labour should hire capital. At the same time, books such as Evan Luard's *Socialism without the State* (Macmillan, £3.95)

argue cogently for a move in a co-operative direction without often using the word "co-operative".

It may be that the British Labour Movement will move slowly in a co-operative direction in the 1980s, both because of the electoral advantage of doing so and because of the relevance of such a move to the economic problems facing the country. But progress in this direction seems likely to be slow.

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Co-operatives and the Community by David H. Wright. *Bedford Square Press, National Council of Social Service, 26 Bedford Square, London WC1.*

There has been a great interest in co-operative production in recent years in many countries; but it is widely considered that co-operative productive societies are more difficult to form than most other kinds of co-operatives. This is partly because more capital per member is likely to be needed than with most other kinds of co-operatives, and because risks tend to be greater. There is thus a clear need, in Britain as in other countries, for a short guide to the formation of such co-operatives.

Mr. Wright's little book is an attempt to produce such a guide. He discusses the nature of ownership, the nature of co-operatives, the constitution of co-operatives and various possible legal forms, the crucial problem of financing co-operative

productive societies and problems of management. One of the distinctive features of his booklet is the advocacy of local government shareholding in co-operative productive societies and thus of local community participation in ownership and control. He discusses the differences between collective saving by co-operatives such as those using the Model Rules of the Industrial Common Ownership Movement, and saving on behalf of members as when members are issued with shares so that they participate in the growth of assets when earnings are ploughed back, as in the successful Mondragon co-operatives in Spain. But he tends to go into so much detail and to dwell on so many theoretical distinctions that his booklet may be considered a little too complicated to be a practical guide.

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Proposals for Raising a College of Industry by John Bellers. *Institute for Workers' Control, 45 Gamble Street, Nottingham, England. 60p.*

This little booklet, first published by T. Sowle of London in 1696, has now been reprinted. It develops detailed proposals for co-operative communities and was a source of inspiration to Robert Owen who reprinted it in 1817. This new edition, with an introduction by Ken Coates, should be of interest to all concerned with the history of the co-operative movement.

By RUDOLF CUJES*

Co-operatives in Canada by John G. Craig. *Saskatoon, Sask.; Co-operative College of Canada. November 1976. Price: \$20.*

Professor John G. Craig from the Sociology Department of York University in Toronto, who introduced a credit course on Sociology of Co-operation at the University, spent a year 1974-

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75 studying the larger co-operative organisations in Canada. The results of his studies were nine papers which he produced for the Co-operative College of Canada. These analytical papers are now available in a bound volume. Added are some tables with the results of some questions he used in his questionnaire as well as three appendices: number of questionnaires received from different organisations; report on international trade of a joint co-operative organisation

UNICOOP-JAPAN; and a summary of programmes of the Canadian federal department of trade and commerce which could be utilised by co-operatives as well as by other businesses.

Craig's studies covered the following topics:

1. The top 51—Canada's largest co-operatives in 1975.
2. A brief overview of co-operative development and concentration in Canada.
3. Corporate directors. A comparison between the co-operative and the investor owned sectors in Canada.
4. Employees and decision-making in Canadian co-operatives.
5. Consumers and the food industry.
6. Views of directors and delegates of large co-operatives in Canada about the role of the Co-operative Union of Canada and/or the National Association of Canadian Credit Unions in relation to the federal government.
7. Research on co-operatives in Canada: an overview.
8. Representative control structures in large co-operatives.
9. Selected issues facing co-operatives. Internal problems common to most large co-operatives are listed as: development of facilities and services; increased productivity of highly paid employees; helping directors to make better use of time and two-way communication with members. Problems pertaining to co-operation among co-operatives include: the best utilisation of scarce financial resources; exporting endeavours; computers and achieving economies of scale.

As the list indicates, this series of studies represents a valuable and most welcome addition to relatively sparse information on co-operatives in Canada. Despite the fact that the study includes the largest co-operatives (even some of those have been omitted for various

reasons: Western Co-operative Fertilisers Ltd., CSP Foods, Société d'investissement Desjardins, and CUNA Mutual Insurance Society) at least some of them are federations of individual local co-operatives. The study can thus be still considered to reflect in general the co-operative scene in Canada. It will also be primarily through federations and large co-operatives that the co-operative movement will play its role in the Canadian economy.

One additional positive side of the study is that it covers co-operatives of English- and French-speaking Canadians, avoiding thus the too common practice of dealing with one sector only.

It would be impossible to attempt to discuss in detail the material Professor Craig has presented in these studies. They all deal with theoretical and practical aspects of co-operatives in Canada and discuss issues which do not get enough serious attention either from theoreticians or leaders of co-operatives.

The material presented in the book will not only serve as a source of information on co-operatives in Canada, but should be of interest to anybody who desires a deeper knowledge and understanding of co-operatives in their internal structure as well as their place in the economy and society in general.

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Multinational Cooperatives: an alternative for world development by John G. Craig. *Saskatoon, Saskatchewan: Western Producer Prairie Books, 1976, 135 pages.*

There is no scarcity of literature on multinationals with arguments for and against. Professor Craig himself outlines the controversy in Chapter 7, when he discusses the impact of multinational enterprises, and in Appendix 1, giving a list of claimed advantages and problems.

The emphasis of Craig's book is on a special subgroup of multinationals which is not often mentioned in the literature, namely, multinational co-operatives. He defines multinational co-operatives as

“combinations or federations of co-operatives (each initially established in one country and operating within that area) which have joined together to provide international goods or services” (p. 2). They share some characteristics with other multinational corporations, but they also differ from them in important aspects—the most important being that the decision-making processes in co-operatives follow the service rationale. Investor-owned corporations base their decisions on maximisation or at least optimisation of profits for the investors, and government-owned enterprises gear their decisions according to goals set by their governments. Co-operatives will therefore produce a different type of economy: economic activities are service-oriented to provide for the needs of their member-users; earnings are used for reserves and any surplus is returned to members. New groups should be helped, but only to get started—then they should look after themselves. Translated on the international scene it means that “they should be owned and controlled by their users who would approve goals and strategies and adapt goods and services to meet their needs. They would raise most of their capital domestically and obtain labour domestically. However, in order to obtain the benefits of multinational activities, they would have to make a commitment to co-ordinate activities at that level. The decision-makers involved at the international level would have to develop a world-view and have the authority to commit their organisation to action” (pp. 19-20).

In Chapters 3-6 Professor Craig describes some co-operative organisations whose operations extend over two or more politically independent states. He gives a short historical overview, and the structure and activities of the following organisations: International Co-operative Insurance Federation; CF Industries Inc (including a comparison of the involvement of CF Industries in developing manufacturing facilities for fertilisers in India with the similar involvement of Chervon Chemical Company of San Francisco and of International Mineral and Chemical Corporation of Skokie—with quite different results for farmers in India); three multinational consumer co-operatives in Europe: Nordisk Andelsforbund (Scandinavian countries), Euro-Coop (European common market) and Inter-Coop (consumer wholesalers in Western and Eastern Europe); International Co-operative Petroleum Association, and International Co-operative Bank. These chapters provide a goldmine of useful information on co-operative activities which is very hard to find in co-operative literature.

Some additional information is contained in appendices: number of members and employees of consumer co-operatives, members of Inter-Coop (1973); activities of consumer co-operatives, members of Inter-Coop (1973) with indication of how much food retail and total retail trade is controlled by co-operatives, and a list of regional co-operatives in the USA and in Canada handling petroleum products.

Selected bibliographies on multinationals and on co-operatives are added.

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Review of International Co-operation



The official organ of the International Co-operative Alliance

Editor: J. H. Ollman

Assistant Editor: M. Blindell

Vol 73 No 2 1980

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

58th International Co-operative Day Saturday, 5th July, 1980

“... But I believe that our Alliance owes its stability . . . to the efforts we have always made to understand each other: by accepting the right of each one of us to be different; by taking pride in the fact that people of different nationalities, living in different countries, each with their own traditions, standards of living and ways of life, have been able to . . . rebuild together, because they had a common belief in the co-operative virtues . . . that sacrifice neither freedom nor social justice to economic progress. A common belief and a common spirit . . . which we hope will permeate the world of tomorrow . . .”

ROGER KERINEC
President, ICA

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

Dear Co-operators,

On the occasion of this 58th International Co-operative Day, especially in a year of heightened political and economic tensions in many parts of the world, I would like to ask you to use the moral force represented by our 350 million members throughout the world, to further our Co-operative work for peace and to remember that our Co-operative Principles are not just a way to solve credit and marketing problems—they are also a way of life in which peace is the basic requirement for the economic and social development of mankind and the fundamental condition for Co-operative progress.

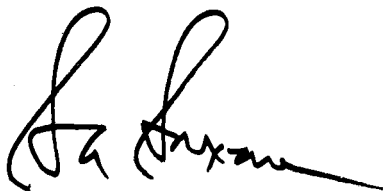
1980 is a particularly important year for the World Co-operative Movement, as our 27th Congress will be held in Moscow in October. Our Report to that Congress on the Co-operative Development Decade shows that there is increasing need for an even wider application of Co-operative Principles with their emphasis on service to all mankind through the development of a more equitable social and economic order, at a time when our world has more explosive power than food and invests 2,500 times more in the machinery of war than in the machinery of peace.

The 27th Congress will crystallise our thinking on "Co-operatives in the Year 2000" with the aim of stimulating Co-operatives to become and remain efficient economic organisations while fulfilling their role as a social force. This is the task to which your delegates are summoned.

I thank you for your support and look forward to meeting your representatives in Moscow where, drawing inspiration from the achievements of more than a century, co-operators can look forward with confidence to the Year 2000 and an era of further pioneering for a world without boundaries, for the advancement of the ordinary people everywhere through the teaching and practice of Self-Help.

I wish your International Co-operative Day celebrations every success.

With Co-operative greetings,



S. K. SAXENA, *Director, ICA*

Summary of Statistics

	<i>Number of Societies</i>	<i>Percentage of Whole</i>		<i>Individual Members</i>	<i>Percentage of Whole</i>
Agricultural ..	269,611	36.35	Agricultural ..	65,427,921	18.42
Consumer ..	63,100	8.51	Consumer ..	133,743,840	37.65
Credit ..	244,822	33.00	Credit ..	119,743,004	33.70
Fishery ..	18,004	2.43	Fishery ..	2,415,900	0.68
Housing ..	67,573	9.11	Housing ..	12,582,849	3.54
Industrial ..	45,860	6.18	Industrial ..	5,929,082	1.67
Miscellaneous ..	32,797	4.42	Miscellaneous ..	15,414,430	4.34
TOTAL ..	741,767	100.00%	TOTAL ..	355,257,026	100.00%

Total Turnover: \$440,501,459,000

ICA World Membership

AFRICA

Botswana ..	—
Egypt ..	—
Gambia ..	71,469
Ghana ..	2,111,454
Ivory Coast ..	—
Kenya ..	776,223
Mauritius ..	31,031
Morocco ..	—
Nigeria ..	302,506
Somalia ..	—
Tanzania ..	640,463
Uganda ..	980,076
Zambia ..	85,222

AMERICA

Argentina ..	5,587,408
Canada ..	9,124,111
Chile ..	358,556
Colombia ..	152,871
Haiti ..	136
Jamaica ..	—
Peru ..	—
Puerto Rico ..	326,452
Uruguay ..	149,326
U.S.A. ..	50,257,185

ASIA

Bangladesh ..	4,499,875
Cyprus ..	227,536
India ..	71,829,238
Indonesia ..	8,492,197
Iran ..	2,985,726
Iraq ..	531,156
Israel ..	699,090
Japan ..	16,241,169
Jordan ..	29,012
Korea ..	2,336,189
Malaysia ..	1,343,401
Pakistan ..	1,760,448
Philippines ..	414,986
Singapore ..	63,377
Sri Lanka ..	2,238,527
Thailand ..	1,211,569

OCEANIA

Australia ..	4,022,096
Fiji ..	30,440
EUROPE	
Austria ..	2,556,847
Belgium ..	2,593,511

Bulgaria ..	2,933,855
Czechoslovakia ..	4,322,123
Denmark ..	1,496,615
Finland ..	2,053,235
France ..	13,414,144
German Dem. Rep.	4,354,120
German Fed. Rep.	9,286,417
Greece ..	572,890
Hungary ..	3,931,703
Iceland ..	42,164
Irish Republic	160,175
Italy ..	4,348,136
Netherlands	323
Norway ..	1,139,231
Poland ..	11,729,771
Portugal ..	3,877
Romania ..	13,719,698
Sweden ..	4,139,667
Switzerland ..	963,609
Turkey ..	5,553,866
United Kingdom ..	10,631,658
U.S.S.R. ..	63,863,000
Yugoslavia ..	1,506,000

Note: 1977 figures have been used where available.

From Reaction to Action

by

Rudolf Cujes

St. Francis Xavier University (Canada)

The modern co-operative movement started to develop almost simultaneously with the development of the new industrial and economic system in England. The first co-operatives—usually of short duration—in the form of consumer co-operatives, co-operative mills, bakeries and others, were attempts at self-defence by the economically weak social strata who were not able to keep body and soul together, no matter how hard they worked. They were valiant efforts to secure at least some possibility of a place in the sun by uniting weak individual forces with each other to prevent some of the worst exploitation.

This story was repeated time and time again—when the new economic system spread from one country to the next, and/or when it started to make inroads on additional economic sectors (agriculture, crafts, merchandising, etc.).

The success of the Rochdale Pioneers, who had learned their lesson from many decades of co-operative failure and decided to stick with some basic principles in running consumer co-operatives, as well as the successful organisation of credit and supply co-operatives by Raiffeisen and Schulze-Delitzsch in Germany, provided economically weaker people with the opportunity not only of preventing further deterioration in their position, but in

many cases even of improving it. Co-operative ideology and methods were successfully applied also in other economic activities—in housing, health, transportation, fishing, insurance, etc. Despite some failures, people were generally successful in any economic activity wherever and whenever a group seriously decided to apply co-operative principles and methods to solve their problems.

With the substantial growth and expansion of co-operatives new problems developed. In some not so isolated cases, economic success started to be the goal to be aimed at—even when it became necessary to sacrifice the co-operative social goals which were dominant with the pioneers and in the early stages of co-operative development. Some writers have even formulated a law for co-operatives: *the more the business of co-operatives expands, the more prevalent become the business aspects of co-operatives and the more forgotten its social aspects*. This process is paralleled by the increasing role of professional managers and the decreasing influence of voluntary leaders. Many co-operatives start to lose their characteristics as a social movement and become more and more an indistinguishable part of the dominant establishment.

It would not be difficult to prove that this is a prevailing trend among co-

operatives in industrialised countries, acknowledging naturally that there are always exceptions, but this is not my intention this time.

The point I would like to make is this: whenever co-operatives achieve a position of relative importance in the national economy, and by co-operating over the national borders, in the international economy, it is time for their members, and especially their leaders, to realise that the economic power of co-operatives can be used—and must be used if they care to justify using the name “co-operative”—not only for the necessary defence of the economic interests of their members, but at least to the same degree in a start on humanising the whole economy. And this is not by the pious declaration of co-operative principles in their promotional literature, but by applying those principles in their economic activities and exercising their influence inside the economy from their economic strength.

Co-operatives have a dual nature. They are at the same time social groups and economic enterprises, having both social and economic goals. When they were still small and local organisations of people who were under constant economic stress it was not so difficult to see and work for social goals. Today many co-operatives have thousands of members and are involved in complicated business activities. This makes the identification of individual members with their co-operative more difficult. Nevertheless, it is exactly the relatively strong position of co-operatives in industrialised societies which makes it possible to start working seriously towards the building of a humanised economy inside of the economy itself. It

enables co-operatives to relinquish their role of merely reacting to forces outside their control in defence of their members. With the economic power they now possess, they can develop purposeful activities to which other economic forces will have to react. With some control over production, distribution and finances, as well as the possibility through their educational activity of influencing the economic decisions of their members, and hopefully also some of the general public, they can build a co-operative economy in some sectors of the economy, in some parts of the economic process, and play the role of a countervailing power in the rest of the economy.

In order to do this successfully some conditions, which lie within the power of co-operators themselves, must be fulfilled.

Co-operation among Co-operatives

The first is that the 6th Principle of the co-operative movement (Vienna 1966) “*co-operation among co-operatives*”, must be taken seriously. Co-operatives will be able to influence the national economy only (and the same is true for the international economy) if all branches of co-operatives co-ordinate their activity according to mutually developed plans aimed at developing as complete a co-operative economic sector as possible. As much of the economic process as possible, from production to consumption with assisting financial services, must be controlled by co-operatives to prevent disruptive influence from outsiders. While some competition between co-operatives may be functional, it should be oriented primarily towards increasing membership from the general public who have not yet discovered the

value of the co-operative way, and not towards ruining other co-operatives in the same field of service, especially not with the methods often applied by profit-oriented businesses towards their competitors. There is still plenty of room for co-operatives to expand, especially to do the job they were originally created for—to improve the lives of the less privileged members of society.

As was successfully done in the past, the process of increased co-operation among co-operatives must start from the bottom up—on the local level. There are some “co-operative communities” in which not only most of the needs of people can be served by co-operatives, but in which different co-operative organisations support each other, utilise each other’s services (e.g. consumer co-operatives using the services of credit, insurance, fuel and other co-operatives) and plan together their activities in the community. There are, I am afraid, many more communities in which there is neither informal nor formal contact between different co-operatives of the same community. Each attempts to achieve its narrowly defined objectives in isolation. Even if some of the members belong to two or more co-operatives, their organisations have no regular and planned communications and do not use each other’s services. We should not be surprised that in such communities—and if a similar situation prevails on the regional as well as on the national level, in such regions and such nations—co-operatives have less influence on social and economic life than one would expect, taking into account the number of their members and the amount of business they are doing.

On the local level co-operation among

co-operatives can be arranged with little formality. Some communities are already utilising a simple and efficient means—regular (usually monthly) lunch or supper meetings (participants can also bring their own sandwiches and meet on the premises of a co-operative institution, where no kitchen exists) of elected leaders and managers of all co-operatives working in the community. Only a small staff is needed to take care of organisational details (time, place, topic, etc.). The meal is followed by a discussion (facilitated by a speaker, panel, audio-visual presentation) on a relevant topic. Each of the participants attempts then to work towards the objectives agreed upon in his/her own organisation. Such meetings also familiarise each participant with the specific problems, conditions, attitudes, etc. of co-operatives of which he is not a member. Such better understanding will go a long way towards eliminating the misunderstandings which sometimes develop between different co-operatives. At such meetings it is easy to identify the needs of community members not yet served by co-operatives. This may and should lead to the bringing of such services to the community. There may also be some groups in the community which for one reason or another do not take advantage of existing co-operative services. Co-operatives may develop a comprehensive plan to bring such services to them (e.g. low income groups) and will have much more chance of succeeding if they undertake it jointly and not separately. Such meetings will also provide an easy way to co-ordinate the involvement of co-operatives in community projects, etc. If co-operators intend to remain an active force in society, such a vehicle, or some-

thing similar, for co-operation among co-operatives on the local level is a must, and no community should be without it.

On the regional, national and international levels, such means for furthering co-operation among co-operatives would have to be more formal. In a great many cases such forums already exist, but most of them would benefit from widening their outlook to broader horizons. In many cases even, not all types of co-operatives are included, and often the communication with levels below and above is not fruitful enough. Besides attempting to find solutions to some of the internal problems which develop in and among co-operatives, such forums should also devote their attention to finding proper co-operative solutions to many of the problems with which modern man is faced.

Education

The second task lies in the field of education. Despite prolonged years of compulsory education, surveys show consistently that the average citizen knows little about the most basic facts of economic life: e.g., how much he actually pays for goods and services if he borrows money to pay for them, or what is the true interest rate he is paying on his loans. The same is true of nutrition and over-the-counter medicine. Co-operatives must devote much of their educational effort to offsetting the distortion in human perceptions caused by constant brainwashing by the mass media of communication. For some of these activities, the information and services of public protection agencies and consumers' associations could be utilised, as is done in "consumers' corners" in co-operative stores in Sweden. Co-opera-

tives should develop simple ways of explaining, e.g., the different consequences when people buy co-operative products, or similar products produced by multinationals, by illustrating how the consumer's dollar takes a different path in both cases. Such information should be spread as widely as possible: in the co-operative press, bulletins, pamphlets, etc. It should cover all the economic activities in which members are involved.

The education of members (and the public) should deal with important topics of our times, even if people often do not like to think about them. One such problem is the urgent need to change our style of life. A steadily increasing population and diminishing natural resources will soon force it upon us if we do not accept it voluntarily. Looking at it objectively, this will not be such a bad thing after all: people today are dying, not only from hunger, but also from eating too much. Increasing suicide rates among nations with high living standards indicate that the accumulation of goods does not increase human happiness. Hard driving for more income to be able to afford all possible gadgets does not leave people with time to enjoy them—not to mention strained human relationships, neglect of children in families, increased alcoholism and use of drugs, etc.

People have difficulty in changing their basic habits. New Year's resolutions are in most cases quickly forgotten. For the average person, the possibility of change is greatly increased if he is supported by people who are close to him—by family members, friends. Mutual group support is the secret of the successes of groups such as Alcoholics

Anonymous, Weight Watchers and others. Co-operatives can become nuclei of such an attitude-changing process among their members if proper approaches are developed and leadership offered. We should not fool ourselves—if the changes do not come soon voluntarily, they will be forced upon us by a revolution.

Co-operatives have always flourished when they were able to present innovative solutions to pressing problems. Today, too, the future of Co-operation will not be decided on surpluses in yearly reports, but on how creatively co-operators and their organisations can respond to the serious problems with which our civilisation is faced.

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by
Koenraad Verhagen

The Questions

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3. Can co-operatives do something for landless rural inhabitants?
4. What is the significance of co-operative education? . . .
5. . . . of traditional forms of co-operation as a possible basis of development-orientated form of co-operative enterprise?
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World record in High jump 1979: 2.34 m



World record in Javelin 1969: 92.70 m
World record in Javelin 1979: 94.58 m



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World record in Discus 1979: 71.16 m



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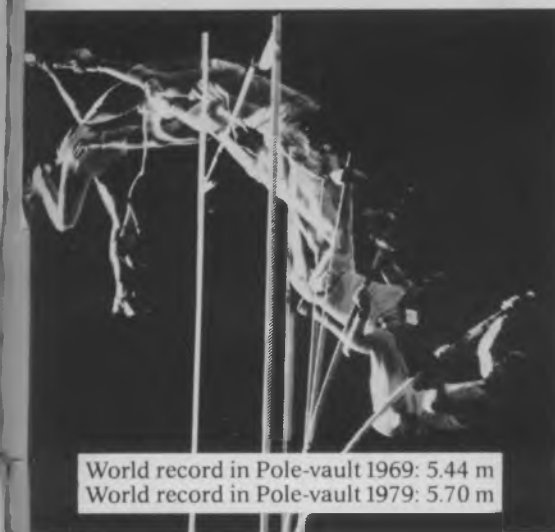
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 World record in 200 metres 1979: 19.72 s



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 World record in Pole-vault 1979: 5.70 m



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	1978	1979
Total Assets	49.35	54.57
Total Customers' Deposits	21.04	24.05
Loans to Customers Outstanding	25.77	31.04
Capital and Reserves	1.31	1.43

*) Consolidated Balance Sheet Figures/BfG: Group

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JOSEP ROCA GALES (1828-1891),
a pioneer of the Catalan
Co-operative Movement, for which
he fought all his life.
He contributed widely to
many journals and
reviews.



CATALONIA: A Century-old Co-operative Movement in Process of Reconstruction

by

Albert Pérez Baro and Josep Castano
Fundació Roca Galès, Barcelona

Portrait of Catalonia

Catalonia is a region situated in the north-east of Spain which sprang up as a nation in the 9th century in the fight against the Arabs who had dominated the whole of Southern Europe for around 100 years. It maintained its independence up to the 15th century—when it was united with the Spanish crown—but retained its own statutes and laws until 1714. In that year the King of Spain imposed Castillian law, in addition to a whole series of restrictions which, to some extent, have continued into modern times.

in Spain, Catalonia recovered its own Parliament (*Generalitat*) and autonomous government. In 1979 the Spanish Parliament approved a new Law, the *Estatut d'Autonomia*.

Its large industrial cities are: Barcelona (pop. 1,990,000), Hospitalet (pop. 293,000), Sabadell (pop. 196,000), Terrassa (pop. 168,000), Tarragona (pop. 101,000), Girona (pop. 80,000), Mataró (pop. 96,000), Badalona (pop. 202,000), Santa Coloma de Gramanet (pop. 144,000), Lleida (pop. 102,000).

Catalonia holds an important place in the Spanish economy: it contributes

	<i>Land area in sq.km.</i>	<i>Total population</i>	<i>Working population</i>	<i>%</i>
Spain	504,750	36,500,000	13,500,000	36.99
Catalonia	31,930	5,704,800	2,175,000	38.13

Industrial development took place in Catalonia at the beginning of the 19th century, and as a result it became the cradle of the Spanish workers' movement.

The language of Catalonia is Catalan, derived from Latin, although in many periods of history it has been replaced by Castillian or Spanish.

In 1977, after the democratic changes

more than 20 per cent of the total gross added value of Spain. In other words, Catalonia has 6.30 per cent of the land area of Spain, 15.80 of its population, and produces more than 20 per cent of its income.

In addition, through its taxes Catalonia contributes 20.3 per cent of the Spanish budget.

Currently one of the main problems

Distribution of the Working population

<i>By Sectors</i>	<i>Catalonia %</i>	<i>Spain %</i>
Primary	9.4	25.5
Secondary	53.8	36.1
Tertiary	36.8	38.4
	100.0	100.0

is that of unemployment, which in Spain runs at 10.14 per cent of the working population, and in Catalonia at 9 per cent.

Background to Catalan Co-operation

Because it was the most industrialised area in Spain, Co-operation arose—as in other European countries—as an expression of the spirit of solidarity of the working class faced with the exploitation to which it was subjected by incipient modern capitalism. The same phenomena of industrial concentration and the fight against the machine occurred in the early part of the 19th century. In 1835 a factory in Barcelona, which employed 600 workers and was the first to use the steam engine, was set fire to by a raiding party, and one of the workers' leaders (Alejo Pardiñas) and several of his companions were shot. It was the Catalan equivalent of the English Luddites.

Two years before the Rochdale experiment, Juan Muns—who directed a Weavers' Association combining trade union, resistance and friendly society functions—founded the *Compania Fabril* as a way of dealing with unemployment, with a cash loan from Barcelona municipal council; this provided work for several hundred workers, but his experiment failed and the *Compañía Fabril* disappeared within a few years. It bore several of the characteristics of an associated workers' co-operative, although it would be difficult to classify it completely as such a co-operative.

Around 1860 Fernando Garrido translated, and included in his book *Historia de las Asociaciones Obreras* (History of Workers' Associations), Holyoake's *History of the Rochdale Pioneers* and, according to the prologue to the statutes of the Palafrugell Consumer Co-opera-

tive (founded in 1865 and still in existence), it was this book which led to the setting up of the Co-operative, under the title of *La Económica*. Round about the same time many others came into existence, including an associated workers' co-operative *La Obrera* in Mataro and a consumer co-operative in Canet de Mar.

The workers' leader, Antonio Gusart, who edited the periodical *El Obrero*, in 1865 organised a Workers' Congress in Barcelona, attended by 22 societies of which at least eight were co-operatives operating in close contact with trade unions and friendly societies. In 1870, also in Barcelona, the First Workers' Congress met as the Spanish section of the International Workingmen's Association, to which both Bakuninites and Marxists belonged, and here—as in 1865—the subject of Co-operation was discussed, its main protagonist being another workers' leader, Josep Roca Galès.

After the fall of the First Spanish Republic in 1873, followed long years of clandestine activity for the workers' movement, which obliged many co-operatives to disassociate themselves from it in order to survive as co-operatives, although each one operated in isolation. Finally, during the 1890s, the dispersed co-operatives began to work towards co-ordination, until in 1898 the *Catalan-Balear Regional Chamber of Co-operatives* was set up, with 37 affiliated societies, the majority being consumer co-operatives.

Structure of the Catalan Co-operative Movement

The principal organiser and first president of the Regional Chamber of Co-

operatives was the lawyer Juan Salas Antón, who also edited the *Revista de la Cooperación Catalana*, which later underwent two changes of title.

Some co-operatives had their origins in the old guilds—eg the *Flor de Mayo* (Mayflower) formed by a group of coopers, and the *Tejedores a Mano* (handweavers)—and inherited the corporate and exclusive spirit of the guilds, which was always an obstacle in the way of inter-cooperative relations. Salas Antón and his friends had a hard struggle to first organise and then develop the Regional Chamber.

These difficulties were greater in the economic field. When it was a question of organising joint purchases or establishing secondary organisations, the difficulties were many and attempts failed repeatedly. The spirit of solidarity, which was so much in evidence between the members of a primary co-operative, encountered many difficulties in its application between co-operatives.

In spite of everything, and through various changes in membership and the management team, the Chamber survived for twenty years, even through the economic difficulties caused by the First World War. In spite of them, the journal of the Chamber also survived although changing its name and periodicity.

In 1918 the Catalan co-operative organisation changed both its name and its location: the *Camara Regional de Cooperativas Catalano-Balear* disappeared and in its place was formed the *Federación de Cooperativas de Catalunya*. Its journal became a weekly with a larger format, with the title *Acción Cooperatista*. The organising team, very young and dynamic, led by Juan Ventosa y Roig, set about the task of reorganising and

expanding the Catalan Co-operative Movement.

In spite of the intense social struggle of the 20s in Catalonia—which had repercussions on co-operative progress—and the difficulties consequent on the later dictatorship of General Primo de Rivera—which lasted seven years—Catalan Co-operation made considerable progress. In the late 1920s some integration was achieved between consumer co-operatives in small villages and a few mergers of societies also took place in Barcelona.

It should be borne in mind that the Catalan consumer co-operatives had an outstanding social side to their activities. As they generally owned real estate, they ran coffee rooms, a theatre in which their own members and their families performed, organised family parties and excursions, in some cases libraries and also primary schools etc., in addition to what were very popular at the time, mutualist sections (friendly societies). All this helped to maintain the spirit of comradeship and solidarity between members, a spirit which paradoxically disappeared when it was a case of working jointly with another body.

Side by side with the Federation of Catalan Co-operatives and its predecessor the Regional Chamber, a strong agricultural co-operative movement had begun to develop in the early years of the 20th century. "The phylloxera had sown misfortune at the end of the previous century, destroying the vineyards, the main cultivation in many Catalan districts, causing depopulation and poverty in the countryside. In the *Espluga de Francolí*, J. M. Rendé began to solicit support and in 1906 succeeded in setting up the first Thrift and Credit Rural Bank, in 1910 the first (co-operative) Agricultu-

ral Trade Union (*Sindicato Agrícola*), and in 1912 the first Co-operative Wine business in Spain, extending rapidly through the agricultural districts of Tarragon and even exerting influence as far as La Mancha right in the Castillian plateau."¹

At the same time, in the valleys of the Pyrenees and for the same reasons, dairy co-operatives sprang up which turned the milk into butter and cheese for the vinegrowers turned cattle farmers, and thus they overcame the crisis and ended the misery caused by the sickness of the vineyards.

During the decade 1920-1930 several secondary co-operatives came into existence for the production of some of the goods needed by the consumer co-operatives, which later—well into the Second Republic—joined together to form *Productos COOP*. The change of regime and the first co-operative laws passed in Spain—1931 for the whole country, 1934 for Catalonia exclusively (when the latter obtained autonomy) greatly stimulated the Catalan Co-operative Movement. Several pharmaceutical and some local electricity supply co-operatives, a radiodiffusion co-operative *Radio Asociación de Catalunya*, a large Electric Current Co-operative and the introduction of a network of inter-urban road transport, are some of the achievements of Catalan Co-operation.

“By the end of 1935 all the necessary groundwork had been done for the secure foundation and better development of the co-operative movement in Catalonia. Catalan co-operation had come of age with the appropriate legislation and legal

bodies, with the establishment of the secondary economic organisations (*Co-operativa Central de Compras, Productos COOP, Caja de Crédito Agrícola y Co-operativo*) and above all through a great increase in the spirit of co-operation among the members.”²

Catalan Co-operators in the International Co-operative Alliance

The first Spanish contacts with the international co-operative movement were established by the Catalan co-operators, when they sent Juan Salas Antón, Dr. Raduá and the President of the consumers' co-operative *La Flor de Mayo* (Jaime Anglés) to the ICA Congress held in Manchester in 1902.

Salas Antón and Francisco A. Ripoll (who succeeded him as president of the Co-operative Regional Chamber) maintained close contacts for several years with the leaders of the English co-operative movement, and when the First Spanish Co-operative Congress was organised at Barcelona University in 1913, the ICA sent as representatives, Messrs. Graham, Allen and Hellies.

Towards 1920 when the recently created Federation of Catalan Co-operatives—which replaced the Regional Chamber—came under the presidency of Juan Ventosa y Roig, the Federation became a full member of the ICA and was represented at most of its Congresses up to 1937 by Ventosa y Roig, who was also a member of the Executive Committee of the Alliance and of the Special Committee appointed to enquire into the Present Application of the Co-operative Principles, which held one of its meet-

¹“Les Cooperatives a Catalunya”, by A.P.B., *Barcelona* 1972.

²“Historia de la Cooperacion Catalana” by A.P.B., *Barcelona* 1974.



One of the authors, Mr Pérez Baró (right), with an outstanding leader of the Catalan Co-operative Movement, Mr Cortines.

ings in Barcelona in 1933.

In 1929 also, Charles Gide, Ernest Poisson and Mr. May travelled to Barcelona to attend the First Congress of the Spanish National Co-operative Federation (which had just been formed, and of which Ventosa y Roig was also president). At the ICA Congress in Paris in 1937, Catalonia and Spain were represented by Miguel Mestre, then president of both organisations, and the Report of that Congress gives extensive evidence of the interventions and resolutions on behalf of the Spanish co-operators who were then suffering the consequences of the Spanish Civil War.

This did not signify the end of the

relations between the Catalan co-operators and the ICA, because many were the Catalan co-operators who emigrated to France and who received help from the Assistance Fund formed by the ICA, a magnificent demonstration of co-operative solidarity.

Catalan Co-operation during the Civil War and the Franco Regime

During the Civil War (1936-1939) the co-operative movement in Catalonia underwent a process of expansion. In Barcelona 45 consumer co-operatives joined together with a total of more than 60 sales points, and in a few months they had tripled their turnover. Simulta-

neously and side by side with this co-operative integration, many co-operatives were formed by the anarchist trade union elements who had always rejected co-operation, and in a short time their allocation of rations exceeded those assigned to the classic co-operatives; in other words they had a larger membership.

On the other hand, to avoid the collectivisation of industrial enterprises—a very interesting experiment in collectivisation which originated in the abandonment of their businesses by many patrons and technicians caught up in the military uprising of July 1936—many industrial co-operatives were formed by agreement between patrons and workers, to operate the former private undertakings, which after the civil war returned to their original owners.

Immediately the war ended, in 1939, the Catalan co-operative movement suffered brutal repression. More than a hundred co-operatives, especially in the villages, were deprived of their property, which passed into the hands of the recently created Francoist vertical syndicates, property which during the more than four years since the death of the dictator, they have been unable to recover.

In 1942 the Franco regime passed new co-operative legislation which cancelled the laws of 1931 (of the 2nd Spanish Republic) and 1934 (of the Catalan Parliament) which had been based on the Rochdale co-operative principles. The new law compulsorily integrated all co-operatives, of whatever type, in the *Obra Sindical de Cooperación* (Syndical Authority for Co-operation), under the immediate direction of the National Head of the Falangist Movement's

syndicates established by Franco.

It was officially declared that "consumer co-operatives have no reason for existence in the new State", not withstanding the fact that ten years later it was also stated—officially—that "we are going to create a national-syndicalist co-operative movement with all that this term implies". The old voluntary membership federations were dissolved and replaced by Territorial Unions, with compulsory membership for all primary co-operatives and the leading positions in the new organisations reserved for militant falangists.

The economic consequences of the post-war period, joined to the persecution of working class militants, the exile of many militant co-operators, and above all the legal difficulties, enormously reduced co-operative potential. The 45 consumer co-operatives which had joined together in Barcelona at the beginning of the war were now separated again and, as we said earlier, more than a hundred co-operatives were despoiled of their property. All this contributed to the fact that in Barcelona, for example, the turnover of the consumer co-operatives in 1950 was about one-fifth (20 per cent) of the 1935 figure.

An attempt at recovery through educational activity by the internationally known co-operator Antonio Fabra Ribas (who had just returned from exile) crystallised in the setting up of the Centre for Co-operative Studies in Barcelona, which was dissolved by the syndical authorities after eleven months of operation.

According to the 1942 law, any co-operative official could be deprived of office by Franco's syndical authorities, and this weighed enormously on the

economic and social life of the Catalan co-operatives. In addition the social life of these organisations was under close supervision by the regime through the Syndical Authority for Education and Leisure, which practically meant its annihilation.

The compulsory opening of Syndical shops (*Economatos Laborales*) in all large firms (more than 500 workers) which must sell at cost price, with the general expenses borne by the firm, was also a great economic blow to the consumer co-operatives, composed generally of workers. Nor to this day has it been possible to get rid of these *ecomomatos* which do so much harm to the co-operative movement.

Towards 1960 the Franco regime began to recover, both politically and economically. After the war large numbers of workers had flocked to the large cities, creating a very serious housing shortage. Unable to deal with this directly, the State decided to encourage housing co-operatives with initial subsidies. Needless to say, this resulted in a sudden increase in the number of housing co-operatives which were merely construction firms and which often provided cover for fraudulent dealings—to the consequent discredit of the co-operative system.

In addition, as an emergency solution for the numerous private undertakings on the verge of bankruptcy, a multitude of associated workers' co-operatives were created which then had to face the legacy of a bankrupt business, at the cost of sacrifices by the workers who also lost their faith in the co-operative system. Some of the old co-operatives of this type survive thanks to grants from the Public Authorities.

The Franco regime placed emphasis on agricultural co-operatives in regions such as Southern Spain and Galicia (directed and controlled by their own puppets), especially on the creation of co-operatives for production of cotton, wheat, oil (composed of landowners who based their economy on the exploitation of the peasants, denounced in the Report made by the FAO in 1965 on Spanish agriculture, which added that many of these co-operatives had been created to justify Franco's agricultural policy).

Some of the Catalan agricultural co-operatives also benefited considerably from this government policy, after a period of several years during which state intervention in the export of products, such as almonds and cob-nuts from the province of Tarragona, had caused them much damage. Recently, among the hundred most important enterprises in Catalonia, figured three large agricultural co-operatives with sales figures of 14,000, 9,000 and 7,000 million pesetas respectively, and employing 1,200, 860 and 300 workers; this could give a false impression of the importance of Catalan agricultural co-operation, because in reality it appears that, in some cases, their increased economic importance has taken place at the expense of a decline in co-operative spirit and a loss of internal democracy. They are really large economic enterprises with the title of co-operatives (it may also happen that their system of distributing surpluses is co-operative, but with none of the other characteristics proper to a genuine co-operative).³

³We would add that many co-operatives were constituted under the Regime, which were in reality commercial enterprises, set up by traders, which undoubtedly took advantage of the protection afforded to co-operatives.

In concluding this brief historical review, let us say that during the last years of the Franco regime, legislative reforms were repeatedly attempted with a view to improving the regime's foreign image, without producing any real changes; they were in fact merely semantic changes which reinforced the position of the bureaucracy of the old *Obra Sindical de la Cooperación*, attempts at improving its image with the international co-operative movement, such as the modification of the regulations contained in the dictatorial law of 1974 and more recently, this last Regulation published in 1978, right in the middle of a period of political transition.

Present position of Catalan Co-operation

During the whole period of the Franco government, Catalan co-operatives were unable to hold any conferences and links between them were barely possible. Nevertheless, a great number of co-operatives came into existence, the majority fictitious (to take advantage of various fiscal exemptions), which co-existed with the authentic co-operatives practising the Rochdale principles, leading to a certain amount of confusion.

Catalonia has been divided for administrative purposes into four provinces, each one of which has its sectoral co-operative Territorial Unions (Consumer, Housing, Workers', etc.) and with a direct link with the National Union in Madrid. While some of their leaders over the past ten years have undoubtedly been deeply committed individuals, the loss of credibility of these forcibly imposed "Unions", directed during the early years of the Franco regime by government officials, has given rise to a hybrid

situation.

There are some 1,000 co-operatives in Catalonia, divided approximately as follows:

- 95 consumer co-operatives
- 374 agricultural co-operatives
- 110 workers' co-operatives
- 105 teaching co-operatives
- 60 housing construction co-operatives
- 200 service co-operatives (particularly for traders, industrialists and the professions)
- 7 credit co-operatives
- 10 rural banks (credit co-operatives attached to agricultural co-operatives)

With the recent political changes in Spain there has arisen in Catalonia a great determination to reconstruct the co-operative movement, expressed in the following:

1. The setting up of the *Fundación Roca Galès* in Barcelona in 1976, a private institution which aims at the promotion of Co-operation and organises co-operative training courses, studies with co-operators the great problems of Co-operation, has formed a co-operative library (which already has 1,900 volumes and receives some 60 periodicals from all over the world), and for more than two years has run a weekly page of co-operative information in a Catalan periodical.
2. The holding of *Seminars on Catalan Co-operation* organised by the Catalonian Parliament's Department of Labour, every Friday, Saturday and Sunday in February 1980, for some 2,000 co-operators from all sectors, for the study of specific problems. Speakers at these sessions have been (among others),

Constantino Pereira (a co-operative official from the ILO), Hanns Ollman (head of ICA Press and Public Relations) and Jean Martinet (of the ICA Agricultural Committee). This study will have important results for the reconstruction of the co-operative movement.

In general terms, our main needs are the following:

- (a) The need for a voluntary but effective investigation of all existing co-operatives, so that only those survive whose operation is in agreement with the Rochdale Principles;
- (b) The setting up of Federations for each type of co-operative, and of a Confederation which, while maintaining relations with other co-operatives in Spain and with the ICA, will organise indispensable services and promote co-operative training;
- (c) Concentration and amalgamation of consumer co-operatives in order to compete with the large capitalist

food distribution network; creation of central purchasing organisations, etc.

- (d) Modernisation of all co-operative societies (not only consumer, but also workers' and agricultural co-operatives) while making serious efforts to invigorate co-operative democracy and develop the human and social values of Co-operation;
- (e) Creation of a co-operative bank, created from the base although it might receive some assistance from the government without eliminating the necessity for serious effort by all co-operatives; if adequate credit institutions are not in existence, it will not be possible to finance the projects envisaged—to rely on money from the private banks is out of the question for co-operatives because of its high cost;
- (f) Thorough development of co-operative education, based on present conditions but corresponding to the true Rochdale Principles.

FIRST GLOBAL CONFERENCE ON THE FUTURE

July 20-25 1980 — Toronto, Ontario, Canada

“Through the 80s: Thinking Globally – Acting Locally”

The Third General Assembly of the World Future Society, with more than 50,000 members in over 80 countries, becomes the First Global Conference on the Future. Over 400 United Nations organisations, governmental and non-governmental, have been invited to participate with the Club of Rome, World Future Studies Federation, Hudson Institute, Futuribles of Paris and more than 250 other futures groups. Famous personalities, scientists, scholars, educators, theologians, researchers, policy-makers, statesmen, corporate planners and other individuals of vision and goodwill will meet to contemplate and document an agenda for the future that will be syndicated widely to opinion-creators and decision-makers around the globe.

This “First Global Conference on the Future” is a response to a challenge by Aurelio Peccei, Founder and President of the Club of Rome, who at a 1978 Conference co-sponsored by the Economic Council of Canada, the Science Council of Canada, and the Institute for Research on Public Policy, called on Canada “to play a leading role to help solve the problems of humanity”. The Conference is expected to attract about 4,000 leaders and thinkers from business, government, voluntary organisations and educational institutions.

The Canadian Co-operative Future Directions Project, in conjunction with the ICA, will be organising seminars within the framework of the Conference on the theme of *Co-operatives and the Future*. These seminars will focus on efforts by co-operatives to deal with the future, and on demonstrating the significance of co-operation in building the world of tomorrow.

For more information on the conference, write to:

John Jordan, Research Director,
Co-operative Future Directions Project,
5th Floor, Scott Library, York University,
4700 Keele Street,
Downsview, Ontario, CANADA M3J 2R2.

To register, write to:

First Global Conference on the Future Inc.,
World Headquarters,
49 Front Street East (2nd Floor),
Toronto, Ontario, CANADA M5E 1B3.

JOHN JORDAN, *Research Director*
Co-operative Future Directions Project

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A LETTER FROM THE CONFERENCE CHAIRMAN

Dear Fellow Futurists,

As we see it, the human future depends crucially but simply on three things:

- our relationships with our “selves”;
- our relationships with each other; and
- our relationships with the world around us.

It is often difficult to remember that we are all of one species. Every one of us on this tiny mudball spiralling through space is a member of the same family—we are one people. We do not see simply biological nuances and cultural differences as divisive. At Toronto the vivid colour of our global mosaic will merge together as a harmonious fabric of overlapping perspectives on the future.

We believe that the long-term stability of humanity can occur only through such globally-oriented determination and will. Your conference will aim to increase collective awareness and recognition of the need for an embracing acceptance of the oneness

of our race from which a genuine spirit of “future” will emerge.

There is no doubt we are capable of gaining a keener awareness of our place together in the global domain. There is also no reason why we cannot operate collectively and in sympathy and harmony with the planet on which we so recently evolved. The potential of our collective brains is probably infinite and no one with even the merest whiff of imagination would deny our ability to do almost anything. What is at issue is whether we can all strive for one aim—to think globally while acting locally.

The First Global Conference on the Future is a step in this direction. We look forward to your continuing empathy, participation and support—and to meeting you here.

Sincerely,
First Global Conference on the Future
Frank Feather
Conference Chairman

The Chamber of Agriculture of the Ivory Coast

by
Oka Niangoin
President

*The **Chambre d'Agriculture de Côte d'Ivoire** was admitted to membership of the International Co-operative Alliance at the meeting of Central Committee held in Copenhagen, September 1978, as a professional body engaged in the promotion of co-operation.*

The Chamber of Agriculture provides official representation for the farmers, stock breeders, fishermen and foresters which make up three-quarters of the population of the Ivory Coast. It is the oldest agricultural organisation in French-speaking West Africa.

Before the date of Independence, 7th August 1960, Consular representation of the commercial sector had been provided by the Chamber of Commerce (from 1911 onwards) and of the production sector by the Chamber of Agriculture and Industry (from 1926).

The Law No. 60-340 of 28th November 1960 institutionalised Representative Assemblies for the economic interests of the country.

The Chamber of Agriculture and Industry was divided into a Chamber of Industry (Decree of 17th May 1963) and a Chamber of Agriculture authorised by a Decree of 9th January 1964 and set up on 6th March 1966.

The Chambers of Commerce, of Agriculture and of Industry are specialist consultative bodies, legal advisers to the Public Authorities and representative of the interests of their respective sectors.

The Chamber of Agriculture is an incorporated public body, with legal status and financial autonomy. It is financed by a proportion of the proceeds of the additional centimes on the Special Entry Duty (part of the Import Duty), earmarked for the purpose by the Law relating to Consular Chambers. It is

under the supervision of the Minister for Agriculture, and subject to audit by the Finance Authority (*Cour de Comptes*); it is managed by an Administrative Board (*Conseil d'Administration*) of 40 members elected for four years by individual electors voting in secret ballot. These individual electors who elect the members of

the Chamber of Agriculture, are themselves elected by primary electors who appoint them by village in the proportion of one elector per 200 inhabitants.

The members of the Administrative Board of the Chamber of Agriculture are elected from a single list representing the six regions of the Republic (South, West-Central, West, North, Centre and East).

The members are divided in three sections:

Agriculture, Stock breeding, Fishing;

Forestry enterprises;

Trade Union Associations and Agricultural Co-operatives.

The last section has six elected members, one for each region of the country, who undertake the representation of the co-operative movement. This section could be regarded as a national union of our co-operatives, at least so far as representation and protection of the general interests of co-operation and co-operators is concerned.

All the members are authorised to represent the whole agricultural sector, whatever the region from which they were elected or the section to which they belong.

The members of the Chamber of Agriculture meet in ordinary session twice a year. The Chamber of Agriculture may call upon any individual whom it appears useful to consult. In particular, it generally invites to its meetings representatives of the Technical Ministries, Development bodies, Research Institutes, of the Office for Stabilisation and Maintenance of Prices for Agricultural Produce, of the National Bank for Agricultural Development, of the Bureau for Foreign Trade (*Centre Ivoirien du Commerce Extérieur*).

The Chamber of Agriculture elects from among its members, for a term of two years, a Committee (*Bureau*) which appoints the Chairman. The Chairman and the Committee are responsible for representation and directives of the Chamber of Agriculture between plenary meetings of the Administrative Board.

During General Assemblies, meeting in solemn session, the Minister for Agriculture explains his views and hears the opinions of the Chamber.

The mandate of the Chamber of Agriculture is to give the Public Authorities advice and information, as requested, on agricultural matters in general, and in particular on agricultural programmes undertaken by the Government, by State-owned or mixed-economy companies following agricultural aims.

It can be called upon to participate in the development of such programmes, to present its views on means of encouraging and accelerating agricultural development and, in general, on any matter of agricultural interest.

It must follow all agricultural subjects of interest to the country in order to keep the Government in touch, must participate in economic enquiries when requested to do so by its supervising Minister, and take part in certain events such as Fairs and Exhibitions.

The Chamber of Agriculture delegates one or several of its members to the various Assemblies, Commissions or Meetings at which it must be represented.

The advice of the Chamber must be sought on regulations relating to agricultural, breeding or forestry practice, and on the creation of Regional Consultative Sections or new Consular Assemblies.

The advice of the Chamber may be

sought on fiscal and customs regulations and especially on duties and taxes paid by agricultural, breeding and forestry enterprises; on labour regulations applicable to agriculture; on the organisation of professional training where this relates to agriculture; on all important questions relating to the economy of the Ivory Coast Republic.

By its terms of reference, the Chamber of Agriculture is the farmers' mouth-piece. It expresses their points of view and protects their interests within the Administrative Boards, Committees and Commissions of the various structures of economic activity in the country.

In order to carry out more effectively its representational and informative role, the Chamber of Agriculture has undertaken a programme of regionalisation with the creation of infrastructures and the appointment of qualified personnel to provide information for the farmers, to advise on administrative matters and the solution of problems, and to follow more closely the development of agriculture in the interior of the country. Offices have already been built for Regional Consultative Sections, in the Western Region at Man, the North at Korhogo, the East at Abengourou. The office for the West Central Region is in course of building at Daloa, and that for the Centre is still at the planning stage. These Farmers' Offices (*Maisons des Agriculteurs*) are the preferred places for conferences and meetings with representatives of all organisations dealing with agriculture; they also facilitate

training, public relations and development activities.

In international relations, the Chamber ensures representation of the Ivory Coast farmers with the principal Non-Governmental Organisations: the *Conférence Permanente des Assemblées Consulaires Africaines et de France*, the Ivory Coast National Committee of the International Chamber of Commerce, the International Federation of Agricultural Producers (IFAP) (the only world organisation for farmers), the International Co-operative Alliance (ICA).

President Roger Kerinec paid us the great honour of visiting us in March of last year to announce the official opening of the West African Regional Office of the International Co-operative Alliance, indicating the great importance which he attaches to this organ which will form the basis for activities undertaken under the authority of the Regional Council.

We are convinced of the effectiveness of the ICA's actions. The Regional Council, which has met twice in Abidjan, in September 1979 and March 1980, has already decided to draw up a programme of activities which will be put into practice with the assistance of the Co-operative Movements of several developed countries.

The Ivory Coast is happy to welcome the Regional Office of the ICA, and will give it all possible support in its concern to contribute to the improvement of working and living conditions for the peoples of this region through the promotion of Co-operation.

El Hogar Obrero — Argentina's No. 1 Co-operative*

El Hogar Obrero celebrates its 75th Anniversary this year. Its founder, Dr Juan B. Justo (born 18th June 1865), was a physician who devoted his life to improving the living conditions of the underprivileged sector of Argentina, and became one of the founders of the co-operative ideal. In 1898 he founded the ephemeral Cooperativa Obrere de Consumo (Workers' Consumer Co-operative). On 30th July 1905 he joined with 18 others to found the Credit, Building and Consumer Co-operative El Hogar Obrero (Workers' Home) which today numbers over 700,000 members.

Housing worthy of Workers

1905 was a difficult year. The workers were living crowded together in tenements built from zinc sheets and wood, without kitchens and with communal latrines. Wages were insufficient and the unrest generalised in a strike. At that time Argentina had 5,289,958 inhabitants, of which 1,025,653 lived in the Federal Capital of Buenos Aires.

On 30th July, a cold Sunday morning, in the modest room which the Artists' Circle rented at 59 Talcahuano Street in the City of Buenos Aires, Dr Juan B Justo had called together eighteen similarly-minded individuals to discuss the practicability of Rochdalean Co-operation. They decided to form a housing co-operative and convened a Founders' Meeting with Dr Nicolás Repetto in the Chair. They brought in 30 additional sympathisers, and agreed on a capital of 28,000 pesos; initial subscriptions amounted to 183.50 pesos (old currency).

The new co-operative was to be called *El Hogar Obrero*, the Worker's Home, a symbol which over the years never lost

its force. Dr Justo chaired the first meeting of the Board of Administration, at which bye-laws were drawn up stating that:

“The aim of this Society is to grant credit to its members for the purchase of their homes and for other purposes in accordance with the Society's Rules. The Society may also build houses for letting.”

In a few weeks membership had increased to 230 and the capital to 7,194.33 pesos. But when *El Hogar Obrero* was just ready to start operating, they learned of a law that had been passed by the Chamber of Deputies which imposed on limited companies (including co-operatives) an annual tax of between 1,000 and 7,000 pesos.

This was nearly the end of the co-operative. They made attempts to get some tax concession but without success.

*Extracted from an article by Carlos Castro, which appeared in *Revista de la Cooperacion Internacional*, No. 1/1978, the Spanish edition of the *Review* which incorporates an additional section on Latin America.



Dr JUAN BAUTISTA JUSTO, Founder of El Hogar Obrero:

"In consumer co-operatives, the workers are collectively involved in practical economic affairs to a much greater extent than when they are merely employees. And this is what the working class needs most: to become capable of administering the production and distribution of wealth, without the need for a privileged class to give it directions . . . Let us achieve Co-operation for its own sake, without ulterior purpose." (1897)

So they decided to convene an Extraordinary General Meeting so that the problem could be considered by all the members. This took place on 14th December 1905 and the Administrative Board placed two motions before the meeting: to dissolve the co-operative, or to continue accepting donations and grants until Dr Alfredo L. Palacios—who had been elected a Deputy in 1904, the first Socialist Deputy in Latin America—could obtain remission of the tax. More than a year passed. Then on 24th February 1907 the President of El Hogar Obrero, Dr Justo, was able to inform another Extraordinary General Meeting that, thanks to Dr Palacios' efforts, the National Congress would not impose this high tax on co-operatives. Now they could go ahead with the work begun with so much enthusiasm.

First operations

The Board of Administration rented an office in Perú 321 and appointed Isaac Chertcoff as General Manager and sole employee. On 6th June 1907 they decided to purchase four plots of land in Calle Escalada between Rivadavia and Unión. Shortly afterwards they commenced construction of four houses, three with two rooms and the fourth with three. The first loan was granted on 18th July 1907, to be finally paid off in 1921. They continued their credit operations and in 1908 the second sale of houses took place, built on land purchased by the co-operative in Ramos Mejía in the province of Buenos Aires: five new houses to give comfort to five more workers' families.

El Hogar Obrero developed rapidly. Various people's organisations subscribed for shares, the first being the

Workers' Socialist Centre. At the General Meeting held in 1909 it was reported that membership had increased to 650 with total capital of 136,305 pesos. At this and subsequent meetings, projects for cheaper housing than those in Calle Escalada and Ramos Mejía were discussed, as well as the setting up of a consumer sector within the co-operative.

The first Collective Housing

Up to the end of 1910, El Hogar Obrero devoted its efforts to building individual houses only, which had provided shelter for 130 co-operative families. But those responsible for the co-operative wanted to try out a system of collective housing, that is the construction of apartment buildings. For this purpose they bought a plot of land of 572.77 sq. metres fronting on Calles Bolívar and Martín García. 9th July (Argentinian National Day) 1913 saw the opening of this modern building consisting of basement, ground floor, mezzanine and four upper floors, with a total of 32 flats containing two or three rooms, bathroom and kitchen.

On this occasion Dr Juan B. Justo said that the 32 new flats meant very little in a city which needed 100,000 working class houses, but what they were celebrating was the spirit behind these far-reaching projects. The founder of El Hogar Obrero declared: "Now, for the first time in Buenos Aires, these workers and their families can bathe and cook under the same roof without having to queue outside". He added: "In this co-operative and studious atmosphere, in the framework of the industrial life of this part of the city, in the midst of the surrounding noise of the human beehive, will grow inventors and administrators

to serve the working class and the men and women who live in this building; developing their highest feelings and capacities, they will make of it a nursery for speakers, scholars and poets of the people.”

Consumer Sector

In 1909 it had been decided to look into the question of setting up a consumer sector within the co-operative. The project took shape with the opening of the building on Bolívar and Martín García in July 1913; they proceeded cautiously. They set up a warehouse in the new building and moved the society's administrative offices from Perú 321. On 1st October 1913 retail sales and house deliveries for members were begun. To do all this they had two employees and a delivery man with a horse and cart.

Sales were very poor for the first few months. They had started at a bad time, with the backlash of the crisis which led to the first world war. The difficulties were resolved with courage and determination, and as the months passed, the situation became more settled. By the beginning of 1920 they had 36 employees; 23 in the warehouse, 10 delivery men, 2 working in the shop and 1 in the drapery section. In addition 7 staff worked in the office.

They had also set up a bakery around the same time, to improve the quality and reduce the price of bread, but this project suffered severe losses and was discontinued early in 1914. Many years later, in 1965, a modern bakery was set up on the co-operative estate at Villa del Parque, which has proved very successful.

For many years the co-operative had delivered consumer goods in the countryside. This relationship, cordial and with-

out prejudice, facilitated the work of those who were seeking to arrange a conference of representatives of Argentinian co-operatives under the auspices of El Hogar Obrero, which they rightly regarded as the pioneer of free co-operation. The First Congress was held in the Federal Capital in February 1919, with 36 delegates representing 21 co-operatives. They agreed on the necessity of buying goods in common and of grouping co-operatives in a federation. The Second Congress, held in the Federal Capital, also under the auspices of El Hogar Obrero from 30th October to 1st November 1920, agreed on the establishment of a wholesale co-operative, which was eventually set up in 1926: on 3rd June its bye-laws were approved and it elected as President Dr. Nicolás Repetto, Chairman of the Board of Administration of El Hogar Obrero.

A savings bank was established on 1st June 1923. This received almost immediate support from various bodies such as mutuals and trade unions, which deposited their funds in El Hogar Obrero. However, progress was slow, due to lack of understanding on the part of the public of the co-operative method of managing savings. It was eventually shut down as a result of official regulations which did not permit operation of this type of account by institutions outside the orbit of the Central Bank.

Development

New houses, new sectors, new experiences. In this assortment of failures and successes should be mentioned the building of the second apartment block at Calle Cangallo 2070, in the heart of the Federal Capital. The lower part consisted of two large areas on the ground floor

with basement and facilities; the upper part had 24 flats of 3 rooms, kitchen and bathroom, arranged two to a floor in four separate blocks of 3 floors each. On the front of the building was carved a motto dictated by Dr. Juan B. Justo: "The result of the economic efforts of workers freely associated in the Co-operative El Hogar Obrero". This building was given the name of one of the pioneers and a president of the Board of Administration, Dr. Angel M. Giménez, and was opened on 3rd September 1927, in the presence of government officials, legislators, co-operators and neighbours.

On this occasion, when it came to his turn to speak, Dr. Juan B. Justo said: "Among better educated and more homogeneous peoples than our own, co-operation provides a more objective basis for a wider future. There are more than 50 million co-operators in the world. What shall we not be capable of when our society, instead of little more than a paltry 7,000 members, will number 100,000 or more, as is the case with co-operatives in many European cities!"

Dr. Juan B. Justo devoted the greater part of his life to creating the tools for effective social work: he founded a workers' newspaper, a political party, a co-operative organisation, the people's university, the mutual aid society, the workers' library. When he had trained a nucleus of followers able to continue his work with El Hogar Obrero, he relinquished its direction to study the problem of co-operative legislation. He was a member of the National Parliament for six years and the 1926 Co-operative Law, on which the 1973 Law is based, was largely the result of his work: it provided for the constitution and operation of co-operatives without state interference and

embodied in its text the universal Co-operative Principles as defined by the International Co-operative Alliance. He wrote an important book, *Teoría y práctica de la historia* which is still consulted and which contains an impassioned chapter on "Free Co-operation"; he taught that "in co-operation, man not money is the most important factor . . . Against the large blocks of private capital, (co-operation) sets the agglomeration of an infinite number of tiny incomes, strengthened by the voluntary solidarity of the mass of consumers."

"What shall we not be capable of?"

The passing of time furnished experience. The continuing achievements of El Hogar Obrero inspired confidence. Firm management, motivated by the desire to create, to go forward, to give value to the co-operative ideal, to show it as a reality which was more than words, made possible many more achievements than can be described in a single article. But one thing we cannot leave unsaid, is that it would be very difficult to find possibly in the whole world an administrative body with lower costs than that of El Hogar Obrero. Every member of the Board of Administration from its foundation to the present day has placed major emphasis on exercising his functions with least possible expense.

This irreproachable conduct, with humility and resolution, has generated confidence among the members and the means of progress. And so more collective houses were built, large edifices which enabled many co-operative families to achieve their dream of "a home of their own". The third rose at Calle Alvarez Thomas 1326 and was handed over to its members on 8th May 1932; the fourth



The El Hogar Obrero Motorway Estate, with 27 buildings, 1,032 flats, a school and a supermarket

was built at Calle Giribone 1325 and was occupied on 14th April 1940.

Let us remember at this point the words of Dr. Repetto when he referred to the modest savings of the members which, added together and administered by El Hogar Obrero, made this work possible: "Co-operation would not and cannot exist without savings. To savings we owe the continued progress of our co-operative." He went on to say that they had other projects in mind, and would continue building, to show what could be accomplished by a co-operative in the city of Buenos Aires.

The Wholesale Co-operative created on the initiative of El Hogar Obrero had shown that co-operative unity could facilitate the purchase and distribution of goods, and it was decided to create a federation joining together all the consumer co-operatives. On 3rd June 1932 the bye-laws of the *Federación Argentina de Cooperativas de Consumo* (FACC) were approved, and four days later the first Board of Administration was elected under the Chairmanship of José Luis Pena, the representative of El Hogar Obrero. From that date the membership of the International Co-operative Alliance which El Hogar Obrero had held since its foundation, was transferred to FACC.

They continued building estates and apartment blocks, with a consumer centre in every one. They established a General Insurance sector. They continued to serve their members, with 54 houses built in Villa Lugano (Buenos Aires) in 1945, 87 in Bernal (Province of Buenos Aires) in 1949. The collective building inaugurated on 21st December 1955, on a plot of land between Calles Rivadavia, Rosario and Riglos (today

Angel M. Giménez in honour of one of the pioneers of El Hogar Obrero) was the tallest in that sector of the city—70 metres high and 22 floors—and people began to call it "The white elephant" on account of its size and white paint.

The size of this building made it possible to open a self-service supermarket on the lower floors, with all the necessary departments for household consumption, together with administrative offices. This building has 263 flats, 8 elevators, with a total floorspace of 26,156 sq. metres.

This achievement was applauded by all, even by those who did not believe in co-operation. On this occasion Dr. Nicolás Repetto said: "The co-operative enterprise does not interfere with the citizen's freedom of choice nor with the liberty of the individual. In this way it differs from State capitalism, which leads to the progressive abolition of individual freedom, to the tyrannical power of the political body over the individual,—whether he be producer or consumer—or to the tyrannical power of some few individuals over the whole political body. In a country where the State assumes all the functions of production and distribution of goods, every individual will necessarily be an employee of the State. Since the co-operative system leads to socialisation without State control, it will make possible the undefined socialisation of economic enterprises without compromising public or private freedom. Everything points to the fact that free co-operation (*la cooperación libre*) will replace the present capitalist system as the first step towards more advanced forms of socialisation."

Dr. Repetto died on 29th November 1965, and today the headquarters build-

ding, Avenida Rivadavia 5108-34, bears his name. He was able to be present at the inauguration of the Villa del Parque estate comprising five blocks with 863 flats, a park, kindergarten, swimming pool, supermarket, department store and the modern bakery. Construction was completed in three stages, and the opening of a further section on 18th April 1966 was attended by the President of the Republic, Dr. Arturo Illia, together with Dr. Carlos Peretta, the Vice-President, Francisco Rabanat, the Mayor of the City, Dr. Arturo Mor Roig, President of the Chamber of Deputies, and other government and co-operative representatives. The estate was finally completed on 16th November 1968.

Marching towards the Future

The history of El Hogar Obrero has been forged by individuals working closely together to overcome the obstacles thrown in their path.

Many more estates were built: one, the pride of every co-operator in the country and a tourist attraction, on the motorway running from the airport to the city of Buenos Aires, was built with financial help from the Inter-American Development Bank and the National Mortgage Bank.

Every achievement makes the co-operative stronger. El Hogar Obrero increased its services, which now include housing, consumer, tourism, insurance and credit. The *Institute for Co-operative Education* was set up to carry out cultural activities and spread co-operative principles. Since 1913 every member has received free copies of the periodical *La Cooperación Libre* now enlarged and printed in colour.

The housing shortage in the Republic

is estimated at more than 2 million units. El Hogar Obrero is contributing its share, to the best of its abilities, to solving this problem.

The acute inflation which the country has endured for many years, induced consumers to buy their goods at the El Hogar Obrero *Supercoop* supermarkets, where the trademarks of *Coop* and *Rochdale* are symbols of quality and a fair price, and whose presence on the market acts as a price regulator.

According to the data obtained from the *Instituto Nacional de Acción Cooperativa* (INAC), total membership of the 5,788 co-operative societies in the Republic of Argentina amounted at the end of 1977 to 7,380,000, of whom more than 10 per cent were members of El Hogar Obrero (748,413).

El Hogar Obrero is registered as Co-operative No. 1 with INAC, and is affiliated to the Argentina Federation of Consumer Co-operatives (FACC) and to the Union of Housing Co-operatives.

The founding capital of 183.50 old pesos has become 3,289,929,618 new pesos (1 new peso—100 old pesos). It has over 3,000 employees. The future looks bright and indicates that the membership will very soon overtop the million mark.

In a recent Report the Board of Administration stated:

“We must never forget that a Co-operative operates in a non-cooperative environment; and very often the external factors will have a discouragingly negative effect on its performance. But the El Hogar Obrero Co-operative will always fulfil its function as an example for others to follow, a social experiment which ennobles Argentinian co-operators.”

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Consumer Co-operatives of the USSR

by

A. I. Krasheninnikov

*Member of the Board of Centrosoyuz and
Head of the Department for International Relations*

The consumer co-operative movement of the USSR is a major mass-public economic organisation, playing an important role in the political and economic life of the socialist society. Its main branches of activities are trade, public catering, procurement of agricultural produce and raw materials, production of consumer goods. Consumer co-operatives conduct extensive capital construction, train personnel for their organisations and enterprises, implementing a far-ranging cultural and educational programme for co-operative members and employees. In accordance with the Constitution of the USSR and the tasks set down in their Rules, consumer co-operatives take part in the management of State and public affairs, in solving political, economic, social and cultural questions.

The Soviet consumer co-operative takes an active part in the international co-operative movement, and consistently follows a policy of uniting progressive co-operative organisations of all countries in the struggle for peace, democracy and social progress.

Organisational Structure

The consumer co-operatives of the USSR are based on the territorial principle and the consumer societies form district, regional, territorial, republican

unions (consumer unions) and the Central Union of Consumer Societies of the USSR (Centrosoyuz). Consumer societies (co-operatives) make up the basis of this system.

The guiding principle of the organisational structure of the consumer co-operative is democratic centralism, which means: election of all co-operative bodies of management and control from bottom to top; regular reporting by management and control bodies to their co-operative organisations and to higher bodies; obligatory acceptance of decisions of higher bodies by the lower ones.

At the beginning of 1980 the consumer co-operatives of the USSR had 62 million members directly united in 7,000 consumer societies.

Membership in a consumer co-operative is voluntary. Any citizen having reached the age of 16 can become a member of a consumer society.

Each person joining a consumer society pays entrance and share dues to the amount fixed by the General Assembly (meeting of representatives) of the consumer society.

The basic document determining the operation of a consumer society is its Rules which are based on the model Rules adopted at a congress of the consumer co-operatives of the USSR. The

Rules lay down the rights and obligations of the members of a consumer society, the order of forming and distributing its funds, the fundamental statute on the bodies of management and public control.

The supreme body of a consumer society is the General Assembly of its members. In a consumer society where the convocation of a General Assembly may be difficult, its functions are executed by a meeting of representatives. The representatives of a consumer society are elected by sectional meetings of its members once every five years.

The General Assembly (meeting of representatives) of a consumer society adopts Rules, fixes the amount of entrance and share dues and dividends, elects the board and its president, the audit committee and its chairman, the co-operative control committees, the permanent committees supervising the different branches of activities, and also representatives with higher-standing co-operative unions (district consumer unions) and delegates to the regional or republican congresses of consumer co-operatives.

The elections of consumer society bodies of management and control are held once every five years by secret ballot or by a simple show of hands (whatever the meeting decides).

The General Assembly discusses and adopts the plans for the economic and social development of the co-operative, approves the estimates of income and expenditure, the balance sheet and the conclusions on them made by the audit committee, and the distribution of profits. The general meeting (meeting of representatives) is also responsible for electing the directors of the trading, public catering, production and procure-

ment enterprises. General meetings are called when necessary, but at least once a year.

The executive and administrative body of a consumer society is its board, which is directly in charge of all public and economic activities of the co-operative and its enterprises, and implements all instructions made by the member-shareholders.

The public control bodies of a consumer society are the audit and co-operative control committees.

The audit committee is responsible for controlling the economic and financial activities of the co-operative and its enterprises.

The co-operative control committees are formed for the systematic checking of the operation of the trading, public catering, production and procurement enterprises subordinated to the consumer society.

All activities of consumer societies and their unions are carried out on the basis of developing the independence of the members and the initiative and socialist enterprise of the personnel, applying profit-and-loss accounting and other economic levers and incentives.

The model Rules of a consumer society stipulate that its most important tasks are to attract the public to co-operation and into co-operatives, to ensure co-operative democracy, to observe the Rules, principles and rights of the members, to develop their participation in running the activities of co-operatives and their enterprises.

Trade services for the population

The consumer co-operatives of the USSR provide trade services for nearly one half of the population of the country.

Table 1

	<i>At 31st December</i>			
	1965	1970	1975	1979
Shops (million square metres of floor space)	11.3	14.7	17.9	21.0
Public catering establishments (seating capacity in millions)	1.5	2.1	2.9	3.2
Wholesale depots (million square metres of warehouse area)	9.8	11.8	13.3	14.3

To implement this, a wide network of shops, public catering establishments and wholesale trade depots has been created. The data in Table 1 show the dynamic development of the material and technical base of co-operative trade.

Besides increasing the general capacity of building trade enterprises and public catering establishments the structure and the qualitative level of these enterprises are constantly being perfected. Modern department stores, trade centres, specialised shops for the sale of household goods and book shops are playing a dominant role in the trade network.

The public catering establishments are represented by numerous large self-service cafeterias, cafes and restaurants.

The permanent growth of commodity resources in the country, improving the people's welfare and the income growth of the population, and also the consolida-

tion of the material and technical bases of co-operative trade, create the conditions leading to a systematic increase of retail trade turnover. Its dynamics are characterised by the data in Table 2.

As can be seen by these figures, retail trade turnover on the whole, as well as the turnover of public catering establishments, increased by 2.3 times in the past 15 years. And it should be borne in mind, that the prices of basic consumer goods in the USSR remain stable.

Positive changes are taking place in the composition of the retail trade turnover. There is an increase in the share of non-foodstuffs, including durable goods, which reflects the growing living standard of the population. There has been an increase in the production of nutritious foodstuffs, meat, milk and dairy products, eggs, fruit and vegetables, in the general volume of foodstuffs.

Table 2

	1965	1970	1975	1979
Total retail trade turnover (billions of roubles)	29.9	44.3	60.2	70.3
Retail trade turnover of public catering (billions of roubles)	1.9	2.8	3.5	4.2



A Co-operative Bookshop.

The consumer co-operatives are introducing new forms of trade for the convenience of the public. Self-service shops account for nearly 75 per cent of retail trade turnover. Many shops offer additional services for the buyer: preliminary ordering of goods, delivery of goods, catering to farmers directly in the field and on animal husbandry farms. More than 20,000 shops on wheels systematically travel to populated centres, giving

the people the opportunity to purchase their goods through this mobile trade. Mail order trade has been developed to a certain extent.

The public catering establishments, in addition to expanding the assortment of dishes and direct servicing of the population, are organising extensive sales of semi-finished products, culinary, confectionery and baked goods, drinks and ice-cream of their own production. This

helps to economise on time for the public and to improve the services.

In the present conditions of the USSR, the trade activities of the consumer co-operatives are basically concentrated in the rural areas, in small towns and communities.

At the same time, co-operative trade has been developed in the cities, including Moscow and the capitals of the union republics, with the sale of agricultural produce purchased by the co-operatives from the rural population

and the collective farms. By the beginning of the current year, consumer co-operatives had over 1,500 modern shops selling farm produce (*Gifts of Nature*) in the regional, territorial and republican centres alone. Every year meat, vegetables, fruit, wild berries and other produce are purchased by consumer co-operative organisations to the amount of over 1.7 billion roubles, and are sold in the cities and workers' settlements. This type of trade is highly popular among city residents.

A Co-operative kindergarten in the Byelorussian Soviet Socialist Republic.



Centrosoyuz has drawn up a programme for the further development and perfection of trade services rendered to the population for the coming five years (1981-1985). It plans to build new shops with sales areas totalling 2.9 million square metres, public catering establishments with seating capacity of 225,000, general goods warehouses with a total surface area of 2.8 million square metres. There will be substantial expansion in the network of co-operative department stores and trade centres, specialised shops, cafeterias and cafes, food combines.

Procurement activities

The consumer co-operatives are implementing an extensive programme of procuring and purchasing over 60 types of agricultural produce and raw materials, wild-growing produce and secondary raw material.

In purchasing potatoes, fruit and vegetable produce, and many types of animal husbandry products, the consumer co-operative executes the function of a state procurement and purchasing body, and its role and position in the procurements system are growing with every year. The share of the consumer

co-operative in national procurements is: potatoes—over 50 per cent, vegetables—34 per cent, melons—67 per cent, wool—over 91 per cent, fur raw material—80 per cent, wild fruit, berries, mushrooms, medicinal-technical raw materials—from 55 to 80 per cent, honey—85 per cent.

The consumer co-operative is traditionally one of the basic procurement agents of furs, and in the past few years has held a leading position in the fur industry of the country.

Around 60 per cent of the commercial furs procured in the USSR are purchased by specialised agencies—co-operative fur farms and procurement organisations of the consumer co-operatives. Co-operative fur farms supply one third of all the furs produced in the country every year. The basic number of animals at the co-operative fur farms surpass the one million mark.

The material and technical base of procurement organisations and consumer co-operative organisations is growing rapidly.

Between 1981-1985 it is planned to commission store-houses for potatoes and vegetables with a volume of 268,000 tons, fruit storehouses with 52,000 tons of simultaneous storage, and to substan-

Table 3
(volume—thousand tons)

	<i>At 31st December</i>			
	1965	1970	1975	1979
Reception-procurement centres of potatoes, vegetables and fruit	511.6	519.1	1012.9	1200
Vegetable and potato storage plants ..	565.5	586.3	870.9	1000
Fruit storage plant	—	19.5	103.3	130
Refrigeration plant	17.2	38.3	55.6	70

Table 4

	1965	1970	1975	1979
Sales volume of industrial goods (million roubles)	2,561.8	3,470.7	4,819.3	5,870

tially expand the network of universal procurement centres.

Co-operative industry

Bread-baking is the largest industry in the consumer co-operatives. It accounts for one-third of all the bread and baked goods produced in the country. Thanks to the development of this branch of activity a very important social problem has been resolved in most areas of the country, that is bread-baking at home has been replaced by industrial baking. An improvement is being made in expanding the assortment of baked goods.

The food enterprises belonging to the consumer co-operatives produce canned goods, sausage and confectionery items, non-alcoholic beverages, beer, grape and fruit-berry wines and other produce.

There is also a network of enterprises producing non-foodstuffs for mass demand. The sales growth rate of industrial goods at co-operative enterprises is characterised by the data in Table 4.

The consumer co-operatives have around 5,000 fattening centres and farms, where animals are fattened and poultry reared for the needs of public catering and sale to the population. Many co-

operatives have created subsidiary farms for the fattening of pigs, large-horned cattle and small livestock, growing various agricultural crops. Cheap fodder, including foodwastes, are used to feed the animals. It is planned to produce at least 300,000 tons of meat in 1981-1985 by fattening animals.

Some co-operatives organise the catching of fish in local water reservoirs, greatly adding to the country's fresh food resources.

Finance

The consumers' co-operatives hold a stable financial position. There is a constant growth of own means, which creates the conditions for the ongoing financing of the ever-widening scope of economic activity.

The main source of formation of own means is the profits derived from economic activities.

Profit is not an aim in itself. The profits derived from their activities are of a public nature, i.e., they are not a means of getting rich quickly. The profits provide the means of efficient economic management. They are needed for the steady development and expansion of co-

Table 5

	1970	1975	1979
The funds of consumer co-operatives (billions of roubles)	9.4	13.7	16.4

operative activities, aimed at better satisfying the needs of the working people.

The profits derived in the fiscal year are distributed after endorsement of the annual report and balance sheet by the general meeting of member-shareholders (or their representatives) of a consumer society, and the profits of secondary and higher bodies correspondingly by meetings of representatives (Council meetings).

The profit to be distributed is the residual profit left after the payment of income tax of 35 per cent on the net income.

The finances of a consumer co-operative are used in the interests of the members. This is done through payment of dividends on their share dues from the profits, the granting of credits, the allotment of funds for everyday needs and on cultural-educational work. This, in particular, is the advantage enjoyed by co-operative members over those who are not members.

The Rules of a consumer society state that, according to the decisions of the members, annual dividends on their share payments may be used either in full or in part for developing social forms of material incentives: for building and organising public service enterprises for the co-operative members, including kindergartens, young pioneer camps etc.

Besides the profits derived from economic activities another source of own means are the entrance fees and membership dues of the co-operative members. A person joining a co-operative pays an entrance fee and a share payment, as established by the general meeting or the meeting of representatives. The meeting may establish a smaller share payment for persons with smaller incomes or in

receipt of pensions, compared with other co-operative members. According to the Rules, the share payment may be extended for a period of up to 12 months. The share payments are returnable: they are the group property of the shareholders, a share of their personal participation in their co-operative's financial activities; since membership in a society is strictly voluntary, the members may leave the co-operative, and be given back their share payment. A co-operative member has only one share. This secures equality of all members and excludes the possibility of some co-operative members having a legal advantage over others.

The funds of the consumer co-operative which constitute their economic foundation are formed from the profits, entrance fees and membership dues. According to their content and purpose, they are divided into General Economic Funds and Special (specific) Funds.

The General Economic Funds are the fixed assets and share payments. They are intended for financing economic activities.

The Special (specific) Funds are used to finance special measures: capital investments, social and communal services, material incentives and for other purposes.

The existence of different funds is explained by the multi-branch activities of the consumer co-operative and the specific use of the means. Specific financing facilitates the management of resources and correct accounting.

The Basic Fund (fixed assets). This fund is derived from the membership dues of the members and allocations from profits.

The basic fund is the main part of a co-operative's own means. The fixed and



Fur purchasing.

circulating capital are formed from this fund. The fixed assets include buildings, constructions, machinery, equipment, means of transportation, minor equipment and other items pertaining to the material and technical base of the co-

operative organisation.

The basic fund appears on the balance sheet approved by the co-operative's Board. If this organisation has enterprises having their own balance sheets, then it grants them the necessary means

from its own fixed assets for internal settling of accounts to carry out their activities.

The circulating assets include supplies of stocks, raw and other material, packing, fuel, monetary means and other valuables.

The law forbids the state, or other organisations or enterprises to withdraw property from consumer co-operatives. In case of unprofitability in any year, the Rules lay down that money from the basic fund shall be used to cover the loss.

The Share Fund. The existence of this fund is due to the fact that the consumer co-operative is a public organisation operating on its own means. The fund consists of share payments of the society members.

Each co-operative member is responsible for the results of its activities. The means from the share fund may also be used to cover incurred losses, should the means of the basic fund prove to be insufficient. The portion of the share fund in the co-operative societies' own means is about 10 per cent.

The Capital Investments Fund. This fund is of paramount importance because it is the main source of financing for the building of the material and technical bases of trade, procurement and production. The Capital Investments Fund is formed in all co-operative organisations through the depreciation allowances for the restoration of fixed assets according to the established norms for the entire economy, and allocations from the profits.

Besides this, consumer co-operatives create specific funds for financing the setting up of the material and technical bases for the procurement and processing

of potatoes, fruit and vegetables, wild fruit, berries, nuts, mushrooms, honey, for urban co-operative trade and for processing secondary raw materials. The deductions are made by the procurement organisations—3 per cent of the cost of purchased agricultural produce and raw materials.

The Major Repairs Fund. This fund is formed in all co-operative organisations and consumer co-operative enterprises. Its sources are depreciation allowances in proportion, intended for major repairs (according to established norms).

The Personnel Training Fund. More than 150 million roubles are spent annually for training and advanced training of personnel. Centrosoyuz, the consumer unions and the societies have a fund for financing personnel training which is formed from the following sources: deductions from the profits made by the consumer societies and unions at the time of distribution, in amounts recommended by Centrosoyuz; deductions from the economic turnover of the co-operatives, which are considered as production overheads.

The Socio-cultural and Housing Construction Fund. This fund is used for financing organisational mass work with the members: lectures, popularisation of advanced work methods in co-operative organisations and enterprises, organising excursions for members and co-operative employees to study more advanced methods, holding of meetings and conferences of members, arranging co-operative exhibitions. The money from this fund is partially used for the upkeep of clubs belonging to consumer societies, for the maintenance in conjunction with the trade unions of cultural establish-



A co-operative canteen in the Tamlov region.



Co-operative students in Samarkand.

ments, and to pay membership fees to voluntary sports societies.

Money from this fund is also used for the construction, expansion and major repairs of housing, kindergartens, nurseries, clubs, holiday-homes, hiking camps, sports facilities, for bonuses to board members and co-operative control committees, for furthering the co-operative's voluntary work (premiums, free vouchers for holiday-homes and sanatoria).

The Material Incentive Fund. This fund is formed in co-operatives, consumer unions, production and transport organisations, procurement agencies, and is designed to secure the material interest of co-operatives and workers in improving the results of economic and financial activities, in attaining higher indices of quality and efficiency.

This fund is formed according to norms established in percentage terms of retail trade turnover (or turnover on realisation of procurements) and of net profits. The bigger the bulk of goods turnover and profit, the bigger is the material incentive fund.

The money of this fund is spent on:

- monthly (quarterly) premiums for fulfilment of economic plans;
- premiums to co-operatives and individual workers—winners of socialist emulation campaigns;
- bonuses to workers for their general work results for the year;
- premiums to individual co-operatives and workers for fulfilling especially important production assignments.

The co-operatives themselves decide on the best way of utilising the material incentive fund. Together with the trade unions they elaborate and approve the regulations on paying premiums to the workers. These directives regulate the indices, conditions and size of bonuses, according to the workers' categories, on the basis of Model Directives on Premiums and Centrosoyuz recommendations on these questions.

State Credits. The Soviet consumer co-operatives in their economic and financial activities make extensive use of short and long-term credits given to them by the State.

Short-term credits from the State Bank of the USSR for developing co-operative trade are a most important source of working capital as in a revolving fund. The State Bank grants credits to organisations and enterprises which operate on a conventional profit and loss basis, have adequate working capital, have an independent balance sheet and an account in the State Bank.

Credit is granted to trade organisations of consumer co-operatives on condition:

- that the organisations and enterprises operate at a profit;
- that they have their own means for securing their share in planned commodity resources of no less than 10 per cent in wholesale and 15 per cent in retail trade. The favourable minimum amount has been established by the Soviet Government. This major financial assistance makes it possible to spend profits in large amounts on building up the material and technical base;
- that they give the Bank their ac-

counting and other documents and return the loans on schedule.

The co-operatives have special loan accounts in the Bank for receiving short-term credits. These accounts register the granting and return of loans and the outstanding debts.

The granting of *long-term* credits is a form of direct financial assistance given to the consumer co-operatives by the state. These state loans help the co-operatives to build new enterprises and develop new forms of activities.

The Co-operative organisations are granted long-term credits by the State Bank for the construction of major wholesale trade depots and retail trade enterprises, canneries, for expansion of existing and organisation of new enterprises for the production of consumer goods.

As a rule, the credits are granted for a period of 10 years, with repayment starting with the 5th year after the first loan was given.

The interest rate on state credits is very low in the USSR. For loans for current stock turnover it is 2 per cent per annum; for loans on accounting documents en route—1 per cent; for loans for capital construction -1.5 per cent.

Therefore, the system operating in the USSR creates conditions for easy access by consumer co-operative organisations and enterprises to State Bank loans for building up working capital and for financing capital investments with payment of low interest on these loans.

Personnel for co-operative organisations

There are 3.1 million persons employed in consumer co-operatives. Of

this number over 2 million are women (66 per cent) and nearly 1 million young people under 30.

The consumer co-operatives have 7 higher educational establishments, 127 specialised secondary schools, 153 vocational and technical training schools, 11 instruction-auditor schools, nearly 2,000 management schools.

Centrosoyuz has three research institutes: the All-Union Research Institute on Co-operative Trade Economy; the Central Institute for Scientific Organisation of Labour, Management and Rationalisation; the All-Union Research Institute for Hunting and Fur Farming. There is also a network of design and technological organisations.

Mass cultural and sports-health activities

The consumer co-operatives conduct extensive educational and cultural programmes among the population—organise lectures and reports for the member-shareholders on matters of interest to them, evening social gatherings with concerts staged by amateur performers. For these purposes they have around 500 clubs, 5,600 local club-rooms, 2,400 libraries. Nearly 60,000 persons take part in 2,700 amateur art groups. In 1979, 230,000 lectures and reports were given, attended by over 8 million persons.

The consumer co-operatives also have 3,600 sports clubs attended by nearly 450,000 members.

To provide medical treatment and healthy vacations there are 10 sanatoria, 88 holiday hotels and boarding houses, 123 young pioneer camps, 136 kindergartens and nurseries with a capacity for 12,100 children.

Centrosoyuz has its own journal

Soviet Consumers Co-operation, with a circulation of 300,000 copies.

International Links

At present, Centrosoyuz maintains contacts with co-operative organisations in 107 countries. In the past five years we played host to 423 co-operative delegations from abroad, and 166 Centrosoyuz delegations visited foreign countries.

Centrosoyuz continues to render assistance to co-operative organisations in the developing countries, primarily in the training of qualified specialists. By the end of 1979, 1,125 co-operators from 44 countries of Asia, Africa and Latin America had graduated from the Moscow Co-operative Institute.

Co-operation with the co-operative organisations in the socialist countries is developing actively. The multilateral co-operation of co-operative unions and councils in the CMEA member-states has taken on concrete forms. The permanent functioning Meeting of Leaders of the co-operative organisations of those countries, which has 7 specialised work groups, meets every year.

During the past few years, one form of co-operation with co-operators of the fraternal socialist countries has been the training of their representatives at co-operative colleges in the USSR. By the end of 1979 over 200 representatives from those countries had graduated from Centrosoyuz institutes. Sixty scholarships were granted in the form of assistance to co-operators of the Socialist Republic of Vietnam in 1979, to study at co-operative colleges in the USSR.

The foreign trade activities of Centrosoyuz are developing very actively.

The export-import turnover of V/O "Sojuzkoopvneshtorg" has increased by

1.6 times in the past five years. The export potential of the consumer co-operatives has strengthened. There has been a substantial increase in the export of many goods procured by co-operative organisations and processed by their industrial enterprises. In the past few years there has been a consolidation of trade links on a long-term basis with the co-operative organisations of the socialist countries, the specific weight of which in the general volume of export-import turnover has reached nearly 60 per cent. This facilitates the fulfilment of the

complex programme of socialist economic integration. Foreign trade contacts with co-operative organisations in developing countries and with co-operatives and firms in capitalist countries have been extended.

At present, Centrosoyuz is trading with 170 co-operative organisations and firms in 44 countries.

The consumer co-operatives of the USSR are striving to further strengthen their links with co-operators of all countries in the struggle for peace, democracy and social progress.

DIRECTORY OF FOOD POLICY INSTITUTES

The DEVELOPMENT CENTRE of the O.E.C.D. would welcome information and contributions to its proposed DIRECTORY of Institutions active in the field of Food Policy.

Organisations interested should contact:

Mr. Yves Berthelot,
Director of Research,
OECD Development Centre,
94 rue Chardon Lagache
75016 Paris FRANCE

Recent Books

by
Anne Lamming
ICA Librarian

The books listed should be ordered
direct from the publishers.
ICA can only supply its own publications.

BRANDT, Willy (Ed): North-South: a programme for survival.

London (UK), Pan Books, 1980. 304pp.

The report of the Independent Commission on international development issues, chaired by Willy Brandt.

CAISSE NATIONALE DE CREDIT AGRICOLE: L'industrie agro-alimentaire en 1980.

Paris (France), CNCA, 1980. 60pp; var. articles; illus; tabs.

CLARKE, Peter: Co-operative Development under Labour 1974-1979.

London (UK), The Co-operative Party, 1980. 36pp. (brochure).

A review of parliamentary measures enacted during the 1974-79 Labour government in the UK, which have helped to further developments in the co-operative sector.

DIGBY, Margaret: The Little Nut Tree—the Memoirs of Margaret Digby.

Oxford (UK), The Plunkett Foundation, 1979. 415pp; index; list of pubs.

The story of the author's life, work and travels all over the globe to further the cause of co-operation; her meetings with people great and small, and her observations and reflections on the world around her. (See also under Book Reviews in this issue.)

THE GAMBIA CO-OPERATIVE TRAINING CENTRE: Final Report of Operational Seminar on Functional Literacy, Nov. 12-23, 1979, Yundum, The Gambia.

The Gambia, Co-op. Training Centre, 1979. 58pp; appendices; (Mimeo).

HOYNDEN, Yoshio: Labour Banks in Japan. (Series Commonweal Economy No. 16).

Frankfurt am Main.(FRG), Bank für Gemeinwirtschaft AG, 1978. 48pp; tabs.

A short history of labour banks, showing their strong links with consumer co-operatives, and their present day position.

IJERE, Martin O.: Modernising Nigerian Co-operatives.

Lagos (Nigeria), Fred Atoki Publishing Co. Ltd., 1977. 105pp; tabs; notes; illus.

A collection of essays on various sectors of the Nigerian co-operative movement, aimed at showing how co-operatives can be used to effect social change in the rural sector.

KOOPERATIVA FÖRBUNDET (Swedish Co-operative Union and Wholesale Society): Report on the work for equality between men and women.

Stockholm (Sweden), KF International Dept., 1979. 17pp; illus. brochure.

LANTBRUKARNAS RIKSFÖRBUND: The Co-operative Movement in Sweden.

(A summary in English of SOU 1979:62).

Stockholm (Sweden), LRF, 1979. 20pp; tabs.

LANTBRUKARNAS RIKSFÖRBUND: Farmers' Co-operation in Sweden—Origins and Development.

Stockholm (Sweden), LTS förlag, 1980. 139pp; illus; stats; abbrev.

A survey of the background, development and present situation of farmers' organisations—co-operatives and unions—in Sweden. There are sections on the democratic structure, international contacts, credit, service and women's education and training. The book is illustrated with graphs and photos.

LE PELLEY, Pamela: Go to Work on a Brain Train—the story of an experiment on British Rail in co-operative learning. (MAP Paper No. 1).

London (UK), Mutual Aid Centre, 1979. 32pp; appendix. Price £1.00.

An account of how study groups were started on commuter trains in Britain, with advice on how to set up further groups.

LEWERENZ, Jürgen: Labour Banks in Latin America and the Caribbean. (Commonweal Econ. No. 21).

Frankfurt-am-Main (FGR), Bank für Gemeinwirtschaft AG, 1979. 60pp; tabs; notes.

The paper outlines the various types of labour banks to be found in Latin America, and also deals with workers' savings and credit co-operatives.

MATCOM: Curriculum Guide for agricultural co-operative management training.

Geneva (Switzerland), ILO, 1979. 127pp.

MATCOM: Trainer's Manual for Staff training in consumer co-operatives.

Geneva (Switzerland), ILO, 1979. var. books; illus; (ring-binder).

NATIONAL CONSUMER CO-OPERATIVE BANK (NCCB): Proposed Policies.

Washington DC (USA), NCCB, 1980. 64pp.

NATIONAL CO-OPERATIVE UNION OF INDIA: Workers' Participation in the Management of Co-operatives—A Study.

New Delhi (India), NCU, 1977(?). 177pp; tabs; annexures.

A study of the extent and nature of worker participation in management in India, based on surveys of co-operative sugar factories and spinning mills.

PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES: Year Book of Agricultural Co-operation 1979.

Oxford (UK), The Plunkett Foundation, 1980. 219pp; tabs; lists; index.

RUSCONI, Amero: Sobre la cooperación.

Buenos Aires (Argentina), Instituto Movilizador de Fondos Cooperativos, 1980. 93pp; index.

A collection of speeches from 1962 to 1978 by an eminent Argentine co-operator.

YOUNG, Michael and RIGGE, Marianne: Mutual Aid in a Selfish Society—A plea for strengthening the co-operative Movement. (MAP Paper No. 2).

London (UK), Mutual Aid Centre, 1979. 44pp; tabs; refs; bibl. Price £1.00.

This paper suggests a marriage between the old co-operative movement and the new consumerism to help produce a strong co-operative sector which would form an alternative to state socialism and private industry.

Book Reviews

The Little Nut Tree: the Memoirs of Margaret Digby. *Plunkett Foundation for Co-operative Studies, Oxford, 1979. 415 pp. £6.50 (inc. post and packing).*

It is rare to read a book so full of events, of people great and small, of farflung and arduous travels, and yet to put it down with a sense of having read an epic poem. Margaret Digby's book of memoirs, *'The Little Nut Tree'* may not have been written in hexameters, but the poetic vision, the pictorial descriptions of landscapes are all there.

The book describes not only the writer's varied life through her career; it also reflects the growth and development of co-operation all over the world, in which the writer played an important part.

M.D. was brought up in the south of England by two aunts. Her childhood was happy, though she was uncomfortable at the succession of schools she attended, suffering the agonies of a bright child from an unconventional background in a conventional environment. She learnt more from the adults around her and from the countryside in which she lived than from schools, though being an avid reader, she started developing a wide-ranging mind from an early age. By 20 she had managed to learn several languages, attended the London School of Economics, learnt secretarial skills, and landed the job of assistant general secretary of the International Co-operative Women's Guild. The post afforded her a great deal of variety; there was the chance to meet people like Emmy Freundlich and Sidney Webb, and to travel abroad. There was also opportunity to do research, to attend and help run meetings (women's suffrage, 1926 General Strike).

Ireland had long held a special place in M.D.'s heart and it was quite fitting that she should be offered a post at the Plunkett Foundation when it moved from Dublin to London. To work for the foundation

was ideal for M.D.; it allied her love of rural matters and her interest in the co-operative movement with her enquiring mind and desire to travel. The combination of these factors made M.D. into one of the most remarkable women of her age, and the Foundation into a most respected and renowned organisation. M.D. and the Foundation grew and expanded together; to outsiders they must have appeared virtually indistinguishable from each other.

Apart from the war years, when she served in the Ministry of Economic Warfare and with UNRRA on food relief, Margaret Digby's life has been dedicated to furthering the cause of co-operatives everywhere.

Much of *The Little Nut Tree* is devoted to M.D.'s travels; Robert Louis Stevenson's dictum that "to travel hopefully is a better thing than to arrive, and the true success is to labour" could have been written about her. Very few countries were not visited in her peregrinations. Some she visited once, many several times, often travelling on foot, by cart, coastal tramps, ore trains, horseback, jeep and plane. Like the great Victorian women travellers, neither the fact of being female in a male world, nor lack of transport or roads impeded her progress. The book rarely makes allusion to difficulties, though often describes the ways in which they were overcome. M.D. is very modest and throughout the book assigns herself the role of observer though objectively we know that she was often a prime mover in various events. We find her minutely observing landscapes and people, tempering kindness and tolerance with honesty. Gradually, however, a picture emerges of the writer, despite all efforts to efface herself—caring, warm, interested in the people as well as the places, events and facts that she encounters.

The Little Nut Tree could well be read with the many other books that have come

from the same pen, as complementary parts of the same story: e.g. M.D.'s book surveying every agricultural co-operative society in Ireland in 1931 is detailed and factual. Here we are treated to the poetic and anecdotal side of her travels, such as "The snow brought out the Japanese character always latent in Kerry, the combinations of rock and vegetation, twisted pines and larch and rhododendron, bracken and heather with water and mountains." Where the memoirs sometimes omit to tell us dates, and names, the parallel of the factual reports provides the additional information, and lets us know the results of the journeys, the meetings, the interviews and the missions. This applies in equal measure to trips other than the journey around Ireland, notably her long visits to Newfoundland, to Russia and the various countries of Europe before the war.

The index of the book reads like a *Who's Who* for the period 1920-1980. M.D. met and knew an astonishing variety of the politicians, writers, and reformers of the era. The book is dotted with thumbnail sketches of characters, views and encounters; some have a distinctly romantic flavour: "the band played Strauss Waltzes, Dr Karl Renner, first Chancellor of the Austrian Republic, danced with an English working woman . . ." (at ICA Congress in 1930), others more literary: "The police formed us into the lines between which the emperor Haile Selassie and President Julius Nyerere entered and traversed the length of the room. The President wore a haunted look

on his long, high-cheek-boned, yellow-bronze face. The Emperor was like a graven image, onyx-eyed, Byzantine—a small slight man of infinite dignity . . ."

As in all good books, adventure, excitement and fun are a state of mind, and always just round the corner; the reader goes with M.D. to rural Labour Party meetings, climbs Mount Kilimanjaro, sleeps on a Ministry roof top in war-torn London, compares the architecture of Knossos with that of Arizona and visits sea captains' widows in Newfoundland. And then, since this is the story of a working life, not sensational revelations of private affairs, the book ends with her retirement: "In 1977, when I was seventy-five, I retired altogether and set about re-merging, very comfortably, with the background of my childhood—high bare downs, beechwoods, the procession of the seasons, visiting friends, country neighbours, a garden and a marmalade cat."

The Little Nut Tree is a book to keep near you for a long time, to dip into for witty and wistful comment, for poetic and realistic description of people and places, for insight and for observation, and for inspiration to all present and future co-operators.

We are pleased to be able to add to Margaret Digby's memoirs that she has just been made a doctor *honoris causa* by the National University of Ireland, and should like to congratulate her on the occasion of the award.

ANNE LAMMING

***Co-ops, Communes and Collectives, Experiments in Social Change in the 1960s and 1970s** by John Case and Rosemary C. R. Taylor, Eds. *New York, Pantheon Books, 1979, 326 pp.*

Though focussing on the United States of America, this book will interest anybody concerned with the issue of maldevelopment in the world as a whole and highly industrial countries in particular. Co-operatives, communes and collectives

stand for alternative organisations trying to challenge the daily life under capitalism. Recalling the specific political context that gave rise to the alternative movements in the United States, the authors show what differentiates the leftist activ-

*Reprinted from the *International Development Review* No. 3, 1979. (ISSN 0020-6555), Journal of the Society for International Development, by kind permission of the Editor.

ists of the sixties from other socialist reformers in the past. Unlike the Communist-led "old-left" committed to political revolution, the new left, though sharing the concern with societal change, was more inclined to search for new ways of living and working in their personal lives. In a catch phrase of their time, their slogan was "the personal is political". *Co-ops, Communes and Collectives* consists of a collection of articles explaining how alternatives have worked out in practice and discussing the issues involved in the alternative movement as a whole.

In the first part of the book six writers present case studies that provide concrete analyses of the achievements and dilemmas of alternatives in various fields. In the medical sector, Rosemary Taylor reports how the founders of *Free Clinics* sought to provide both free and more personal medical care, and to eliminate bureaucratic structures, and boring, hierarchically organised work. The latter aim, Taylor shows, was not easily reconcilable with efficient medical services. The movement's most enduring achievement, concludes the author, "was probably to prepare people for the next round".

Allen Graubard discusses the *Free School movement* as an attempt to break away from the traditional school system. Free School meant a school that encouraged student participation, parent and community involvement, student choice in curriculum, and opposition to conventional attitudes about authority and discipline. After an initial mushrooming of hundreds of free schools, the movement gradually levelled off. Why? Partly, says Graubard, because of competition from the increasingly "liberalised" official schools that blunted the motivation to change into a Free school. The author sees a further reason in the unemployment that followed the economic recession and hence the renewed emphasis on winning the traditional school race leading to good and secure jobs.

Food Co-operatives are carefully analysed by Daniel Zwerdling. Members of

alternative food stores, he says, shared the conviction that something has gone wrong at the conventional supermarket, and that by joining together in co-ops ordinary citizens can create their own, healthier and cheaper, food-supply system. In practice, however, the food co-ops became specialty stores locked into a vicious economic circle of low volume, higher costs, not enough quality food at low enough prices, fewer customers. Yet the author feels that food co-ops offer the *beginning* of an alternative way of providing food. "Without the food co-op alternative, however fragile it may be, there would be none".

Rosabeth Moss Kanter is the author of a chapter on *Urban Communes*. The aim of the urban communes was to create a collective household, a home shared by an augmented, non-biological family. The main problem in urban communes seemed to arise out of the conflicting goals of spontaneity and order. Eventually, most communes were led to abandon their initial anarchism in favour of some kind of regulation, or, more frequently . . . to dissolve. Commune folks, Moss Kanter says, tend to reject, however, the typical success criterion of longevity. "Success", they contend, "is a matter of how much people learn, not how long they last".

The second part of the book comprises five articles that reflect in a more general way on the origins, the organisation and the legacy of the alternative movement as a whole. Harry Hirschhorn argues that the conventional explanations for the growth of alternatives—the counter-culture, the Vietnam war, alienated youth—are inadequate. He notes that the sixties witnessed a profound crisis in work and family life that left mainstream social-service institutions powerless and therefore deprived many professionals of a useful, credible role. It is this crisis which feeds the growth of alternatives.

Paul Starr starts out with the claim that alternative organisations were above all a response to the isolation felt by the community-hungry middle-class youth who initiated them. He divides the alternative

organisations into two distinct categories: *exemplary institutions* seeking to exemplify in their own structure and conduct an alternative set of ideals, and *adversary institutions*, primarily concerned with altering the prevailing social order. The author demonstrates how those who tried to fulfil both purposes simultaneously were short-lived and how even those committed to either of the two types met serious obstacles.

Finally, in his appraisal of the alternative movements David Moberg makes a distinction between the sixties where the alternatives tended to focus their attention on *reproduction*—renewing people, developing sensibility and education, maintaining body and spirit, and the seventies where people begin to stress *production*—energy, work, city-building, technology, alternative businesses under worker-community control. Neither effort, Moberg notes, has yet created an alternative society. Yet he does not think alternatives are a failure since they provide a way of channeling the desire for self-realisation towards more altruistic, socially constructive ends, promote the critique of nearly all aspects of the capitalist way of life, and untiringly pose the

crucial question of who controls the society's wealth.

The basic merit of this book lies, I believe, in its pedagogic value. The search for alternative ways of life, let us recall, is not just a passing whim tied to the national context of a given country, but embraces a movement that is presently growing throughout the Western world.* By analysing both the strength and weaknesses of the alternatives, the present study provides a number of clues as to how to avoid failures and improve on mistakes of the past. Rather than discard alternative ways of life as socially marginal and politically irrelevant, the reader will detect in this book the seeds out of which a simpler, warmer and sounder community, in other words, a truly developed society, can grow.

MONICA WEMEGAH

Goals Processes and indicators of Development project, United Nations University, Geneva

*About 20 countries are currently engaged in research on Alternative Ways of Life within the project Goals, Processes and Indicators of Development of the United Nations University.

The Co-operative Way by Antoine Antoni. *ICOM, Beechwood College, Elmete Lane, Roundhay, Leeds 8, England.* £1.25.

Workers' Co-operatives: A Handbook by Peter Cockerton, Tim Gilmour-White, John Pearce and Anna Whyatt. *Aberdeen Peoples' Press, 163 King Street, Aberdeen, Scotland.* £2.25.

Owning Your Own Job Job Ownership Ltd, 42-44 Hanway Street, London, W.1. £1.

Three booklets have been published in Britain recently about the problems of co-operative productive societies. One is an English translation of Antoine Antoni's classic *La Vie Dans Une SCOP* which has already been translated into German, Dutch, Italian and Spanish and has now

at last been translated into English and published by the Industrial Common Ownership Movement. There has been much interest in co-operative production in Britain during the last five years and more than two hundred new productive societies have been registered; but over the last hundred years the development of co-operative productive societies has been much more successful in France than in Britain. In France more than 670 productive societies are associated in a strong confederation with active groupings, some of them operating on a large scale. In Britain, on the other hand, the corresponding organisation, the Co-operative Productive Federation, is nearly a hundred years old but only has eight member co-operatives. It is now in

process of merging with the Co-operative Union.

Mr Antoni's booklet is packed with practical information on the lessons of French experience with co-operative production over the last century and a quarter. It will be of great value not only in Britain but in other English speaking countries where interest in co-operative production is growing. It notes, for example, that in Britain as in some other countries, too little attention is paid to the problems of marketing compared to that given to the problems of production; and that productive societies sometimes tend to invest more in premises and in transport than is really warranted. The booklet emphasises the importance of cashflow and investment planning, the need to insure against known risks and the dangers of attaching too much importance to seniority. There is much discussion of ways of combining effective co-operative democracy with good management and it is noted that bonuses to managers related to turnover are sometimes needed because managers of productive societies are often paid less than they could earn elsewhere.

Mr Antoni says that substantial investment by members is usually needed by productive societies; and that in France, in the event of a winding up, residual assets after the repayment of share capital are not distributed to members. He also notes that French legislation provides for statutory indivisible development funds and that the Confédération Générale has not yet succeeded in getting allocations to such funds exempt from corporation tax. However 1969 legislation about the application of complicated profit sharing legislation to co-operative productive societies does provide for tax concessions in respect of earnings allocated to certain funds. The booklet should have valuable lessons for British legislators as well as being full of sound, practical common sense advice much of which is as relevant in Britain as in France.

The *Handbook* on workers' co-opera-

tives is basically a new edition of a handbook produced by the Scottish Co-operative Development Committee in 1977. After a brief historical survey it discusses thoroughly and clearly the many problems facing groups with limited resources seeking to form productive societies: the choice of product or service, legal structures and model rules, member commitment, organisation, finance etc. One thing it discusses is the choice between the model rules of the long established Co-operative Productive Federation and those of the newer Industrial Common Ownership Movement which were only formulated in 1975.

The ICOM Model Rules restrict shareholdings to employees; and also restrict them to one share per member. Some of the CPF co-operatives, like some French productive societies, also have outside shareholdings. The Handbook appears to imply that the use of the CPF Model Rules means that there must be outside shareholdings which is not, of course, the case. Outside shareholdings in a productive society are something of an anomaly to be avoided if possible; and co-operatives using the CPF Model Rules can exclude them by Rule if they wish. The basic difference between the two Model Rules is the ICOM restriction of shareholdings to one share per member which means that a very high proportion of capital has to be loan capital. It can be argued that this can have an adverse effect upon borrowing capacity and trade credit in a productive society. The *Handbook* argues that co-operatives are "purer" if shares are turned into a kind of membership certificate but the co-operative principle is that the return paid on co-operative shares should be limited, not that they should be eliminated altogether as far as possible.

The *Handbook* gives a great deal of sound advice on the practical problems of forming productive societies; but it is less than convincing when it argues against the use of the company limited by shares as a legal basis for a co-operative productive society. It considers the case of a company issuing shares to its workers

and then criticises it; but the example given is not organised as a co-operative at all but is simply an employee shareholding scheme. In general, however, the *Handbook* gives a great deal of useful and practical information to people forming workers' co-operatives in Scotland or England and should be of interest to people forming productive societies in other English speaking countries.

The consultancy firm of Job Ownership Ltd was formed in London two years ago with a view to promoting in Britain industrial co-operatives of the type pioneered by the Mondragon group of co-operatives in the Basque Provinces of Spain. These co-operatives plough back a high proportion of earnings to members' personal accounts so that they participate personally in the growth of assets. Such participation is common enough in many kinds of co-operatives as when dividends on purchases are credited to share accounts in consumers' co-operatives or when patronage refunds are paid partly in loan stock in agricultural co-operatives. Job Ownership Ltd took the view that in Britain registration as a company limited by shares had advantages over registration under the Industrial and Provident Societies Acts because company employees could get exemption from tax

when issued with shares whereas members of productive societies registered as such continued to be liable to tax when issued with shares.

This appears to be a good reason for organising co-operatives along lines pioneered at Mondragon but registering them in Britain as companies limited by shares. However Job Ownership Ltd appears to have abandoned the idea of promoting Mondragon type co-operatives and to be seeking instead to promote companies in which all ordinary shares are held by the employees so that they participate in the growth of assets through an appreciation of share values. There appear to be few working examples of this kind of workers' ownership and as the basic co-operative principle of a limited return on capital is ignored it is unfortunate that the booklet should describe such enterprises as "workers' co-operatives".

All three of these booklets are, however, likely further to stimulate interest in Britain in co-operative production and other forms of workers' ownership; and to promote discussion on ways and means of organising such enterprises or converting established companies to such a basis.

PAUL DERRICK

Ends and Means of Co-operative Development by S. S. Puri. *National Co-operative Union of India, New Delhi, India.* 280pp. refs.

This book had to be written. In his preface the author expresses some reluctance at adding to the many publications on co-operative theory and practice which already exist. We have good reason to be grateful to those friends of S. S. Puri who prodded and persuaded him to do so. Indeed, it is only in this modest reluctance to offer his contribution to contemporary co-operative literature that Mr. Puri's judgement seems to go seriously wrong. Whatever might be the situation regarding the quantity of pub-

lications available, the fact is that little of any substance or depth of scholarship has been written (in English at least) for a decade—and probably two. That is why this good and useful book, reflecting both a wide practical experience and remarkable scholarship had to be written. It was needed. And it will be welcomed by all concerned with the future of co-operation and its potential for contributing to social and economic development.

With one exception, the author does not dodge the issues, whether theoretical or practical. He meticulously seeks out, exposes, and subjects to careful, critical analysis all the dilemmas, consistencies, contradictions, strengths, weaknesses, and

variety of views prevalent in co-operative theory and practice; and emerges from that exercise with a confident assurance of the basic viability of the co-operative approach. His discussion of co-operative ideology and what he describes as the micro and macro levels is at once an education and a delight. The exception is the chapter on technical assistance for co-operative development which, because it fails to adequately and frankly examine why the outcome of so many projects falls so far short of expectation, is much less useful than the rest of the book. Indeed, one hopes that Mr. Puri might be persuaded to turn his lucid mind to that subject again sometime.

The book covers strategy and planning for co-operative development, co-operative ideology (including a plea for indigenous ideologies), law, organisational structure, finance, education and leadership, management, technical assistance, and relations with the state. Though

addressed mainly to the needs of developing countries the book's perspective and value is international in the widest sense; the numerous quotations and sources used being a testament to the author's scholarship and the catholicity of his approach. It should certainly find a place in every co-operative library and be available to every serious student of co-operation.

The main theme for discussion at the 27th ICA Congress in Moscow this year is "Co-operatives in the Year 2000". It is a pity that most of the delegates assembled there will not have had the opportunity to read *Ends and Means of Co-operative Development*. Either the publishers (the National Co-operative Union of India) or the ICA should put a few hundred copies on sale in the Congress venue as background reading to the debate. At the very least the NCUI should have an order form available.

T.N.B.



NATIONAL LITERACY CAMPAIGN OF NICARAGUA “HEROES AND MARTYRS OF THE LIBERATION OF NICARAGUA”

Appeal by
Mr. Amadou-Mahtar M'Bow
Director-General of Unesco



united nations educational, scientific and cultural
organization
organización de las naciones unidas para la educación, la
ciencia y la cultura
organisation des nations unies pour l'éducation, la science
et la culture

7, place de Fontenoy, 75700 PARIS
DG/7.2.

I wish to draw your attention to the appeal which I launched on 23rd January, in support of the National Literacy Campaign of Nicaragua. The text of the appeal is enclosed.

This Campaign is an essential component of the National reconstruction plan drawn up by the Government of Nicaragua: since nearly half the population over the age of 10 is illiterate, it is in fact, only by a large-scale educational operation of this kind that the nation will be able to raise itself from its ruins and shouldering its own responsibilities, to set out on a path of development in keeping with its cultural traditions and its aspirations.

A task of this magnitude can only be successfully carried out with the material and moral support of the international community. The needs are enormous. The list of requirements for the Campaign drawn up by the Government, a copy of which is attached, provides detailed information about them: you will see that they range from basic necessities and ordinary school supplies to the building of schools and the training of teachers. All contributions, whether in cash or in kind, will be gratefully received.

I am confident that your organisation will wish to take part in this movement of solidarity, and I hope that it will also help in ensuring that my appeal is widely publicised.

yours faithfully
AMADOU-MAHTAR M'Bow
Director-General
UNESCO

Few nations, in the course of their recent history, have endured so much physical and psychological suffering, or been so gravely afflicted materially, as the people of Nicaragua. Besides the great poverty of most of its inhabitants, there have been the disasters caused by the earthquake in 1972 and the destruction suffered during the liberation struggle. The treasures of the country have been pillaged; its resources destroyed, its towns and villages severely damaged and its infrastructures dislocated. But it is the toll taken among its people which is heaviest: 35,000 dead, 100,000 injured—most of them adolescents and 40,000 orphaned, out of a total population of 2,200,000.

At its 108th session, the Executive Board of Unesco expressed "its total solidarity with the people and Government of Nicaragua in their arduous task of national reconstruction, and its determination to co-operate in that task within the fields of competence of Unesco", and requested me to take the necessary steps to achieve those ends.

I visited Nicaragua from 16th to 19th December, 1979, and was able to judge for myself the extent of the work that had to be done to rebuild the country.

What is required is to mobilise all the country's manpower, to reorganise and expand its educational, cultural and scientific institutions and to redeploy its means of production, in line with a coherent, overall programme. The country's new authorities have committed themselves to achieving these goals, and in order to do so have drawn up a national reconstruction plan which deserves both our sympathy and our support.

A key objective in this plan is the achievement of general literacy throughout the country, because illiteracy is a major obstacle to conscious participation by all citizens in the task of national revival and because such participation is the first prerequisite to enable the people of Nicaragua to follow their own path of development, with due regard for their cultural identity and in keeping with their own aspirations.

At the present time, 35.2 per cent of children between the ages of 7 and 12 have no opportunity of undergoing primary education and 50.2 per cent of the population aged 10 and over—some 850,000 people—are illiterate, the rural areas being the worst affected in this respect.

The campaign for the eradication of illiteracy has therefore been planned to serve as the lever for an education and social advancement movement which is to be extended to all categories of the population. Far from being confined to the younger generation, it is to cater for all illiterates, without any restriction or discrimination.

Beginning on 24th March 1980, the campaign will enlist the services of 200,000 literacy teachers who will devote themselves to teaching 850,000 illiterates. For six months, they will live together and share the same living conditions. This is a stirring experiment, the aims of which go far beyond the sphere of education alone, seeking to bring about a profound change in the relations between the various social strata in the country.

The scope of this campaign, and the spirit informing it, both reflect the determination to reconcile all the country's citizens by bringing them together in a great effort of national solidarity. It should enable them all, individually, to develop their full potential while helping to improve the well-being of all and, in particular, should assist the young, who had to break off their studies in order to take part in the national struggle, in finding their place again, without delay, in working life.

Nicaragua will not, however, be able to achieve these objectives unless it receives moral and material support from the world community. At a time when the country is only just beginning to lift itself out of its ruins, this support should make it easier for it to rely on its own efforts in the future. The total financial contribution which it hopes, today, to receive from international solidarity amounts to 20 million dollars.

Contributions in kind will also be welcome, particularly school supplies and equipment—paper, pencils, exercise books, blackboards, audio-visual aids, radios—as well

as motor vehicles, camping equipment, clothing, blankets, oil-lamps, powdered or tinned foodstuffs, etc.

Moreover, since illiteracy cannot be overcome unless it is, so to speak, cut off at the very source, a large number of new schools will have to be opened for children reaching school age. There will therefore be scope for international solidarity to be shown firstly, by providing Nicaragua with the means to build these schools and, secondly, by assisting in training and refresher programmes for those who are called upon to teach in them.

Nicaragua has made heavy sacrifices for its liberation—which is also, in some measure, the liberation of each one of us—and it is embarking on an experiment of the greatest interest from the ethical and educational points of view which may be useful to many other peoples besides its own. We are therefore in duty, bound to meet its expectations.

On behalf of the United Nations Educational, Scientific and Cultural Organisation, and with the unanimous support of its Executive Board, I accordingly invite all governments, National Commissions for Unesco, public and private institutions in all Member States, and international foundations and organisations, both governmental and non-governmental, to give proof of their active solidarity with liberated Nicaragua.

I make this appeal to all those who have responsibilities in the field of education: to public services and private programmes concerned with education and literacy work, to universities, to teachers' associations, and the research centres, in the hope that they will offer the Nicaraguan Government all the technical assistance within their power in this undertaking.

Lastly, I appeal to all those who enjoy the benefits of education, to the adults, the children and the young people who are today receiving education and realise how much it is enriching them. I am confident that they will be able to organise themselves, to collect resources, on however modest a scale, and to arrange for them to be sent to those in Nicaragua who are endeavouring to take their future in hand.

AMADOU-MAHTAR BOWM,

List of Requirements

The latest report received from Nicaragua suggests that the National Literacy Campaign is progressing in a very satisfactory manner. At present, 95,000 volunteers, most of them youth, are giving literacy instruction to 800,000 illiterates living, for the most part, in rural areas.

In order to complete the task of eradicating illiteracy, the national authorities consider that it is necessary to acquire the following items:

- | | |
|---|--|
| —four-wheel drive vehicles, preferably vehicles for which parts and service are locally available | —transistor radios and batteries |
| —5 million pencils | —cassette tape recorders and batteries |
| —3 million lined copybooks | —flashlights and batteries |
| —3 million copybooks with graphpaper | —multivitamin and mineral pills |
| —chalk | —powdered milk |
| —first aid kits, with medicines against diarrhoea and malaria, and pills for purifying water | —financial support in the amount of US\$ 5 million |

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Review of International Co-operation



The official organ of the International Co-operative Alliance

Editor: J. H. Ollman

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Vol 73 No 3 1980

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

Ninety-fifth Congress of the United States of America

AT THE SECOND SESSION

*Began and held at the City of Washington on Thursday, the nineteenth day of January,
one thousand nine hundred and seventy-eight*

An Act

To provide for consumers a further means of minimizing the impact of inflation and economic depression by narrowing the price spread between costs to the producer and the consumer of needed goods, services, facilities, and commodities through the development and funding of specialized credit sources for, and technical assistance to, self-help, not-for-profit cooperatives, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the
United States of America in Congress assembled, That this Act may*

THE ORIGINAL COPY OF THE NATIONAL CONSUMER COOPERATIVE BANK ACT

When a Bill is passed by both Houses of the Congress, it is signed by the Speaker of the House and by the President of the Senate (US Vice-President) and forwarded to the White House. After a careful examination, the Bill is put on the desk of the President, who approves and signs it into law. Then, the original copy, approved and signed by the President, is returned to the General Services Administration, which inserts it into the US Status as Public Law, has copies printed for public use and deposits the original copy in the National Archives.

*Sec. 302, Section 302 of Title 5, United States Code, is amended by
adding at the end thereof the following:*

- "(122) President, National Consumer Cooperative Bank.
- "(123) Director, Office of Self-Help Development and Technical Assistance, National Consumer Cooperative Bank."

Thomas P. Downing

Speaker of the House of Representatives.

Robert Morgan

*Vice President of the United States and
Acting President of the Senate, pro Tempore.*

APPROVED

AUG 20 1978

Jimmy Carter

The National Consumer Co-operative Bank (USA)

I. A New Tool for Consumer Co-operatives

by
David Thompson*

The consumer co-operative movement in the United States took an important step forward recently with the March, 1980 opening of the National Consumer Co-operative Bank in Washington, DC. The Bank is authorised by an Act of the US Congress to borrow up to \$300 million from the US Treasury. Under the same Act, Congress authorised the Office of Self-Help and Technical Assistance to provide aid to emerging and low-income co-operatives through a fund of \$75 million. In addition, the US Government is providing monies for the expense of starting the Bank to assist it in its first years of operation. After a long and difficult legislative struggle, the Act was signed into law by President Carter on 20th August.

Proposed a number of times since the Depression of the 1930's, the Bank is the product of many years of effort by the Co-operative League of the USA. CLUSA is a national organisation composed of every major form of co-operative activity in the USA, with its membership including: farm, consumer, housing, health, student, and service co-operatives, mutual insurance, and many other types. Convinced that the consumer co-operative movement was chronically under-capitalised, the League

revived a number of plans which outlined a government agency to assist consumer co-operatives. The re-birth of interest in consumer co-operatives during the years of social activism of the 1960's made clear the need for a new development strategy.

Modelled after the Farm Credit System's Banks for Co-operatives, the National Consumer Co-operative Bank traces its lineage to the Rural Credit System established in Europe at the turn of the century. The origins of co-operative rural credit in the United States were spurred by the Country Life Commission established by President Theodore Roosevelt in 1908. Sir Horace Plunkett of Ireland, and Dr Lorenzoni of the International Institute of Agriculture based in Rome, were key figures in persuading the US Congress to study

*David J. Thompson was the Director of Planning for the National Consumer Co-operative Bank in Washington D.C. and is now its West Coast Regional Director. For the past ten years he has been active in the California co-operative movement; he was a board member of Associated Co-operatives, the regional wholesale. He would like to thank Art Danforth, former Secretary/Treasurer of CLUSA, Mitch Rofsky, Secretary of the NCCB, and Ann Evans of the California Department of Consumer Affairs, for their background information on the history of the Bank.

the two German co-operative credit banking systems established by Raiffeisen and Schulze-Delitzsch.

The Farm Credit System was created in the 1920's to answer the credit needs of US farmers and contained many elements borrowed from the European experience. In 1933, the Banks for Co-operatives were added to the Farm Credit System although they were restricted to lending to farmer co-operatives. An effort to establish a similar bank for consumer co-operatives was introduced by a Congressional committee in 1936 but election year concerns blocked the idea and unknowingly froze congressional action for forty years.

Another attempt to acquire financial support for consumer co-operatives was taken at the CLUSA Congress in 1942. The organisation of a National Co-operative Finance Association was approved by Congress to be composed of the co-operative constituents of the Co-operative League. The idea was to link the co-operative wholesales and credit union associations together as one national central co-operative bank, serving in particular the needs of developing food co-operatives. However, US entry into World War II, and the weakening of consumer co-operative activity in the post-war period of prosperity, ended this idea.

In 1966, the idea for a government initiated bank was once again revived by Gifford Hoag, a Farm Credit System employee with a long history of involvement in consumer co-operatives. Hoag proposed a regional system of banks with a special fund to serve the needs of low income families. Responses to Hoag's proposal reflected a greater interest in a Bank than at any other time

since the Depression, a great deal of it to do with the proliferation of new consumer co-operatives and the closing of many of the consumer co-operatives which had originated during the Depression of the 1930s. In July, 1971, the Co-operative League Board gave priority to the development of a financial institution to serve non-agricultural co-operatives in response to a study which revealed the weakness of consumer co-operative financing. However, once again, the idea for a specific consumer co-operative bank was over-shadowed by the presence of suggested revisions of the Farm Credit System and other proposed development banks.

It was not until the CLUSA Congress in San Francisco in October 1974 that the proposal for a Bank again received support. The CLUSA Congress brought the leadership of the large US farm co-operatives into the very progressive atmosphere of the San Francisco Area consumer co-operatives. The two diverse groups worked together to analyse why consumer co-operatives had not blossomed in the way farm co-operatives had. The answer they arrived at, as always, was lack of access to capital, technical assistance and the need for a development bank.

The idea for a Bank was also the key theme of a 1975 speech given to the Annual Assembly of the Consumer Federation of America by Ralph Nader, a national leader in consumer advocacy. The combined support of the farm co-op leadership in CLUSA and consumer activists led by Nader brought about real potential for obtaining congressional action. From then on a core group of activists with a wide range of legislative experience drafted a congressional bill.

Their work was accepted by supporters in Congress and on 6th November, 1975, a bill to establish the National Consumer Co-operative Bank was jointly introduced into Congress by Senator Thomas McIntyre and Congressman Fernand St Germain.

CLUSA's next action was to form a Co-op Bank Task Force to spearhead the public campaign needed to win passage of the bill. This Task Force brought together a national coalition of organisations interested in co-operative development. At its height the coalition included over 230 organisations representing, among others, organised labour, farmer co-operatives, consumer associations, low-income and religious groups. A combination of the efforts of CLUSA's co-operative network developed by Stanley Dreyer, then President of CLUSA, and the broad-based grass roots coalition was critical to the final victory in Congress. Seasoned observers called this the broadest coalition brought together in Washington in a decade.

Following the passing of the Act in the House of Representatives on 14th July, 1977 by a vote of 199-198, government officials such as Esther Peterson, Director of the White House Office of Consumer Affairs and Sam Brown, Director of ACTION (the federal agency containing VISTA and Peace Corps) lobbied intensely within the Administration to gain its support for the Bank. Treasury representatives visited numerous co-ops and learned of their difficulty in obtaining credit from traditional sources. Ultimately, President Carter and the Administration were convinced of the need for the NCCB. After further changes the Carter Administration accepted the Act and the Senate then voted

in favour 60-33. Two later votes brought legislative approval and President Carter signed the Act into law on 20th August, 1978.

For the first year of operation, 1st October, 1979-30th September, 1980, Congress authorised the Bank to obtain a total of 74 million dollars (50 million in loan capital, 8 million for start up expenses, and 17 million dollars for the Self Help Fund). Each year the Bank has to request additional funds from Congress and can do so until 1983 when the Act prohibits any further appropriations. By law, after 1983 the Bank's loans to housing co-operatives can be no more than 30 per cent of the total assets of the Bank, and loans to producer co-operatives can be no more than 10 per cent. The Bank must also make its best efforts to ensure that 35 per cent of its loans go to co-operatives owned by or serving low-income populations.

The Bank issues three classes of voting stock: Class A is that held by the US Treasury. Co-operatives borrowing from the Bank are required to purchase Class B stock for up to 10 per cent of the face value of the loan, as well as purchasing stock at the time of making interest payments on the loan. Class C stock can be purchased by any co-operative eligible to borrow from the Bank. The Bank can also sell non-voting stock to other investors. The Bank is authorised to obtain other funds through the sale of bonds and other evidences of indebtedness after consultation with the Secretary of the Treasury provided that these obligations do not exceed ten times the paid in capital and surplus of the Bank.

In January of 1980, the Board appointed Carol Greenwald as President and Chief Executive Officer of the Bank.

Greenwald, the former Banking Commissioner of Massachusetts, is known for her stand as a consumer advocate within the normally conservative American banking community. She moved immediately to place the Bank on an operational footing and has quickly grasped an understanding of the nature and problems of consumer co-operatives in the US. Under her leadership the Bank was officially opened for business on 20th March 1980, and made its first loan in June, 1980.

An interim staff from government agencies staffed the Bank until late fall 1979, when the Bank began its initial phase. By late 1980 it is expected that nearly 200 staff will be employed both at the Washington, DC central office and in eight regional branches located around the country. The Bank's leadership is committed to extending the Bank's services to local level. This policy of de-centralisation was called for by the co-operative movement in numerous hearings held around the country. The

regional offices are seen as the best way in which the Bank can meet the diverse needs of its constituents.

The presence of the National Consumer Co-operative Bank in the United States signals a new day for US co-operators. For the first time, consumer co-operatives have a tool by which to build the foundations required for development of a strong co-operative sector in the US economy. With high inflation, and growing interest in consumer co-operatives, the Bank is a timely creation of the US Government. The recent revival of co-operative activity and the opening of the Bank are the first steps towards consumer co-operatives reaching into the homes of millions of US families. When historians look back on the US co-operative movement, the events of the 1980s will be seen as critical. The role of the Bank will be a most important factor in ensuring and supporting the successful development of a strong US consumer co-operative movement.

II. The Legislative Background*

by

Dr Laszlo Valko

Professor Emeritus, Washington State University (USA)

On 6th November, 1975, Senator Thomas J. McIntyre (New Hampshire) supported by 21 co-sponsors, introduced legislation in the US Senate to create a National Consumer Co-operative Bank (NCCB). Similar legislation was introduced in the House of Representatives by Congressman Fernand St. Germain

*Condensed from Professor Valko's book, *The Co-operative Law in the United States*, recently published by the Washington State University (1980). Professor Valko's studies on co-operative legislation, such as *International Handbook of Co-operative Legislation* (1954), *The Co-operative Law in Asia* (1969) and others, are internationally known and have been translated into several languages. Professor Valko won the United States Co-operative Month National Award in October 1979 "for lifelong dedication to co-operatives as educator, researcher and commentator around the world—particularly in extending knowledge about the legal aspects and basic principles of Co-operation".

(Rhode Island), supported by nearly 100 co-sponsors. It was nearly three years later, after much hectic debate and political manoeuvring, that the bill passed the Congress and reached the desk of the President of the United States in August 1978 for his signature. The details of this long drawn out passage are as follows:

1976 Mar. 16-18 First hearings held before the Senate Sub-Committee on Financial Institutions.

May 26 Bill sent to full Committee by a vote of 7 to 1.

June/Aug. Committee proceedings and procedures.

However, "although NCCB had broad support in the Congress, it did not reach final vote in either House during the 94th Congress because time ran out before the Senate could consider it . . ."

1977 Feb. 1 NCCB legislation reintroduced in the House of Representatives by Congressman St. Germain with 80 co-sponsors.

Mar. 15 NCCB legislation reintroduced in the Senate by Senator McIntyre with 25 co-sponsors.

Apr. 25-26 Hearing before House Subcommittee of Financial Institutions.

At this hearing, the Assistant Secretary (designate) of the Treasury, speaking for the Administration, opposed the idea of a bank but proposed instead that a two-year study should be undertaken of all co-operatives and their relation to the government, with a two-year pilot government loan programme.

May 5 House Banking Committee overturned the Treasury Department proposal for a two-year pilot study favoured by the Administration, endorsed the NCCB legislation with the following provisions:

1. Capitalisation to be \$500 million (as against the \$1 billion originally proposed);
2. A Self-Help Development Fund of \$20 million initially to be set up, with total funding of \$250 million, for new and weak co-operatives and those serving low-income families;
3. The Self-Help Development Fund to come under ACTION (an independent government agency) (as against the original proposal to set up a separate agency to supervise the Bank, operate the Fund, and provide technical assistance to consumer co-operatives);
4. The original legislation had included credit unions as eligible recipients; this was deleted.
5. The proportion of loans that could be made to housing co-operatives was restricted.

July 14 The House passed the NCCB Bill with 199 to 198 votes, but adopted a "sunset" amendment which imposed a limit of five years on the Bank's operation.

The Bill came up for debate in the House of Representatives on 13th July 1977. July 13th and 14th were taken up by vehement and extensive speeches from the floor, for and against, whose record took up 45 pages in the almost unreadable small letters of Congressional Records (Vol 23, pp 7014-7030, 7075-7104). Speakers on both sides came from all parts of the country, and many emphasised that the Bill had support from both parties. Those who spoke against the Bill said that they believed in the effectiveness of the co-operative system, that they supported co-operatives, but that the proposed consumer co-operative bank was not needed, would create unfair competition for small business, would prove a failure, would be a government "give-away" programme and waste the taxpayers' money; they also took great advantage of the initial opposition expressed by the Treasury representative the previous April.

Although, when the vote was finally taken after the long debate, the House passed the Bill, it was clear that the "sunset" amendment would kill the operation of the Bank, because no financial institution could actively enter the money market with such a short prospective life, even though Congress could, at the end of the five-year term (ending 31st December 1982), theoretically authorise its continuance.

Therefore the sponsors and supporters of the Bill, inside and outside the Congress, decided not to urge the Senate to act quickly but to wait until the following session of the 95th Congress, convened in January 1978.

Dec. 2 NCCB Bill (HR 2777) referred to Senate Banking Committee.

1978 Jan. 25-26 Hearing by Senate Sub-committee on Financial Institutions. At this hearing, the Assistant Secretary to the Treasury announced modified White House support for the NCCB. Congressmen and other pro-NCCB representatives testified, as did several opponents of the legislation representing associations of big and small businesses.

Mar. 16-17 Further hearings by Senate Sub-Committee.

Mar. 23-24 Hearings by Senate Banking Committee.

Apr. 5 Legislation endorsed by Senate Banking Committee by 10 votes to 5, with addition of two minor amendments broadening scope of bank:

1. Technical assistance to be available for credit unions involved in community development;
2. Craft co-operatives specifically cited as eligible potential borrowers.

July 13 Senate passed NCCB by 60 to 33 votes, defeating four crippling amendments.

July 27 After objection by one member, House of Representatives failed to agree to accept the Senate version of NCCB. Joint Committee Conference agreed to file a conference report reconciling differences between the two versions.

Aug. 9 House of Representatives approved conference report by 236 to 164 votes.

The Senate version of NCCB was accepted in essence, with the bank's borrowing authority increased to ten times its paid-up capital (as against five times in the House version); the House "sunset" amendment was also dropped.

Aug. 20 President Carter signed legislation creating a National Consumer Co-operative Bank.

* * * *

In the final form of the Act (registered as Public Law 95-351), as signed by the President, the PREAMBLE pays special tribute to co-operative societies as follows:

"The Congress finds that user-owned co-operatives are a proven method for broadening ownership and control of the economic organisations, increasing the number of market participants, narrowing price spreads, raising the quality of goods and services available to their membership, and building bridges between producers and consumers, and their members and patrons. The Congress also finds that consumer and other types of self-help co-operatives have been hampered in their formation and growth by lack of access to adequate co-operative credit facilities and lack of technical assistance. Therefore, the Congress finds a need for the establishment of a National Consumer Co-operative Bank which will make available necessary financial and technical assistance to co-operative self-help endeavours as a means of strengthening the nation's economy." (Sec 2)

TITLE I provides for the creation and charter of a **National Consumer Co-operative Bank** which shall have "perpetual existence" and shall make loans throughout the United States, its territories and possessions, and in the Commonwealth of Puerto Rico (Sec 101).

The Bank operates under a Board of Directors appointed by the President of the United States with the advice and consent of the Senate for terms of three years, which has the general corporate power to write its bylaws and rules and also to appoint the President of the Bank who is the chief administrator (Sec 102). The Act originally provided that the Board should have 13 members (Sec 103-a), 7 to be officers of agencies and departments of the US Government (but not more than one member from any one of them), and the remaining 6 to be members of the general public with extensive experience of the following types of co-operative: housing, consumer goods, low-income co-operatives, consumer services, and all other eligible co-operatives; however, an amendment passed by the Congress in December 1979 and approved and signed by President Carter in January 1980, increased the number to 15, to include a representative of small business. The Board elects annually a Chairman from among its members.

As borrowing co-operatives increase their investment in the Bank, they will be allowed to elect an increasing number of Directors; when they have repaid all government capital, they will elect 14 Directors with the remaining Director to be appointed by the President of the United States.

The capital of the Bank in the first five years is provided by the US Government

purchasing Class A (preferred) shares up to \$300 million, divided into annual amounts as appropriated by the Congress in the budget of the Treasury Department. Class B common stocks (ordinary shares) with a par value of \$100 are to be issued to the borrowers (not less than one per cent of the face value of their loans), and Class C common stocks to be available for purchase only by borrowers or by organisations eligible to borrow. Voting is to be on a democratic basis (Sec 104), with no holder of voting stocks to be entitled to more than one vote.

The Board is also authorised to obtain funds “through the public and private sale of its bonds, debentures, notes, not to exceed ten times the paid in capital and surplus” (Sec 107). The Bank must pay interest on its government-owned stock at a rate equal to the cost of money to the government or 25 per cent of earnings, whichever is less. Until the “Final Government Equity Redemption Date” the Bank has tax exempt status (Sec 109).

While the organisation and operation of the Bank (as laid down in the sections of Title I) are mainly based on the provisions set up for operation of the Farm Credit System, particularly the *Banks for Co-operatives*, TITLE II creates an entirely new **Office of Self-Help and Technical Assistance**, which is an independent part within the NCCB system, instead of being incorporated into another federal agency or department as planned in the original bill. Its independent status is underlined by the fact that the Director of the Office of Self-Help and Technical Assistance is appointed by the US President and confirmed by the Senate (Sec 201), although since the Office is part of the Bank he is responsible to its Board in the carrying out of his duties; his position is thus roughly on a par with that of the President of the Bank, except that the latter is appointed by the Board.

For the first three years of operation, the Congress is authorised to appropriate up to \$75 million for the Self-Help Development Fund, which must be deposited in a separate account in the Bank. The Office may make capital investments in eligible co-operatives which have insufficient capital to obtain loans from the NCCB or a substantial membership of low-income persons (Sec 203).

The important programme of organisational assistance requires that the Office “shall make available information and services concerning the organisation, financing and management of co-operatives to achieve the objectives of the Act”. For this purpose the Office may enter into agreements with other agencies of the federal, state and local governments, colleges and universities, foundations and other organisations (Sec 204). The Office will also develop programmes for training directors and staff to enable them to conduct member education programmes (Sec 207) and “shall work closely with all US government agencies offering programmes for consumer co-operatives” (Sec 208).

The Office of Self-Help and Technical Assistance combines two functions. The idea of a *Self-Help* Development Fund available for investment in co-operatives, was copied from the government provision of preferred stocks in the Production Credit Associations when these were first organised. *Technical Assistance* is patterned on the service provided to farmer co-operatives since 1926; in that year, Congress

provided for co-operative research and education in the US Department of Agriculture (Co-operative Marketing Act). In 1929 this work was transferred to the new Federal Farm Board established under the same Act; in 1933 it was assumed by the newly established Farm Credit Administration, and in 1953 it reverted to the US Department of Agriculture, under the form of an administration unit known as Farmer Co-operative Services. With the general reorganisation of the US Department of Agriculture in December 1977, it was consolidated with two other units and became a part of the newly created Economic, Statistics and Co-operative Services (ESCS).

* * * *

The new Act was defined by many speakers in the Congress as a landmark in federal co-operative legislation. During the previous half-century, the farmer co-operative credit system (1933) and the rural electric co-operative system (1936) had gained their solid legal status through co-operative legislation. The federal status of credit unions had also been provided by the basic act of 1934. The consumer co-operatives however had never had federal legislation, except for a law passed by the Congress on 19th June 1940, under which consumer co-operatives could organise in Columbia.

The Act also broadened the former definition of consumer co-operatives, which had generally implied the sale of groceries and household goods to members. Under the Act "consumer co-operatives" could include those providing services such as housing and health care, as well as craft and student co-operatives. However, after the first few years the Bank cannot lend more than 35 per cent of its funds to housing co-operatives.

Preparations for implementing the NCCB Act took over a year. In September 1978, a federal inter-agency task force, chaired by Roger Altman, Assistant Secretary to the Treasury, and consisting of representatives from eleven government agencies and departments, drew up a series of policy and procedural recommendations for the incoming board of directors; their report took up 250 pages.

The Co-operative League of the USA had established a 35-member Bank Implementation Commission, to serve as a clearing-house for nationwide co-operative views on operational guidelines for the Bank.

While the official opening of the Bank was delayed by complicated administrative procedures, the Congress in June 1979 approved a \$3.5 million appropriation for the remainder of the fiscal year (1st July-30th September 1979). With this budget a temporary office was established, with an executive director, to prepare the necessary documentation and deal with other relevant matters before the Bank officially opened its door for regular business in March 1980.

Those responsible for implementing the Bank as laid down in the Act are handicapped in that no similar institution exists either in the United States or abroad. Although based on the US Farm Credit System, the characteristics and requirements of consumer co-operatives are different from those of farmer co-operatives.

There are many co-operative banking systems in Western Europe with highly developed co-operative movements, as well as in South America, Asia and Africa, but none of these have the same framework, method of capitalisation, or operation, as provided in the new US NCCB law. Some of these co-operative banks abroad serve only agricultural co-operatives; others serve all types of co-operative. Some of them render banking services to individuals, and with some limitations provide similar financing to that of commercial banks.

Certainly NCCB is not only a significant milestone in US federal co-operative legislation; its progress will be closely watched by the whole co-operative world.

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The National Union of Co-operative Societies (Jamaica)— Self-Help through Co-operatives

by

O. J. Thorbourne

Setting the Stage

The 1930's were regarded as "days of depression" throughout the western world. Following World War I, Britain and other European countries went off the gold standard, leading to foreign currency dislocations followed by a great and worldwide depression. This situation naturally affected Britain's colonies, including Jamaica, and we in Jamaica suffered great privations. The prices of our agricultural products fell to low levels and so wages were depressed.

Of course at that time there was little or no industry. The Sugar Industry employed a large percentage of our labour force and the vast majority of people were engaged in or dependent on agriculture for a livelihood. People found that wages were so low that they could not cope with the cost of living. Gradually therefore, there was built up in the economy a resentment against the employer (capitalist) classes who were for the large part a small group of descendants of the white planter class who controlled perhaps more than 90 per cent of the assets of the country. Into this situation entered men like our national hero,

Rt Excellent* Sir Alexander Clarke, who later changed his name to Bustamante, and Mr A. G. S. Coombs who formed the first Trade Union in the western end of the island. By 1938 things had deteriorated so badly that, almost simultaneously, the workers on the wharves in Kingston and the workers on the Sugar Estate at Frome laid down tools—other workers followed suit, thus generating the greatest ever general strike in Jamaica which came to a head in May 1938.

It was out of this situation that some of our middle-class professional people began to think and act Self-Help through co-operation. Among them was another national hero, Rt Excellent Norman Manley. He had evidently become acquainted with the European Co-operative Movement and the success which it had achieved on the continent in countries like Denmark, Sweden and Great Britain. He became convinced that if Jamaica was to recover from her state of depression, it would be necessary to develop a community spirit and to en-

*Rt Excellent is the special title awarded by Jamaica to its national heroes.

courage community action. Co-operatives could be one of the tools for such development. Accordingly, he approached one of the companies to which he was legal adviser, the United Fruit Company, and encouraged its management to dedicate a sum of money to the establishment of an organisation which could promote his ideas. Out of this grew *Jamaica Welfare Ltd.* Mr Manley was able to recruit a young man, D. T. M. (Tom) Girvan to head the infant organisation. Mr Girvan was sent overseas to look at the Co-operative Movement and to see to what extent this Movement could be adapted to Jamaica. As a result of this initial effort, study groups and savings clubs began to spring up all over Jamaica. Stimulated by men like Rev Eddie Burke of Jamaica Welfare Ltd, people began to sing "We are out to build a new Jamaica" as a new enthusiasm for working together began to catch their imagination.

Co-operatives on the Move

The earliest efforts in Co-operative Action were directed towards the Consumer Movement. Buying clubs were organised and soon co-operative shops began to appear—in Spanish Town, Vineyard Town and other areas of Kingston as well as in Clarendon and Manchester. For the first time the descendants of the African slaves began to get the feeling of managing their own money and working towards self-reliance and self-dignity through self-help and co-operation.

There were two drawbacks to these efforts, inadequate capital and untrained management. Jamaica Welfare Ltd concentrated its efforts on arousing enthusiasm and generating the idea of

saving but, unfortunately, these efforts were not accompanied by adequate training and education in management. The result was that many of the early study groups and savings groups faltered and died even at a time when there was still a high degree of enthusiasm.

The Consumer Movement

The history of the Consumer Movement was a very unfortunate one. Although Vineyard Town, St Andrew and Spanish Town appeared to flourish for a while, they soon withered and died and by the early '60s there was little or no evidence of consumer co-operation in Jamaica. A few buying clubs like the Frome and Police Buying Clubs continued to operate but on a languishing basis and it was not until the mid '70s when certain leaders of the Credit Union Movement revived the idea of consumer co-operation by establishing wholesale co-operatives in the parishes of Portland and St Thomas and later a Supermarket in lower St Andrew that a new approach to Consumer Co-operatives was made.

The Credit Union Movement

While Tom Girvan and Jamaica Welfare Ltd were promoting the consumer movement as well as fishermen's co-operatives and other produce co-operatives, Fr. John Peter Sullivan was laying sound foundations for the development of the credit union movement. Although Tom Girvan was the first person to register a credit union under the Industrial and Provident Societies Law in September 1941, yet it is to the pioneering work of Fr. Sullivan that this movement owes its relative success. Starting with 12 young men in the Men's Sodality at Holy Trinity Cathedral he

developed through the St George's College Extension School, a programme of education in Credit Union Business Management and Accounting. Borrowing literature from the successful US Credit Union Movement with which he was associated, having come to Jamaica from Boston (Mass.), Fr. Sullivan developed a curriculum which was directly related to the proper growth and development of the credit unions in Jamaica. Consequently, credit unions proved to be more successful than other types of co-operative societies and by the early '70s began to be a force to be reckoned with among financial institutions in the banking sector. At the present time, the Credit Union Movement is the third largest source of short-term loans in the country, after the Bank of Nova Scotia Jamaica Ltd, and the National Commercial Bank.

The secret of this growth and development was the understanding from the earliest days that the Credit Union Movement could only succeed by a continuing programme of capital accumulation through regular savings. One of the weaknesses in the other types of co-operatives was, and still is, the unfortunate view that only a small initial amount of capital is required to establish a co-operative and that thereafter the co-operative should seek high cost (i.e. high interest) loans from commercial banks and hand-outs from the Government. In fact, in the early '50s, the Government adopted a policy under which it financed the cost of managers in certain co-operative societies, e.g. The Mid-Clarendon Development Co-operative Society and the Jamaica Co-operative Union, and so many co-operatives looked to this type of outside support.

The credit unions on the other hand persistently eschewed Government subsidy and through their programme of self-help have achieved a relatively high status in the financial network of the country.

Where we are now

What is the position today after some 40 years of co-operative activity in Jamaica? We have a Co-operative Department within the Ministry of Local Government and Community Development (formerly Ministry of Agriculture) which is responsible for the registration, supervision, inspection and promotion of co-operatives and the education of co-operative leadership. This Department was established in 1950 following the enactment of a Co-operative Societies Act in 1949 and has made a useful contribution to the direction and development of the movement.

In 1959, a National Union of Co-operative Societies (NUCS) was registered to co-ordinate existing Co-operative Federations and other primary co-operative societies which are not federated in order to ensure sound development and a prominent place for the Co-operative Movement in the economic structure of society. Unfortunately, NUCS did not really begin a useful programme until 1973 when a new leadership restructured its operations and has since then developed a General Insurance Programme which includes a health programme under contract with Blue Cross Society, and Property Household and Personal Accident insurance programmes under contract with British Caribbean Insurance Company (BCIC). In addition, NUCS has conducted a limited education pro-



Potato Growers' Co-operative, Jamaica





gramme on a national basis and allied itself to the International Co-operative Alliance (ICA) through which it seeks to secure support for the local Co-operative Movement.

In 1942, Fr Sullivan promoted the establishment of the Jamaica Co-operative Credit Union League Ltd, and the League in the early '70s took over the education programme which he had initiated and extended it vertically as well as horizontally. The League was able to provide through Cuna Mutual Insurance Society, an internationally owned Credit Union insurance company, a Life Insurance Programme which includes both group life policies for loans and savings and an individual life programme for individual credit union members. In addition, the League has established a Bonding Programme to

protect credit unions against temporary losses of cash, and a Stabilization Programme to ensure protection of members' savings on a long-term basis in cases of liquidation which could result in loss of those savings. More recently the League has established a Mortgage Lending Programme with the low interest rate of 9 per cent per annum for credit union members. The League with a membership of 170,000 and a savings of J\$106 million has demonstrated in no uncertain manner what low-income and middle-income groups of people can achieve from a programme of co-operative self-help.

Recently, in 1979, United Printers Ltd, one of Jamaica's largest printers, closed its doors on the grounds of uneconomic operations. Some 40 of its workers, determined to use their redun-

dancy payments economically, tried to purchase the assets of the company which were valued at \$450,000. The Credit Union League made \$405,000 of the amount available to purchase the equipment and organised a co-operative society which was registered in December 1979 as the first co-operative printer in Jamaica.

That the early efforts of Tom Girvan did not entirely fail is evidenced by the relative success of the Jamaica Co-operative Union Ltd, the Christiana Potato Growers Co-operative Association Ltd, the St Elizabeth/Manchester Growers Co-operative Society Ltd, and the Mid-Clarendon Development Co-operative Society Ltd. The Jamaica Co-operative Union set out originally to become the Federation of all Co-operative Societies in Jamaica (this role was subsequently assumed by NUCS) but eventually confined its efforts to the Consumer Societies and the Fishermen's Co-operative Societies. By the mid '60s however, it was forced to close its consumer wholesale and retail activities and to concentrate on providing equipment and supplies to fishermen. It now occupies the unique position of having a monopoly in this area. Recently it embarked on supplying engines for fishermen's boats, formerly supplied by private individual suppliers. The evidence suggests that in a relatively short time it will gain the monopoly in this area as well.

The Christiana Potato Growers Co-operative Association Ltd has been mobilising farmers in central Jamaica from the parishes of Manchester and Clarendon, into a potato growing and marketing programme. The Society, with headquarters in Christiana, pro-

vides seeds for planting through a programme of credit and markets the potatoes when the crop is lifted. This Society handles almost 75 per cent of the potato production in Jamaica to the benefit of the farmers who participate as members of the Society. With the assistance of the Government and USAID, they have established a substantial cooling store in order to provide storage of the potatoes during the marketing period which extends over several months. The turn-over of this society exceeds J\$1 million per annum.

The St Elizabeth/Manchester Growers Co-operative Society Ltd started originally as a producer co-operative to enable the South St Elizabeth and South Manchester farmers to supply their tomatoes in bulk to the processing factory at Bull Savannah. When that factory failed, the Co-operative led by Mr R. W. O'Neil Speid concentrated its efforts on supplying farmers' requirements, for crops, animals and buildings. This has developed into a million dollar plus marketing operation.

The Mid-Clarendon Development Co-operative Society Ltd was established by Jamaica Welfare Ltd (now Social Development Agency) as a co-partner to the Mid-Clarendon Irrigation Scheme which was established by the Government in the mid-fifties. The Clarendon plains which had for many years been an arid waste were now converted into a fertile oasis capable of producing sugar cane and rice as its major crops. To promote this production effort, the Mid-Clarendon Development Co-operative Society Ltd has provided credit to the farmers for planting material and fertilisers etc and has marketed their crops, on a co-operative basis.

Co-operative organisation has also been extended to sugar, coffee, cocoa and banana production but it is evident that these efforts will not make the necessary impact until the responsibility for marketing the crops is organised co-operatively.

The Co-operative Movement has a total membership of over 300,000. This means that if it is assumed that each co-operative member represents a co-operative family of five, then co-operative activity is affecting the lives of 1.5 million persons in our population of just over 2 million. This does not include the more than 5,000 persons directly employed by their Co-operative Societies.

What can we learn from this? It seems that we can conclude that the Co-operative Movement, which is by its philosophy and mode of operation a self-help Movement, has made a useful contribution to the economic development of Jamaica, thus partially fulfilling the dream of the Rt Excellent Norman Manley that it has the capability of making a far greater contribution to the economic development of the country than has ever been imagined, if only those in leadership positions could recognise this and give it the support which it needs. The Co-operative Move-

ment knows no religious, political or social barriers. What it knows is a christian philosophy based on love and the belief that no man is an island to himself. In fact, the Credit Union Movement uses as its own philosophy "I am my brother's keeper." What is needed by the Co-operative Movement to achieve this goal is efficient management and an understanding by the members that a programme of capital accumulation through a continuing programme of small but regular saving is a *sine qua non* for providing the necessary working capital at the lowest possible cost for the proper development of the Movement. Already the Movement has a basic structure on which to build. The Credit Union Movement has the financial basis and structure to become the financial arm of the Movement. Experience is being gained in management. What is now necessary is to bring the two together, i.e. capital and management.

A central training institution is therefore necessary to improve management skill so that a more efficient Movement can be developed, since it is clear that self-help can spread social benefits more equitably in the long run across a far wider spectrum and with less emotional upset than any form of political or other ideology.

Workers' Control in the Jamaica Sugar Industry

by

W. C. Higgins*

United Sugar Workers Co-operative Council

Introduction

This article is an attempt to review the present position of the sugar cane co-operatives developed in 1975-76 out of the plantations sold to the Jamaica Government by the West Indies Sugar Company and the United Fruit Company. It sets out information available on the various aspects of cane production prior to and in the development of the co-operatives. The objective is to establish a background for discussion on approaches to improvement of the structure, management and financing of the co-operatives.

I. Pre-Cooperative Period

A. Historical Overview

From the time of Spanish colonisation, sugar has played a dominant role in Jamaica and during the early British period the economy was oriented to the export of one commodity—sugar. Plantations came to dominate the economic, social and political life of the country. Jamaica prospered during the latter half of the 17th century and through the 18th century.

The industry began to decline with the advent of the free trade philosophy in Britain and the emancipation of the slaves in 1838. With the declining fortunes of the industry, the structure of the plantations began to alter. Slowly, over time, the various individual plantations became linked together to create larger holdings. By the late 1930s nearly half

the sugar estates had become consolidated under the ownership of the *West Indies Sugar Company (WISCO)*, a wholly owned subsidiary of the English firm of sugar refiners, Tate and Lyle.

During this period also American economic interests began to expand in Jamaica with the presence of the *United Fruit Company*. Thus between 1870 and into the years following World War I, the company expanded rapidly in Jamaica and by the mid-20th century was probably by far the largest single private proprietor of land in the country. They by and large monopolised the banana trade but also owned and operated what

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later became the third largest sugar estate on the island—Bernard Lodge.

Despite independence in 1962, the colonial heritage continues to dominate. The island remains tied to the vagaries of the international sugar markets, and sugar has tremendous influence on the national economy. Sugar is a major employer of labour; sugar cane is the largest user of the total crop land. In addition it is a major earner of foreign exchange. Despite this key role sugar continues to have its difficulties, some of the main causes of recent times being the problems in labour-management relations, the inefficiencies of the Jamaican industry in relation to other producers for the international market, and the sub-standard conditions of living and working endured by many of the workers.

In a 1966-67 study of the industry, foremost among the conclusions was the assertion that the country was among the highest-cost commercial producers of sugar operating in the international market. Numerous reasons were given for this situation. The study pointed to high labour costs as a main source of the high cost of production, accounting for from 54 to 66 per cent of total costs. The high cost of labour was attributed to a number of factors, but the four main areas were:

- (1) Cane farming in Jamaica being overly labour intensive;
- (2) Variations between estates in efficiency and organisation of work flow;
- (3) Employment of unnecessary labour and utilisation of marginal lands due to the stipulation on redundancy in labour contracts;
- (4) Poor nutrition among the workers which affects their productivity.

The study showed, however, that labour costs as a percentage of total costs had been declining during the seven years prior to the study. In the same period overhead costs had accounted for 70 per cent of the total increase in production costs. This therefore leads to the problem of capitalisation, a problem that has chronically plagued the industry over the past quarter century. During this period several estates had been allowed to run down. In addition adequate recapitalisation projects and proper depreciation practices were not carried out throughout the industry. Even where adequate depreciation was being observed, the funds were often utilised for purposes other than reinvestment in capital goods. Some estates allocated less than a third of their depreciation allowance to capital replacements and improvements; one half of the estates were spending less than 67 per cent of their depreciation allowance for such purposes. Some were not even maintaining equipment, let alone carrying out modernisation.

The industry as it existed at the beginning of the 1970s was virtually on trial for its life; Jamaica with the rest of the world had been going through an inflationary crisis. As money lost its value and foreign capital withdrew, the tendency was to rely on Government for support.

The role of foreign capital in Jamaica had been changing considerably during the post-war period. There had been little or no re-investment; rather the period had seen a withdrawal of foreign capital from direct production. Between 1968 and 1972 the sugar industry incurred losses of close to \$20 million. Four sugar estates were either taken over or propped up by Government and survived only as

a result of Government guarantees of more direct assistance. This was the level the industry had reached when a plan to save the industry was submitted to government. High on the list of priorities was the need for heavy capital inputs to allow the industry to return to a position of profitability.

B. Background

In 1971 the Labour Party Government purchased the cane lands at Bernard Lodge in St. Catherine from United Fruit Company with the intention of transferring them to cane farmers, a Government policy at the time. The lands were formally handed over in 1972 to the Frome Monymusk Land Company to be operated and administered in the interim, and it was this company which acquired the cane lands at Frome and Monymusk from the West Indies Sugar Company (WISCO). (The Frome Monymusk Land Company is owned by the Government.) WISCO continued however to farm the Frome and Monymusk lands either under lease or under a management contract until 28th July, 1974. On this date the land company took over all management functions and purchased the remaining non-land assets held by WISCO.

The Labour Party lost the elections of February 1972 and the PNP government reversed the policy of disposition of the lands on a freehold basis in favour of distribution by leasehold.

Government also directed the Land Company to carry out an examination of the possibilities of various types of farming arrangements including:

- Government-owned and managed farms

- Co-operative farms
- Private leasehold farms with Government supervision and assistance

In the light of these directives the land company established the following objectives. The short-term objectives were to grow sugar cane profitably, and to develop projects to provide employment for the excess workers on the estates. The long-term objective was to plan for the utilisation of the lands in such a manner that would enable the workers to participate in the ownership and management and any benefits that might accrue from the operations.

The Prime Minister had stressed his belief in workers' participation in his political campaign, and in September 1972 he said:

“I do not accept the view of society that says workers have no business where they work. I am determined that a way has got to be found to create a method for workers to share in the ownership. We, for instance, have very big plans for the sugar lands we own at Frome, Monymusk and Bernard Lodge. And I have already said I am not prepared to agree that all those sugar workers must necessarily just continue to be wage earners alone. I want to see that in the end these workers will be joint owners of the business, drawing their wages for the functions they perform and sharing in the dividends and profits that are declared from time to time.”

Thus in a move that had tremendous support from the workers the government set as a primary policy the conversion of the three estates—Frome, Monymusk and Bernard Lodge—into worker-controlled co-operatives.

<i>Estate</i>	<i>Pilot Co-op Farm</i>	<i>Acreage</i>	<i>Persons Employed</i>
Bernard Lodge	Salt Pond	2017	181
Monymusk	Morelands	1960	240
Frome	Barham	1570	211

Intensive planning for the utilisation of the lands at Frome, Monymusk and Bernard Lodge which would enable workers to participate in ownership and management began in the latter part of 1972 by a team under the aegis of the National Planning Agency. The team's report recommended the farming of the lands under a leasehold tenancy system which would maintain the advantages of the independence of the farmers, and retain at the same time certain basic co-operative features.

The recommended plan of organisation envisaged the establishment of a community of family farms, with each tenant farmer working his or her individual holding to a general production pattern to be determined by the co-operative structure. In effect the proposed structure would combine planned farming with a system of private ownership of the lands which would make the individual tenant personally responsible for his or her own success.

Three pilot areas were recommended, one on each estate (see table). In the light of these statistics it was decided that all workers on the farms who wished to become members of a co-operative be eligible to join, and the co-operatives should be communal.

The first co-operative educational efforts on the estates coincided with the period when Social Action Center, an arm of the Catholic Church, began

organising efforts among the workers. This was started under a priest, Father Joe Owens. Small study groups of workers were organised and regular workshops were held on the farms selected as pilot co-operatives. These early attempts were devoted mainly to instruction in co-operative principles and management. A series of study sheets was prepared and distributed in the course of the months preceding registration of the co-operatives.

Considerable effort was also devoted to researching and recording data concerning the financial and production performance of the farms and translating this into language which could be understood by the workers.

During this period an analysis of the WISCO method of operation at Frome and Monymusk, based on projected financial returns from 1974 through to 1979, showed a loss over the entire period. Among the factors considered by the analysts of the land company and of WISCO as the reasons for this poor performance were the following:

- excess labour on the estates;
- an unwieldy management structure;
- under-utilisation of non-canelands;
- the growing of canes on marginal lands.

It was envisaged that by farming the estate co-operatively an effective method would be found to de-centralise opera-

tions and also provide an opportunity for profit-sharing among the workers. The three pilot co-operatives were projected for 1975.

Pending the working out of organisational details for the remaining farms, they were to be operated as state farms but in such a manner as to facilitate their eventual transformation into co-operatives. Plans for the state farms included the following measures to increase productivity:

- (a) The phasing out of cane cultivation on lands not suited to this endeavour. At Monymusk, for example, the supply of good water for irrigation is seriously reduced as a result of over-pumping of underground tables. It has been necessary to abandon some wells because of salinity and there is now inadequate water, given the method of distribution, to maintain all the cane lands at a profitable level of yield;
- (b) The severance of redundant labour;
- (c) Eliminating losses in the Tractor and Transport Departments by improving efficiency and upgrading equipment;
- (d) Decentralisation of decision making;
- (e) Increasing the flexibility of labour, i.e., reducing specialisation of labour.

With these measures it was argued that profits could be earned over the entire period.

An important aspect of the plan to increase efficiency at that time was that some labour must be made redundant,

particularly at Monymusk. The land company recognised that it must of necessity accept at least some responsibility for providing employment opportunities for the severed workers. It was believed that the problem of employing surplus people might be met to some extent by finding more uses for the land company's non-cane lands. It was recognised however that whatever projects might be developed on non-cane lands would probably be insufficient to solve the surplus sugar workers' problem, still less to reduce the high level of unemployment in the area. The land company therefore gave consideration to the development of non-cane lands of agro-industrial enterprises related to sugar production, to further increase the employment opportunities on the estates. Among the possibilities were:

- Production of sugar as refined rather than as raw sugar;
- Increased pre-packaging of sugar for the domestic market;
- Manufacture of detergents from sugar and vegetable oils;
- Manufacture of alginates;
- Paper from bagasse;
- Animal feed plant using protein from fermenting bagasse pith;
- Distillation of alcohol from molasses;
- Drying and bagging of filter press mud as garden fertiliser;
- Production of fulfural;
- Manufacture of sweet syrups.

The proposal was that the land company in conjunction with WISCO would, as a matter of urgency, carry out studies as a basis for judging the feasibility of any

of the abovementioned agro-industrial enterprises.'

To establish co-operative farms, it was considered that, apart from an amount of \$4,500,000 for working capital, in the interest of sound financial structure an injection of \$12.5 million was necessary as equity capital. If there was no injection of equity, then the entire financial needs of the project would have to be

debt financed, a debt which would be in the vicinity of \$25 million, and the burden of servicing such a debt would be so heavy as to preclude forever the earning of profits. Under such circumstances, neither the implementation of co-operatives nor the sharing of profits, both of which were so vital in the proposed plans for increasing efficiency, could be carried through.

II. Aspects of the Co-operative Structure

The sugar cane farms have been transformed into co-operatives run by management committees of workers elected by the general membership. Operations on the estates are co-ordinated and serviced by estate co-operatives (secondary) and at the central level the three estate co-operatives (secondary) are serviced and co-ordinated by the United Sugar Workers Co-operative Council.

The various co-operatives were registered late in 1975 as corporate bodies with limited liability under the Co-operative Societies Act of 1950 as amended.

1. Primary Co-operatives

The Primary co-operatives which have been developed from the original farms on the estate comprise roughly 2,000 acres and 190 members. They are generally confined to agricultural activities, although the leased lands are restricted to the growing of cane. In addition, they are aimed at developing the co-operative principle, i.e., improving the life style of members.

2. Estate Co-operatives

Estate co-operatives were established

to provide services for and to co-ordinate the efforts of the Primary co-operatives. They may also act as agents to the Primary co-operatives. The affairs of the Estate co-operatives are conducted by Boards of Management elected by the delegates of the Primary co-operatives.

3. The Central Co-operative

The United Sugar Workers Co-operative Council (USWCC) has objects similar to the Estate co-operatives and its functions are to provide a service for the other Sugar Workers' Co-operatives.

The functions performed on behalf of the Primary and Estate co-operatives by the Central co-operative are:

- (a) Executive—basically personnel administration;
- (b) Agricultural production;
- (c) Members' services—mainly welfare;
- (d) Purchasing;
- (e) Accounting and finance.

4. Financial Structure

When the USWCC took over the financial aspect of the three estates from the land company in 1976, the USWCC's

management staff assessed the situation as follows.

In purchasing the estates, the Government had agreed to undertake the responsibility for severance payments to the workers. As a result, severance was paid to all workers on the farms that became co-operatives. Those workers who agreed to join the co-operatives decided to deposit 50 per cent of their severance pay in the Co-op as an interest bearing loan to provide the necessary capital to commence operations. These deposits amounted to \$4.7 million.

Each member on joining was required to subscribe for shares in the co-operative, the total of which was in the region of \$100,000.

By virtue of being registered cane farmers the co-operatives were able to avail themselves of various loans from the Sugar Industry Authority. These were:

- (1) Replanting: \$200 per acre, 10 per cent interest, repayable over three years with a one year moratorium.
- (2) Production Incentive: \$2 per ton cane based on previous year's crop production—no interest, repayment deducted from first cane payments.

It was recognised that in the beginning there would be losses until the co-operatives could get things under control and a special programme loan of \$6.6 million was requested from the Sugar Industry Authority to assist the co-operatives.

This was not forthcoming.

The cash position at start-up was something of the following order:

Members' deposits ..	\$4.7m
SIA loans	\$2.9m
Share capital	\$0.1m
as against liabilities:	
Starting expenses ..	\$3.6m
Investment in 77/78 crop	\$4.9m
Purchase of fixed assets ..	\$0.8m

From this summary it was shown that the structure taken over by the USWCC was extremely weak. The USWCC in a submission made to the SIA on 10th July, 1979 as part of their World Bank presentation, set out the types of financing that were required for the co-operatives and classified them as follows:

- (a) Additional equity type capital, particularly for Monymusk;
- (b) Medium term supporting loans to bridge the gap between loss and profit situation;
- (c) Normal crop lien financing.

In stating "additional equity type capital" it took account of the fact that members' deposits are often considered equity; in fact, this is a further weakness in that members' deposits, the main source of funds, attract interest so that there is really no finance of an equity nature.

It was realised at the time that no further capital was available from the co-operators and consequently had to be sought from governmental or international sources.

III. Farm Productivity

In the establishment of the co-operatives, the figure of 30 tons per acre was

used as indicative of a viable enterprise. It was supposed to represent the indus-

try-wide average in 1972. Studies of the performance of fields in some of the co-operatives indicated that the 30 tons per acre had only been achieved by at most 25 per cent of the fields over the five years preceding the co-operatives, and a 1976 study showed little improvement.

Replanting is costly and has been

shown to produce only a short-lived increase in yield.

The co-operatives are still growing cane on marginal lands that should be released from cane growing. They must, however, continue to provide sufficient quantity in order to maintain the factory throughput.

IV. Evaluation

A. Observations

The main question would seem to be: How much of the present lands should remain in cane?

In connection with this question, some brief observations might be made. In the past, the three estates, Bernard Lodge, Monymusk and Frome were operated as vertically integrated operations including both cultivation and manufacturing. In these circumstances it can be appropriate to produce cane even at a loss, if this production serves to improve net revenue for the combined operation. Monymusk factory is said to have a break even point of 682,200 tons of cane including 500,000 of co-op cane. In order to reach or approximate this figure, within some limits it would have been economically rational to produce cane at a loss (if cultivation process is considered alone). It is rational if the operation is vertically integrated. But with the transfer of ownership and operation of the lands to the co-operatives, the rationality is quite different. Costs must now be covered by the cultivation operation alone. As a result there should be two choices available to the co-operatives.

(a) Withdrawal of production from

acreage which (in terms of cultivation) operates at a loss; or

(b) If it is still attractive to the processing factories to purchase cane from those lands, the cane from those lands should be purchased at a premium.

The former alternative appears the better, as the latter may involve premium payments for inefficient production. Production at a loss certainly has no attraction for co-op members and save for reasons of state should have none for the Sugar Industry Authority.

What lands should be withdrawn from cane, or can these lands be made to yield over the break-even point, by means other than frequent replanting? Practical judgment would suggest that the answer to the first question should be: any land which consistently delivers less than 30 tons/acre. The second question should be a matter for the Sugar Industry Research Institute.

The approach has been to make all plans of operation rotate around satisfying the economic viability of the factory operations. To express viability in sugar with respect to the efficient utilisation of factory capacity, and to

determine both the pattern and extent of land use as a function of this requisite, is to recognise the integral nature of the sugar industry. This has, however, been ignored and solutions for the sugar co-operatives have dealt only with the problem of land and production of sugar cane. There can be no real autonomy in cane production (whether co-operative or private) since production goals must be geared to satisfying factory capacity.

B. Viability of Co-operatives

The constraints to viability can be set out as follows:

- (1) Excessive labour on the farms and in the supporting service units.
- (2) Continuing cane production on marginal lands.
- (3) Lack of capital to improve irrigation systems at Monymusk and Bernard Lodge, to upgrade cultivation and harvesting equipment and to carry out field re-organisation.
- (4) High operating costs. This is a fault that can be corrected inside the co-ops but in addition poor factory performance aggravates the situation.
- (5) A cane pricing formula that takes cognisance of the unit cost of production.

If the sugar co-operatives are to succeed, a great deal of effort from a number of agencies is required. Some of these problems, such as lack of capital, require government help. This is true also of that portion of the high operational costs created through lack of co-ordination of the three sugar factories with the Estate co-ops; better co-operation between factories and farms could be achieved by

transferring responsibility for the factory operation to the Estate co-operatives. Many of the problems, however, can be dealt with internally through new programmes in education for both co-operators and management staff.

A number of approaches are possible for dealing with the excess of manpower. Members could be employed more fully through crop diversification and the planting of import substitution crops for the use of the members. With the use of existing machinery and the addition of some moderate amount of capital for fertiliser etc, such a programme could enable members to increase their standard of living and at the same time absorb a considerable portion of the excess labour.

At this stage of development the co-operatives do not have the necessary resources from within to cope with the various steps that must be taken. An Economic and Technical Planning Unit has been proposed consisting of members drawn from the Ministry of Agriculture, Sugar Industry Research Institute and the United Sugar Workers Co-operative Council. The unit would:

- keep under review the function of Managing Committee and Project Manager, advising them on the management and operational implications of their actions;
- keep under review the financial and operational management of the co-operatives and advise the committees of management of their problems and actions to be taken to resolve such problems.
- advise the central board on systems of development and implementation which can improve the

overall efficiency of the Co-operatives.

- provide liaison between the various organisations involved in USWCC's activities.

In addition there is much that can be achieved by the co-operatives on their own initiative, particularly in the field of member education which has been lacking for the past three years.

V. Conclusion

The sugar co-operatives represent the first and, to date, the most concrete attempt in Jamaica to organise agriculture, based upon worker and democratic management.

It must be accepted that the building up of a co-operative organisation is a slow process. 'Instant co-operation' inevitably leads to failure. It is also a fact that democracy takes a lot longer to develop than dictatorship. Ultimately

patient cultivation of democratic growth leads to a healthy, productive organisation.

Although progress may appear to be gradual the 5,000 co-operators involved have come a long way in a short time in understanding what it means to determine their own future in spite of the difficulties they have been called upon to surmount.

Agricultural Co-operation in Egypt

by

Ian Holdsworth*

The opinions and recommendations expressed in this report are my own. I appreciate that Egypt faces many development problems. The solutions to these problems are often not as clearly defined as experts would like us to think. I have merely attempted to offer solutions; I do not claim these are the only solutions or necessarily the best solutions. All I would like to think is that my report adds detail and information to the forum of discussion on Egyptian Agricultural Co-operation.

My thanks are due to the Egyptian Ministry of Agriculture, to Dr K. H. A. Kheir of the Higher Institute of Co-operative and Managerial Studies (Cairo), a member of the ICA Central Committee, and to the International Co-operative Alliance, for considerable assistance in the furthering of my researches and the provision of facilities.

The most outstanding feature of my entire visit was the friendship and fraternalism shown by all the co-operators I had the privilege of meeting.*

General Introduction

The concept of development embraces a highly complex process, with dimensions of both expansion and structural change. The economic development of Egypt is no exception to this basic rule. Agriculture has been the fundamental force behind change in Egypt over the past 50 years. As society has developed, so the complexity of inter-relationships within that society has increased. Therefore before any assessment of the importance of any one factor can be ascertained the entire economic development picture must be placed in perspective.

Egypt covers an area of 386,200 square miles, but only about 16,500 square miles are at present under cultivation. The remainder of the area consists of desert

which is sparsely populated by nomads. Rainfall is negligible throughout the entire country excepting the coastal areas where a mean rainfall of nine inches per annum is recorded. Therefore any cultivation depends upon the water extracted from the Nile through irrigation.

The population distribution reflects the dependence on the Nile. Of the population of 38.2 million (at the 1976 census) 99 per cent live in the Nile and Delta regions (approximately 4 per cent of the total land area). This results in

*Mr Holdsworth visited Egypt under the Alan Wilson Travelling Scholarship provided through the University of Newcastle upon Tyne.

extremely high population densities, averaging between 1200-1400 people per square kilometre.

As the population continues to increase at an annual overall rate of 2.3 per cent there is a definite concentration of people in and around the major urban conurbations. This problem of rural migration is placing an ever increasing strain on the available services in the urban centres.

The economy of Egypt remains dominated by primary production. More than 60 per cent of the workforce remains engaged in agriculture with a contribution to the national product of about 25 per cent.

The major industries in Egypt are located in lower and central Egypt, and they are generally related to the primary raw materials available locally. Spinning and weaving, petroleum refining and food processing are the major employers. There is in addition some small scale engineering.

The service sector is still in its infancy but undergoing rapid growth, especially the tourist sector.

Despite the rapid growth achieved during the last 25 years, the almost constant burden of war and the large scale desire for foreign goods has resulted in Egypt's present acute balance of payments position. In 1977 a deficit of £ (E) 1215.8m* was recorded which is a 40 per cent deficit over the trade on current account.

In many other ways Egypt reflects the typical characteristics of a developing nation. The infra-structure is limited in certain areas, the government bureaucracy is extremely large and inefficient, there are acute shortages of certain

trained personnel (often caused by expatriates working in the Gulf Arab States) and there always appears a shortage of available capital resources.

It is within this complex matrix of circumstances that agricultural co-operation was seen as a vehicle for the advancement of the rural population.

Agriculture in Egypt

The Egyptian agricultural sector performs the following functions:

1. Supplying food to consumers in both the agricultural and non-agricultural sectors.
2. Supplying raw materials to the non-agricultural sector, as food for processing.
3. Transferring surplus labour to the non-agricultural sector.
4. Supplying capital funds, through taxes to the non-agricultural sector.
5. Providing exports (both food and raw materials) direct or through processing in the non-agricultural sector to the outside world.
6. Acting as a market for non-agricultural products.

It carries out these six basic functions crucial to Egypt's continuing development.

The relief and climate of the country dictate that cultivation takes place in a small fertile area. These alluvial soils when irrigated can be used to produce a wide range of crops, which include maize, wheat, rice, fruit and vegetables as subsistence crops. Cash crops include: oil seed, cotton, linen (flax), sugar cane, potatoes and groundnuts. The yields obtained for all these crops are high by Third World standards. One ton of cotton per acre, two and a half tons of

*Exchange rate £1 (Egyptian)=£0.66 UK.



A Typical Egyptian Village Scene

rice, ten tons of potatoes and one and a half tons of maize are all common yields.

Farming techniques employed are in a state of change. Fertilisers, insecticides and modern crop husbandry are employed by many Egyptian farmers, but more so in Lower and Central Egypt. The basic extension idea is to supply unit input packages for the farmer, each specific for a particular crop and these have resulted in significant agricultural advances. Mechanisation has been introduced, but at a slower rate.

In association with improvements in technology, land tenure reform has been steadily introduced. The ownership of more than 50 feddans (1 feddan=1.03 acres) by a single individual is now forbidden. The average holding is be-

tween 3 and 5 feddans. The aim was to extend land ownership to the greatest number of farmers possible; today there are over 2,200,000 peasant farmers.

The farming pattern adopted for this fragmented industry is that similar to the open field system in use in England prior to the Enclosure Acts of the 17th century. This system is effective and extremely practical. The cultivation cycle has three seasons due to the climate. The small scale farming unit can be highly profitable; it depends largely to what extent the farmer can sell his produce on the black market. Geographical location and accessibility to urban centres are two important factors determining revenue earning. The average income (per family) is (E) £600-£1000 per annum.

I. The Co-operative and Allied Credit System in Egypt

Fundamental Principles

“A co-operative is an association of persons usually of limited means who have voluntarily joined together to achieve a common economic objective and through the formation of a democratically controlled business or organisation making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking.”

This definition of a co-operative taken from an International Labour Organisation publication illustrates clearly the five basic co-operative principles:

- (a) Open membership
- (b) Democratic control
- (c) Limited interest on share capital
- (d) Profit distribution on a basis proportional to business done by members with the society
- (e) The promotion of education.

Brief History

These “Rochdale Principles” as they are known were followed when the Co-operative movement was established in Egypt during the early part of this century. The fortunes of the movement varied according to the overall national economic condition, but it was throughout its early history, a movement dominated by the wealthy, landed classes. The really significant changes in structure came after the 1952 revolution, when the new government saw co-operation as a means of imposing the new socialistic ideals on a rural population. By 1961-62 co-operatives were established in every farming village as agents of the government to implement its policy and programmes. Few important

legislative changes have been introduced since.

As the co-operative system evolved the need for credit became apparent and in 1931 the Agricultural Credit Bank of Egypt was formed. Its function was to grant loans to farmers and co-operatives; however tenants were excluded unless their loans were guaranteed by the landlord. This credit institution has continued to develop, until today the Bank for Development and Agricultural Credit has a wide range of functions all inter-related with the co-operative system.

The Agricultural Sector

In Egypt the co-operatives are defined on the basis of their primary function and the commodity involved, as for example a livestock marketing society; where the co-operative performs several primary services it is typed as a multi-purpose co-operative. The types are then classified on the basis of members' sources of title to their farms, e.g. Reclaimed Land, Agrarian Reform Land or Old Land (land held prior to the Land Reform Act of 1952).

1. Multi Purpose Co-operatives (MPC)

These co-operatives are the fundamental agricultural organisation grouping the 22 million or so farmers into viable units. The government enforces membership, and then uses the organisation as a vehicle for the implementation of its policies. It is through these co-operatives that inputs such as seed, feed, fertilisers, pesticides and medicines are provided (working in conjunction with the PBAD⁽¹⁾ since 1977).

⁽¹⁾Principal Bank for Agricultural Development.

The staff of the co-operatives enforce crop rotations and planting quotas, they make available machinery and development credit (again in conjunction with the PBAD).

Three extension personnel are also stationed on the co-operative at the village level. Each has a different, but inter-related brief. One extensionist concentrates on providing technical advice, the second attempts to offer advice to improve the rural environment. The third member of the team concentrates on management assistance, both amongst members and manager. The type of issues these graduate trained personnel tackle include:

- (a) Population growth and family affairs.
- (b) Infant care.
- (c) Introduction of functional literacy schemes.
- (d) The introduction of new technology and farming practices. Advisory services are available to farmer and co-operative staff alike.
- (e) The management and personnel extensionists concentrate on creating the correct atmosphere for the development of future leaders.
- (f) A major extension problem tackled through co-operatives is the resistance to efficient modern methods. Many Islamic customs which are especially prevalent in upper Egypt are a barrier, according to many experts, to effective agricultural development.

It is the multi-purpose co-operative (MPC) which is seen as the spearhead for rural reform and change. Other government bodies such as ORDEV⁽²⁾

and PBAD work alongside the MPC and its representatives.

2. *Livestock Co-operatives*

These operate outside usual government control. Some are primarily engaged in providing breeding services. Others market milk and fatten cattle for sale as slaughter animals. They are not common and are mainly located around Alexandria.

3. *Poultry Co-operatives*

These operate broiler houses and laying houses. They are becoming more numerous.

4. *Fruit and Vegetable Co-operatives*

These are usually marketing co-operatives, but their operations are very simple, merely the organisation of market stalls in urban centres.

5. *Fishermen's Co-operatives*

These provide members with a variety of services including ownership of boats, provision of supplies and marketing of the catch. Their members are involved in deep sea, lake, canal and farm pond fishing. The 68 fishing co-operatives are under the general supervision of the Ministry of Agriculture.

6. *Potato Co-operatives*

About 392 multi-purpose co-operatives are affiliated to the Potato Growers' Co-operative in Cairo. This central society imports seed potatoes, provides limited cold storage facilities, exports potatoes and operates in the domestic market.

7. *Other Co-operatives*

At the national level there is one co-operative each for rice, cotton,

⁽²⁾Organisation for the Reconstruction and Development of the Egyptian village.



The form of transport most commonly used to transport agricultural produce to the urban centres—the donkey drawn cart.

onions and linen. These societies are concerned with obtaining credit, supplies, machinery and equipment, prices, information on cultural practices, etc., for the member farmers who produce these commodities.

Organisational Structure

The table shows the strict relationship between government and co-operative in the Egyptian system. The multi-purpose co-operatives are supervised by three different departments within the Ministry of Agriculture: the departments in charge of Old Lands, New Lands, and Agrarian Reform Lands. These three departments are headed by under-secretaries, a first under-secretary being charged with co-ordination at the top

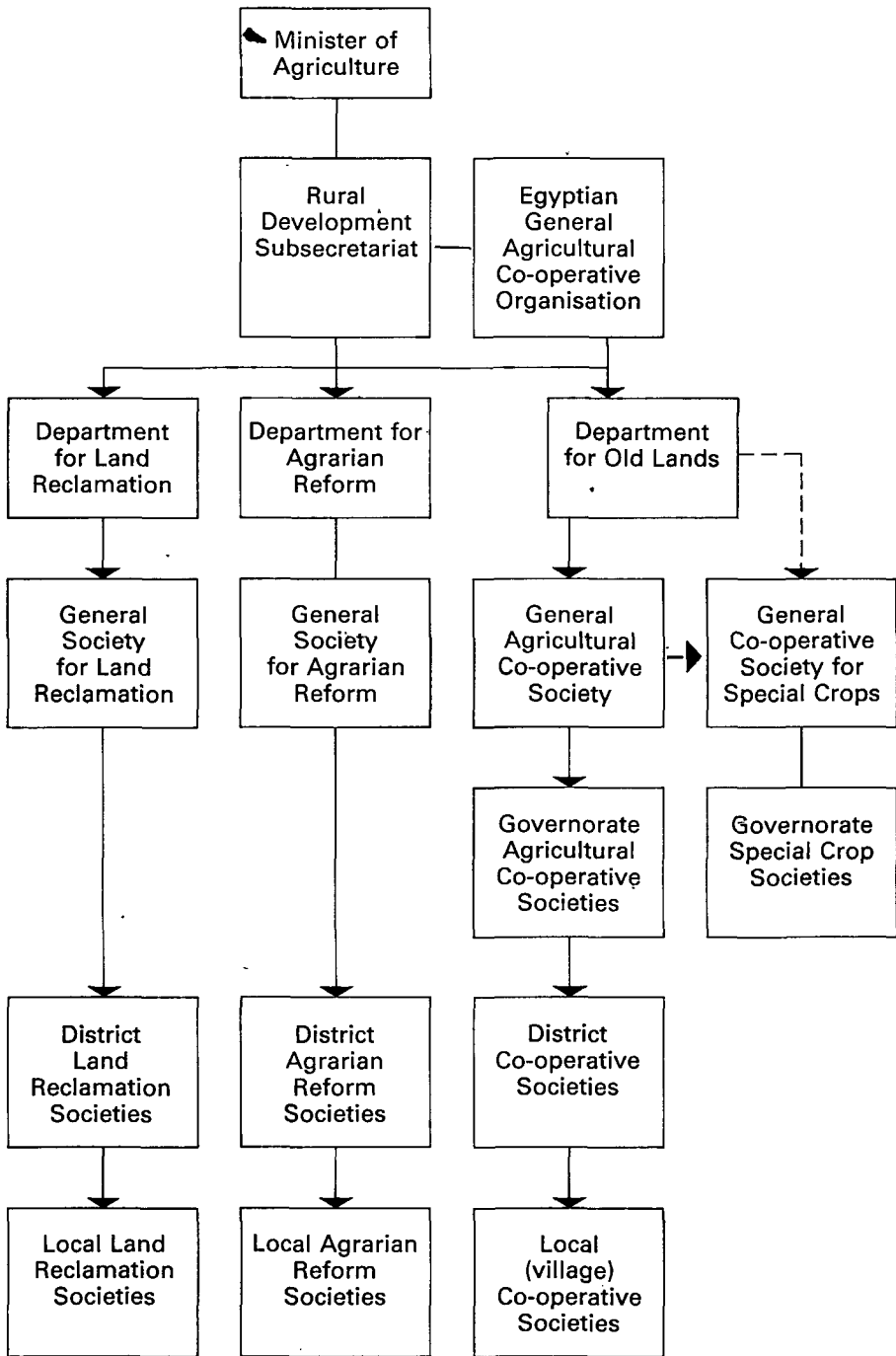
level of the Ministry of Agriculture.

Special Crop Co-operatives are the responsibility of the under-secretary for Old Land Co-operatives whose primary function is to register and audit these co-operatives.

Each of the General Societies charged with supervision of the local level co-operatives are more or less self-contained units supervised by the corresponding local level department of the Ministry. Each of these units (General Societies) has its own services for auditing, training, extension, research, input distribution, etc. The function of these services is seen by administrators as:

- (i) A useful aid in decision making.
- (ii) An adjunct to the prevention of fraud.

Relationship between Government and Co-operatives in Egypt



(iii) To offer personal support to the manager at the village level.

(iv) To ease the direction of change for the entire co-operative system.

At the micro level (village level) there is a multi-purpose co-operative with a Board of Directors, usually five persons. These are elected by the general assembly of members, employing a completely democratic system of "one man one vote". This Board, which often includes illiterate or completely uneducated members then selects a manager from a list of candidates provided by the Ministry. This governing board, which meets once a month, works with the manager in decision making. Although the manager has the ultimate control, the Board do have a right of appeal.

The Board can authorise the manager to hire employees who will be paid by the co-operative. In addition the work force is supplemented by government employees who are assigned to the co-operative. The staff of a multi-purpose co-operative will usually consist of a manager, one or more assistants, one or two tractor operators, a cashier, an agronomist, a store keeper and assistants, a clerk, a mechanic and some kind of guard.

In addition to their basic wage, there is also the possibility of profit-sharing benefits, although few multi-purpose co-operatives make sizeable profits; any such amounts are distributed as in table at foot of next column.

It is evident that strict government control regulates any activities within the multi-purpose co-operative.

In contrast the special crop co-operatives are given a certain degree of autonomy. The Board of Directors elected from the general assembly (this

time made up of representatives from the MPC) hire a manager. The policy which is determined by the Board is executed by the manager without rigorous government interference, although government pricing policy and export and import regulations do influence overall policy decisions.

The Principal Bank for Development and Agricultural Credit (PBAD)

The bank is inextricably linked to the co-operative movement. Every village has a branch or agency and it is from these that the credit loans, savings account and current account services are dispensed to the rural population.

The main functions are:

- (i) Input supply
- (ii) Input management and distribution
- (iii) Credit issuance, both short and long term, in kind or in cash

The basic structure is similar to that of the co-operative movement as a whole.

20%	Reserve for co-operative
10%	Incentive payment for technical experts
10%	Payment to public works scheme at governorate level
5%	Social Service payment at the village level
5%	Contribution to the Governorate General fund
35%	Members' dividend
10%	Banking fund
5%	Incentive for other personnel administration
100%	

There are five basic levels of organisation:

- (i) Principal
- (ii) Governorate
- (iii) District
- (iv) Village
- (v) Agency

The input role was taken over by the bank in 1977. Until then the co-operatives had provided the farmers with their requirements.

The bank buys the necessary inputs on a national scale. The purchasing decisions made by the principal bank are based upon returns from each individual manager indicating the area and type of crop to be grown. There are certain input packages predetermined for each individual crop cultivation. The ordered requisites are then transferred via the banking system to the village store and it is from here that the farmer can obtain the subsidised inputs.

The actual administrative process involved in obtaining the inputs is simple and very efficient. The farmer has an agricultural card that gives details of his entire farming operation. He must present this when drawing inputs, when receiving credit, making repayments, or when his loan balance is adjusted after

bank deductions from crop sales. It is compulsory for the farmer to sell some of his crops through the bank if he is to obtain credit—either in kind or cash.

Approximately 90 per cent of all credit granted by the bank (at $4\frac{1}{2}$ per cent interest) is for operating credit, while the remaining 10 per cent of all loans is for longer term credit (at $10\frac{1}{2}$ per cent interest).

The bank does offer credit for longer term development, to a maximum term of ten years. Either the co-operative or an individual can apply for credit, but unless it is granted as a development loan, the bank attempts to provide the item the credit is required for rather than the credit in cash terms.

The bank will lend up to 70 per cent on assets for an acceptable project. Figures show that more than four-fifths of the finance borrowed is recovered.

The integral function of the bank within the co-operative system can now be identified. In fact, they are so inter-related that neither can be considered in isolation. The farmer depends upon the bank for his subsidised inputs (fertiliser, seeds, oil cake feed and general equipment) and then sells his crops through the bank at a price determined by the Government.

II. Constraints Affecting the Co-operative System

Certain defined constraints appear to be acting upon the development of the co-operative movement. By isolating these, a more realistic appraisal of the co-operative movement's importance can be made.

I identify three major areas of constraints as:

- A. Institutional
- B. Internal
- C. Physical

A. Institutional

(i) Price Policy

It is common in many less developed countries for governments to attempt to

transfer resources from one sector to another, in an attempt to promote sectoral growth. The Egyptian Government is no exception in that resources are being transferred from agriculture to industry, using the pricing policy for agricultural produce.

Prices for agricultural goods in Egypt are determined by higher committees, one for each product. These committees are composed of four representatives from the Ministry of Agriculture, three representatives from the Agricultural Credit Bank, two representatives from the Agricultural Co-operative Organisation, and one Ministry of Transport representative.

The criteria upon which they base their decisions appears to be as follows:

- (a) Consumers should receive basic foods at lower stable prices.
- (b) Industry should enjoy a constant supply of cheap raw materials.
- (c) The foreign exchange earnings of agricultural exports should be maximised by maintaining the widest possible differential between farm and international prices. Price ranges are fixed within a maximum and minimum price. Farmers cannot charge outside this range. Certain commodities actually have a single determined price, e.g. cotton.

Such a price policy, implemented through the co-operative movement, can only cause resentment and bitterness amongst its farmer members.

The system of pricing impairs production efficiency, because the allocation of productive factors is distorted. The farmers are attracted to enterprises which are more profitable, this usually

means crops which are not under government control, such as tomatoes and some vegetables.

Such rigid price and supply structures have resulted in the growth of a black market. Farmers sell on this market large quantities of produce merely directing enough through the official channels to the credit commitments.

The most damaging impact of this pricing system is that it is reducing the interest the Egyptian farmer had in co-operation. He now views the movement as a government institution dispensing credit at high interest rates and paying artificially low prices for his produce. There is no incentive for him to become involved.

(ii) *Decentralised Decision Making*

Egyptian co-operatives are price-takers in the purest sense. The co-operatives merely accept, on behalf of their members, the prices dictated to them for both inputs and outputs.

Although prices are determined by the higher committees, it can be seen that representation is not purely related to agriculture. Final decisions rest with the Ministry of Industry for fertilisers and cotton, the Ministry of Economy for wheat and the Ministry of Supply for feed concentrates.

All these different government departments attempt to achieve their own individual aims by influencing price decisions. The Agriculture Ministry wants an equitable price for the farmer, whereas the Ministry of Trade wants the largest differential between international prices and domestic farm gate prices.

In addition to conflict within the government, there is disagreement between the agencies more directly con-

cerned with co-operatives. The Egyptian General Agricultural Co-operative Organisation (EGACO) strictly supervises the co-operatives to confirm compliance with the law. The body works alongside the Agricultural Ministry, and both would like to see farmers receiving higher prices for their outputs. In contrast this is the strongly held view by many co-operative personnel (and extensionists) that the entire movement would be revitalised by relinquishing government control.

Every public body appears to be involved in co-operative affairs, but no one has the initiative to institute change—while the important people, the members, are diffident about the entire affair.

(iii) *Co-operative Structure*

The co-operative movement's administrative structure is both complex and unwieldy. As is common in many developing countries, the bureaucracy has grown into an inefficient network of supervising agencies, each with undefined lines of authority. No one appears to have both the responsibility and authority for effective decision making.

The basic problem is that three societies share the administration of the multi-purpose co-operatives, as was explained earlier in the text. This results in villages having two local co-operative societies often under different General Society authorities. This increases the administrative work load, reducing the efficiency with which supplies, information and instructions can be transmitted through the system.

The small size of the co-operative increases the demand for skilled co-operative administrators. There is a shortfall in trained co-operative staff which is being filled slowly by graduates

from institutions, such as the Higher Institute for Managerial and Co-operative Studies. But this shortfall in itself represents a constraint.

B. Internal Constraints

(i) *The Co-operative Mentality*

The co-operative structure being so rigid and defined is unlike any other co-operative system. The system was imposed on a rural population, and it has failed to gain their trust and confidence. It is still regarded as an extension of government.

The manager imposes crop quotas on members (implemented by fines), he carries out the plans and policies of his employer (the Ministry) and he is selected from a Ministry list of candidates. Therefore it is hardly surprising that the farmer members never take him into their confidence or fully accept him.

To draw a comparison with an alternative system, the production co-operative organisation (HIPCO) was exceptional in being established on a voluntary basis to supply materials to artisans and market their produce. Whilst its members are generally poorly educated artisans, it is extremely successful both in financial and social terms. It serves to illustrate the potential of the independently founded co-operatives.

(ii) *Illiteracy*

This, according to Dr. Saxena, Director of the ICA, is one of the fundamental problems facing effective rural co-operation throughout the world. Egypt is no exception, 80-90 per cent of the rural population cannot read or write, with the female population being the area of greatest illiteracy.

Functional literacy programmes are

undertaken by the extensionists, but the task is immense. The problems this scale of illiteracy causes are prevalent in all aspects of rural life. Any kind of communication of new ideas takes a long time because verbal contact is the only viable method. Even co-operative newspapers, radio and television, cannot make any significant advances whilst the majority of the population cannot comprehend literate data. Illiteracy is a serious obstacle to effective co-operative functioning. The board of directors who are democratically elected from a general assembly formulates the policy of the co-operative and supervises the manager. Inevitably the outcome is that a semi-illiterate board of directors supervise a college graduate who is acting as the manager.

This causes obvious difficulties in communication and often the board members simply object to decisions made by the manager because of their inability to understand all the relevant aspects of an issue.

(iii) *Internal Finance*

Due to the small size of many of the co-operatives the scale of operations is small. Indeed I was informed that the minimum size of an MPC (multi-purpose co-operative) is between 1000 feddans—1500 feddans; below this size profitability is severely limited. Forty per cent of MPCs are less than 1000 feddan.

From this it is obvious that many MPCs are short of indigenous capital. Profits are non-existent, the members lack the inclination to contribute to share capital and the PBAD have insufficient finance to devote to long term co-operative development projects. The main sources of capital are subsidies to co-

operatives on equipment purchases (5 per cent) and society retention of a portion (1.5 per cent) of the receipts due to farmers.

This limited capital base has resulted in shortages of equipment, especially tractors. The MPCs have also inadequate storage facilities both for inputs and outputs.

(iv) *Customs and Education*

The problem of illiteracy has already been mentioned, but another difficult problem which is prevalent in rural Egypt arises from Islamic customs. The variety and complexity of these are astounding to the outsider and appear to present a barrier to the rapid advance of any rural programme.

The custom whereby interest is regarded as a manifestation of exploitation, prevents the peasant from gaining the motivation to create surplus wealth. This in turn impairs attitudes to both work and the co-operative. It may appear a minor problem but this custom, along with numerous others, presents a major stumbling block to the whole spectrum of agricultural development in Egypt and especially in Upper Egypt.

Education is seen as the main solution, but at present it is the lack of basic education amongst the rural population which is acting as a constraint on the co-operative movement.

C. Physical Constraints

(i) *Administrative Facilities*

In the co-operatives I visited I became acutely aware that the administrative facilities were inadequate. The nature of the Egyptian co-operative movement demands a large amount of book-keeping, supervisory, regulatory and

distribution functions. The MPCs and the special commodity co-operatives have neither the buildings, nor accounting equipment to enable the trained staff to carry out their duties.

(ii) *Storage Facilities*

As mentioned earlier in the text co-operative storage is in short supply. Only about 900 of nearly 5000 village co-operatives own their storage facilities. The remainder rent facilities which are often prohibitively expensive and inadequate.

(iii) *Machinery Shortages*

These were mentioned in any conversation with co-operative personnel or farmer co-operators.

Firstly there is a shortage of tractors. Co-operatives own only 3500 tractors, this is on average less than one per society. The subsidiary problem is that of maintenance, only about 50 per cent are running at any one time. This is due in the main to a lack of spare parts, competent mechanics and effective operational training programmes.

This shortage of tractors is compounded by migration of available labour into the urban centres.

(iv) *Marketing Facilities*

Although marketing as it is known in the western world does not take place in Egypt, there is still a type of marketing system in which the co-operatives participate, and this suffers from several physical deficiencies.

Firstly hardly any storage facilities exist for the temporary retention of produce, and hence due to the dis-

continuity of production, farmer returns are severely impaired. The market merely moves rapidly between surplus and shortage. Certain merchants gain vast profits from storing in their private facilities such high value crops as oranges, grapefruit and potatoes.

There are demands for improved handling, processing and transportation facilities. At present a sizeable proportion of agricultural production is never consumed. Large quantities of domestic foodstuffs are damaged in harvesting, but even greater losses can be attributed to a lack of cooling and drying facilities and slow transportation.

Virtually all vegetables are transported into the major cities by donkey cart. Handling methods, assembly techniques and rate of delivery all contribute to the significant losses.

Perhaps even greater losses occur through the deficiencies in marketing export crops. The lint cotton bales, a commodity which contributes a great deal to foreign exchange earnings, are often allowed to lose weight and moisture by incorrect storage. Oranges, another major export crop, demand careful attention if they are to be sold in discriminating markets. At present they fail to attain best prices because of a lack of attention to marketing detail.

At present these losses are only represented in the revenue returns to the government, as output prices and returns are not determined within the same system. But future attention to marketing detail could benefit all by increasing the amount of marketable surplus available reducing marketing costs and increasing foreign earnings.

III. Policy Alternatives for the Removal or Lessening of the Constraints on the Co-operative Movement

What policy alternatives are available for removing or lessening these constraints on the co-operative movement? These suggestions are made from the limited basis of the study tour and associated reading.

(i) Co-operative Structural Reform

The co-operative movement structure has developed over a considerable number of years with each stage of development being a response to a particular change in agricultural circumstances. For example, after land reform legislation was introduced in 1952 the previously landless peasants suddenly presented a demand for credit services and inputs which the existing co-operative network could not meet. Hence the formation of the Society for Agrarian Reform. Similarly the General Societies for Land Reclamation and Special Crops were created to meet specific needs. Today this multi-departmental control is not required and according to co-operative staff at all levels, merely acts as a hindrance to efficient operation.

A possible solution would be to:

1. Combine the four societies:

- (a) General Agricultural Co-operative Society
- (b) General Agricultural Society for Special Crops
- (c) General Society for Agrarian Reform
- (d) General Society for Land Reclamation

—at the Republic level into one overall society.

2. At the governorate level one society could be retained as the controlling body for all the MPCs.
3. The amalgamation at village level of sufficient MPCs to create economically viable units.
4. To transfer the functions of different societies to the Governorate level or village level. This tier structure can then be removed.

Many agree with these simple modifications, but there appears to be an inertia within the bureaucracy preventing positive action.

The potential advantages of such changes are numerous.

- (a) A reduction in the overhead and administrative costs of supervision.
- (b) The flow of information, credit and production inputs through the system would be improved.
- (c) The consolidation of MPCs into more viable units would improve their profitability, and this extra finance could then be employed in benefiting the rural economy.

(ii) The Encouragement of More Autonomous Co-operatives

Hanel (in "The Lessening of State Administrative Control in Rural Co-operatives") claims that a strong rural co-operative movement needs a certain degree of autonomy. Excessive government control stifles the entrepreneurial desires of the members leading to the stagnation of the movement.

These ideas when applied to the Egyptian situation explain a serious

weakness—that of member participation. The PBAD is the government agent in any co-operative activity. Inputs are purchased through the bank. Crops are sold through the bank. The PBAD must be a party to contracts signed between public trading companies and co-operatives at the governorate level.

From this involvement, it soon becomes evident to the peasant farmer that the co-operative is merely an agent of the bank, and not a movement acting on their behalf.

Experiments are taking place whereby the co-operatives enjoy a limited amount of autonomy. Under the strict control of government extensionists, the co-operatives act on behalf of their members to receive credit and supplies, distribute them to members, collect from farmers as a unit and then repay loans as a unit. The experiment, taking place in the reclaimed lands of the Delta region, could represent a change in the entire direction of past government policy. I feel this is necessary if any tangible progress is to be made.

(iii) The Stimulation of Rural Development Through Active Co-operative Functioning

As mentioned in the previous section the stimulation of “a feeling of belonging” is extremely important. If the wider social development context of the co-operatives is to be employed then active participation of members in local development programmes is important.

Extensionists and ORDEV (Organisation for the Reconstruction and Development of the Egyptian Village) have been empowered to co-ordinate and encourage involvement in the rural advancement programme.

ORDEV aims “to change the present life situation through creating more desirable rural conditions”.

Its main functions are:

1. To define reconstruction and development of the Egyptian village, e.g. planning at both village and governorate level.
2. To encourage the development of services (i.e. electricity, water, roads and health services) within the villages.
3. To carry out rural research employing project villages to demonstrate to surrounding farmers new techniques and farming practices.

ORDEV works alongside the village council, which is a body consisting of:

—Five co-operative members (from the board of directors).

—Five farmer members.

—Five government employee members.

This Council has certain regulatory powers. These include:

- (a) Control and direction of public service investment.
- (b) Village educational policy.
- (c) Rural policy in general.

Any changes instituted by central government are referred to the respective village councils prior to implementation. They are a means of consultation with the local population.

The village council does have genuine advisory powers, but the major problem facing the rural workers is that of communication with the village population. Their co-operative experiences have left them apathetic and mistrustful of any government schemes.

The educated extensionist who has to implement government policy faces

these problems at "grass-roots" level. He is often disenchanted with living in a primitive rural environment attempting to apply strict government regulations which are often unpopular with the general village population.

Perhaps a relaxation of government regulations concerning the farmer and his co-operative could improve the situation.

(iv) Market Development for the Egyptian Farmer

Co-operatives could be employed to a far greater extent in co-ordinating the entire productive cycle, from production through to marketing.

At present rigid price structures are used to artificially manipulate market forces. In a freer market, could resource allocation become more efficient and the financial incentive be returned to the farmer?

If the co-operatives were then allowed to address the marketing question, farmer influence could be extended throughout the productive cycle. Although the problem of overcoming merchant interests would be a major difficulty, other developing countries, notably Jordan, have overcome this problem.

A more autonomous marketing system would not prevent the continuation of sectoral resource transfer. Taxation is a comparatively easy method of transferring wealth when financial details are available, and co-operatives are empowered by law to keep and maintain records of member transactions.

(v) The Introduction of Agricultural Industries to Overcome the Problems of Low Earnings in Rural Communities

The extension of agricultural industries into the rural environment has already taken place in certain areas. It is seen by many people as a means of reducing the level of under-employment and unemployment in the villages. This is a particular problem in areas of considerable distance from major urban centres.

The type of industry being introduced varies considerably. In the Maruit sector, I was informed of village co-operatives being established to undertake rural handicraft production, while in the Fayum governorate in the district of Karadsa, a substantial area of secondary development has been initiated. Such industries as olive packaging plants, broiler units and agricultural machinery workshops have been established.

This type of development is only occasionally on a co-operative basis; more often it is a single entrepreneur borrowing finance and employing local landless peasants. It is unfortunate that the co-operative movement's failure in organising farmers has resulted in the PBAD and other banks being extremely reluctant to supply finance for co-operative agricultural industrial ventures.

This whole area of agricultural industries holds great potential for the future, but careful planning and organisation are necessary if the full benefits are to be obtained by the rural population.

General Conclusions

The Egyptian co-operative movement provides the agricultural sector with a

means of organising the productive capacity of an otherwise fragmented

industry. It serves many useful purposes, both of an economic and social nature, but it will stagnate in the near future if major change is not undertaken.

I identify five major areas where change could be implemented for the benefit of the co-operative movement.

1. The extension of the concept of freedom of association to the peasant farmers who constitute the membership. This reform along with a general relaxation of government control could encourage the farmer members to change their present attitudes towards the co-operative movement and stimulate the development of a more realistic "co-operative mentality".

2. Government legislation to enforce change in the co-operative organisational structure. An efficient and well structured administration would act as a catalyst, initiating further reforms and encouraging beneficial change of the co-operative movement as a whole.

A balanced organisational structure is critical to the further development of the Egyptian co-operative movement.

3. The introduction of a more equitable pricing system for agricultural commodities, in which free market forces are more important in determining

the price than is evident in the present system of rigid government price control.

4. The reform of the existing integrated rural development programme with especial emphasis on:

(i) The stimulation of the agricultural industry sector with stress placed on promoting loose co-operative groups to develop such ventures, e.g. broiler houses, egg-laying houses, and in the longer term, food processing factories.

(ii) The deployment of all available communication techniques to improve the transfer of ideas and technology from central agencies to the rural population.

5. The development of a co-operative marketing system with adequate facilities which allow it to represent the peasant farmer effectively in the market place.

I appreciate that financial resources are limited within the Egyptian economy, but the above suggestions, if implemented, could produce a large social and economic return for a small cost input. The Egyptian agricultural production sector must grow if the country is to survive. An effectively organised co-operative movement could provide the vehicle for such growth.

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Workers' Health Co-ops in Senegal

A novel approach to health care in Africa

by

David Klugman

Senegal, a country located at the very edge of the West African "bulge", has a network of 2,238 co-ops, mostly of the farm type (1,658 for groundnut* producers). Guidance is provided by the State-operated *Office National pour la Coopération et l'Aide au Développement* (ONCAD).

A new type of co-op emerged on 3rd April, 1975, when a law established the framework under which workers would organise health co-ops within their places of employment.

The Need

Adequate health care at affordable cost is a universal problem. In Senegal a worker usually had to rely on payroll advances to meet the cost involved for himself and his family. A maternity bill would run close to a month's wages, a major illness or operation to several months' earnings. This, in a largely polygamous society, depressed living standards and morale, hence productivity. A solution was called for.

The Solution

The solution was arrived at, following intensive negotiations between trade unions, employers and the government

in 1974 and 1975. It consisted in the creation of a new institution, the *Institut de Prévoyance Maladie* (IPM) or Provident Health Care Institute.

This unique system of health care gives full operational control to workers, free of outside influence, which resolves the chronic problem of "red tape", inefficiency and corruption, a plague of many government-run schemes in Africa —and elsewhere.

The law, followed by the decree No 75-895 of 14th August, 1975 and by the joint ministerial decision No 9176 of 31st July, 1976, created the organisational structure. Any enterprise with over 150 employees would form an IPM. Smaller firms would combine their memberships to reach an adequate level. Experience has shown that roughly 600 members are needed to accumulate sufficient funds for proper operation. The organisation's guidelines are set by a General Assembly, made up of participating workers and employers, meeting twice a year. Operational decisions are made by an Administrative Council of 8 to 20 members, elected every two years by the IPM's Assembly. The Council elects a president, vice-president, secretary-general, treasurer and manager. The manager alone is a full-time paid

*Also called peanuts.



The Author (left) greeting Trade Union leader and MP, Madia DIOP. In the middle, Patrick J. O'Farrell, Executive Director. African-American Labour Centre—Dakar, 1978

official. The employer is guaranteed a minimum of two seats on the Council and holds the position of treasurer. However, the workers always have the majority vote and make all substantive decisions concerning disbursements and procedures.

The IPM is funded by a payroll deduction of three per cent of the member's basic wage, plus an equal contribution of three per cent by the employer. After a four to six month waiting period to accumulate sufficient capital, it begins to pay from 40 to 80 per cent of all health costs for a member and his family. The percentage is determined by the amount

of money available and is set by the Administrative Council. Payments include doctor's visits and fees, maternity costs, hospitalisation and pharmaceuticals. Each IPM also pays its manager's salary and, in some cases, those of a secretary and/or messenger. Other expenses include items such as transportation, office supplies, telephone, printing of forms and books, etc, needed by the office, for which employers often provide space free of charge.

The IPMs individually negotiate agreements with various doctors, clinics and pharmacies, in areas convenient to the members. The providers of health

services, in turn, accept vouchers and bill the IPM directly. In this manner no money is paid out to members, except in emergencies, and what is even better, less costly treatment can often be provided under such collective contracts. With administrative supervision at the enterprise level, abuses of the system by members are more easily controlled and peer pressure at the work-site also inhibits the temptation to fraud.

Almost all activities thus far in forming health co-operatives have been confined to the Dakar area (pop 800,000), where about 30 to 40 IPMs now function. Potential membership for the IPM structure nationwide is about 60,000 to 70,000 private sector workers. Civil servants and other workers in the public sector are not included, while domestics and other scattered isolated workers, especially in the service sector, are difficult to reach at this stage. Thus, roughly 375,000 to 400,000 people, workers and dependents, may eventually be covered.

The Results

While the legislation ordering the creation of IPMs gave the government a major role in the implementation of the law and the supervision of proper operations, the Ministry of Labour took few initiatives in this area in the first two years. Hence, the IPM network started

slowly. In 1977 the major trade union federation CNTS* elected a new leadership which raised the matter on 5th December, 1977 at a tripartite meeting with employers and the government. This resulted in a discussion between the parties on 16th January, 1978, regarding extension of the IPMs.

At the present time, IPMs exist within a major transport company, a large flour mill, a large brewery and other food processing plants. This is due to the dynamic leadership provided by the Foodworkers' Federation, led by Madia Diop. Other IPMs exist within the construction and public works sector. Smaller enterprises have joined forces to launch them. The Bank and Insurance Workers' Union is planning one.

Most of the IPM leadership is, naturally, made up of union militants and this is how the trade union movement can actively contribute to nation-building. The next logical step would be the creation of clinics and pharmacies by the IPMs. This would require a certain amount of technical assistance from abroad, such as seminars for the sharing of experiences.

Here is a non-controversial area in which health care co-ops in other countries could help.

*Confédération nationale des travailleurs du Sénégal.

The author expresses his thanks to Mr George R. Martens, African-American Labour Centre representative in Dakar, for his assistance in the preparation of this article.

The Economics of Workers' Self-Management: Istanbul Conference

by
Paul Derrick

The first International Conference on *Participation, Workers' Control and Self-Management* was held in Dubrovnik in 1972; and the second in Paris in September 1977. The first International Conference on the *Economics of Workers' Self-Management* was held in Dubrovnik in 1978. The second took place in Istanbul from 16th-18th July 1980 at Bogazici University, organised by the International Association for the Economics of Self-Management in collaboration with the University's Institute for Pure and Applied Research in Administrative Sciences. Much of the work was undertaken by Professor Murat Sertel of the University of Bogazici as Vice-President of the Association.

Many of the papers were concerned with workers' participation in control, either under capitalist ownership or under state ownership, and with the economic consequences of various ways of distributing income. Some described developments in particular countries—for example one from Martin Lockett of Imperial College, London, discussed changes in China and moves in the direction of self-management. One from Lars Lindkvist of the Institute for Economics at the University of Växjö, Sweden, discussed the way in which the workers had come to hold most or many of the shares in about sixty Swedish companies. One

from Professor Bernhard Wilpert of the International Institute of Management in Berlin classified different norms and forms of workers' participation. Professor Mehmet Uca of the University of Bogazici discussed the formation in Turkey of companies with the help of funds sent home by overseas workers; another Turkish speaker discussed collective bargaining in Turkey. Other papers discussed the growth of and prospects for workers' participation in countries such as Algeria, Belgium, Spain, France and the USA; while others were of a more theoretical character.

The Yugoslav System and the Mondragon Co-operatives

Perhaps the most important papers were from Professor Henk Thomas of the Institute of Social Studies in the Hague, on the Mondragon co-operatives in Spain, and from Professor Ivo Dujmovic of the University of Zagreb giving a clear and concise account of the development of the system of workers' self-management in Yugoslavia. Professor Thomas's paper was about the distribution of earnings and capital in the Mondragon co-operatives and is substantially similar to one of the chapters in the history of the Mondragon co-operatives that he has been writing with Mr Christopher Logan and which

is to be published by the Institute of Social Studies in a few months. There were a number of papers from Yugoslavia for Yugoslavia is the prime example of a country in which the principles of self-management have been systematically applied; but the paper from Professor Dujmovic was outstanding.

The term "Self-Management" implies the management of an enterprise by those working for it or by their elected representatives; in Yugoslavia workers are associated in small groups, known as Basic Organisations of Associated Labour, and these join with each other to form enterprises, with the elected Workers' Council appointing the Director responsible for day to day management for a four-year term. The workers control the enterprise through their Council and decide how earnings after tax should be distributed; but they do not *own* it for the assets of the enterprise are vested in society as a whole. In most of the other cases discussed at the conference the workers do not own either: they *participate* to a greater or lesser extent in earnings and in control. They may so participate through collective bargaining and trade union power, through schemes introduced by employers or through statutory arrangements such as Works Councils with statutory power or representation at Supervisory Board level, through legislation as in the Federal Republic of Germany, or through autonomous work groups or similar arrangements developed by the workers themselves. A wide measure of workers' *participation* in control and in earnings may be achieved under both capitalist ownership and state ownership; but it is under *co-operative* systems that the

workers themselves actually achieve ownership and full control.

Yugoslav enterprises are often compared with industrial co-operatives but they are not the same as industrial co-operatives. They have received rather more attention from economists than industrial co-operatives because they provide a working model of a whole economy whereas industrial co-operatives are all too often isolated examples of self-management in a mixed but largely capitalist economy. The industrial and other co-operatives at Mondragon have been more successful than most and Professor Thomas, who presented a film of the Mondragon co-operatives at the conference, was insistent that it has been clearly demonstrated that their economic performance is better than that of competing conventional enterprises. The earnings of the workers tend to be better because the Mondragon co-operators have consistently sought to prevent the highest paid managers earning more than three times the lowest paid workers in the same enterprise; while the managers, most of them young, clearly find satisfaction in their work in that they stay with the co-operatives even though many of them could probably earn more for similar work in private industry.

Assets and Surpluses

One of the basic differences between the Mondragon system and that in Yugoslavia is that in Yugoslavia the ownership of the assets of the enterprise is vested in the state on behalf of the community. The profits may go largely to the workers if they are distributed; but if they are ploughed back the assets belong to the state. Professor Jaroslav Vanek of

Cornell University has argued with some force that an arrangement of this kind can tend to lead to under-investment. Yugoslav enterprises are bound to invest a substantial proportion of their earnings in order to remain competitive technically and to protect the jobs of members; but may nevertheless be tempted at times to distribute more than is wise. At Mondragon, on the other hand, a substantial proportion of the co-operatives' ploughed back earnings (up to 70 per cent) are credited to members' personal accounts so that they participate personally in the growth of assets.

A significant proportion of their surplus earnings is, however, allocated to social purposes or to indivisible reserves; and this proportion is higher the larger the surplus. Surpluses thus accumulate to a large extent on behalf of individual members but to some extent on behalf of society. It may be that Yugoslav enterprises might reduce the risk of under-investment if they credited a proportion of ploughed back earnings to their individual members in what amounts to a kind of compulsory saving. It is as if a bonus were distributed in cash and the members all decided with *singular unanimity* to invest instead of distributing it. Such member participation in the growth of assets could, perhaps, help to ensure adequate investment, especially in the early years of an enterprise when ploughing back all available funds can be very important.

Collective Saving

At the same time the Mondragon co-operators might be wise to study Yugoslav experience, which is that workers *are* prepared to invest a significant proportion of the earnings of an

enterprise even when saving is "collective" and there is no personal participation in the growth of assets. This helps to strengthen the enterprise as it builds up reserves of its own. While the Mondragon movement is expanding, new money is flowing in from new members, and as the Mondragon co-operatives were only founded in 1956 by young people there have been few retirements as yet. But it is the policy of the Mondragon co-operators not to allow their co-operatives to grow too large and after a time new members joining will be balanced by old members leaving, and the retiring members will be entitled to withdraw substantially larger funds than the new members bring in because capital has been accumulating on their behalf. All the members of at least one co-operative have decided not to withdraw all their capital on retirement, and others may also wish to leave their savings with their co-operatives. But there is a danger that, with older co-operatives, withdrawals may tend to be substantial and the Mondragon co-operators may, therefore, be wise to reduce the proportion of earnings credited to members' personal accounts as their co-operatives grow older.

The Mondragon experience may be similar in some ways to that of the John Lewis Partnership in Britain. This retail company converted to a more or less co-operative basis in 1929 and for forty years distributed substantial bonuses to its worker partners largely in the form of marketable non-voting preference stock. As a result of ploughing back a high proportion of earnings it grew to employ some 25,000 people, substantially more than the Mondragon co-operatives. Then in 1970 it decided to

pay bonuses wholly in cash, perhaps partly for tax reasons. It moved from paying a high proportion of bonus in stock when plough-back was vital, to collective saving and building up its own reserves.

Share Issues and Taxation

It might be useful for co-operative legislation to provide for the issue of a variety of different kinds of shares, including non-voting shares, as company legislation does in many countries. This might make it easier to arrange for a high proportion of capital to accumulate on behalf of members in the early years of a co-operative when capital formation is so important; and a lower proportion in later years. When companies plough back earnings their shareholders participate automatically in the growth of assets through the appreciation of share values or the issue of bonus shares free of tax. There is no tax liability until the shares are disposed of which may be fifty years later—and then it is at the capital gains rate. On the other hand if the worker members of co-operative productive societies participate in the growth of assets through issues of shares or loan stock, when earnings are ploughed back they are in many countries liable to tax at their full personal rate. This discourages co-operative productive societies from ploughing back as high a proportion of earnings as the companies with which they compete.

In Spain the Mondragon co-operatives are among those exempt from corporation tax for ten years after registration, and afterwards they are liable at only half the rate paid by companies. There were tax changes in 1978; but the tax situation may have had some-

thing to do with the way in which the Mondragon co-operatives have been able to plough back a very high proportion of earnings. In Britain in 1978 companies were enabled to issue their workers with up to £500 worth of shares free of tax if the shares were held for ten years or more, but co-operative productive societies were excluded from the tax concessions; it may be that representations by the Co-operative Development Agency will result in this tax concession being extended to productive societies so that they can issue shares to their members free of tax up to some specified amount and so enable them to participate in the growth of assets when earnings are ploughed back, in the same way as the shareholders of companies.

The Incomes Problem and Inflation

These tax concessions could be a matter of considerable practical importance in that governments all over the world are encountering considerable difficulty in bringing inflation under control because of the difficulty of developing incomes policies that will be accepted by trade unionists as applying fairly to all incomes.

Unions are asked to exercise restraint in wage claims so that money wages do not increase faster than output: which often means increases in wages lower than past price increases. At the same time increased profits are needed to finance investment; and profits accumulate on behalf of shareholders, not on behalf of wage earners. As the British National Economic Development Committee put it in 1963: "a policy for prices and money incomes can only succeed if those concerned are convinced that restraint on their part will not merely

result in gains for other sections of the community". Dividends may be subjected to temporary controls but profits accumulate on behalf of shareholders.

Mr Peter Jay, former Economics Editor of the *Times*, has argued that the organisation of production on a co-operative basis offers the best hope of controlling inflation; but an essential aspect of this is that workers should participate in the growth of assets in some measure when earnings are ploughed back. This could happen to some extent without converting companies to a fully co-operative basis and could also happen to some extent in state enterprises. It would enable workers to share to some extent in the growth of assets resulting from high investment. This worker participation in the growth of assets seems to be an important ingredient missing in the Yugoslav system.

Progress towards self-management in other countries reported at the Conference seems to have been rather limited. For example, remittances from Turkish workers in the Federal Republic of Germany and other countries of Western Europe have not resulted in a significant increase in self-management in Turkey through "workers' companies". In Sweden interest seems to centre on trade unions buying into the system through capital-sharing schemes, which might be regarded as one form of workers' participation in the growth of assets; but in the companies issuing shares to workers discussed at the conference, voting, participation in profits and participation in the growth of assets are in proportion to shareholdings and not, as in an industrial co-operative, in proportion to work.

There seems to have been some progress towards self-management and a

growth of industrial co-operatives in China in spite of many cross currents. Mr Warner Woodworth reported on the limited progress of industrial co-operatives in the USA with the plywood co-operatives in the North West and a plan to convert the Rath meat packing plant in Iowa employing 2,000 into a co-operative with trade union support. Even in countries such as Italy and France and Spain where industrial co-operatives have made most progress, they remain responsible for only a very small part of industrial production.

However there is much interest in them; and if governments were to become convinced that co-operative production has considerable relevance to the problem of controlling inflation there could be much more interest. At present too many governments try to control inflation by curbs on the money supply, which cuts profits and leads to bankruptcies and massive unemployment. The next conference on the *Economics of Workers' Self-Management* is likely to be held in Mexico in 1982 at about the same time as a conference organised by CICRA* on Participation, Workers' Control and Self-Management, as well as a conference of the International Sociological Association. It remains to be seen where and when the next ICA Open World Conference on Industrial Co-operatives will be held, but it will be important for contact to be maintained between the international co-operative movement and other people interested in Self-Management and, in particular between the Mondragon co-operators and Yugoslavia.

*Centre Internationale de Coordination des Recherches sur l'Autogestion.

The ICA Director Reports

El Hogar Obrero—75th Anniversary Celebrations

The last issue of the Review carried an article on El Hogar Obrero and traced the course of its remarkable growth. Along with a number of international guests, mainly but not only from Latin America, I had the good fortune to participate in its 75th Anniversary celebration. The programme arranged for foreign visitors was varied and enabled us to listen to talks, visit co-operative enterprises, meet with the leaders of the movement and take part in an *informal discussion session* on Consumer's Co-operation in Latin America along with several national leaders of that continent.

El Hogar Obrero, a first-level primary organization, has an impressive track record in the fields of distribution, housing, insurance, travel and other allied activities. Its physical presence can be seen in a number of *important housing developments* in the city of Buenos Aires. I also visited its two factories and its co-operative education institute where Mr Jorge Fernandez, the Managing Director, spoke on the origins, growth and current activities of the organization. Finally, on 29th July, the Secretary of the Department of Social Action, the eminent President of El Hogar Obrero (Dr Vainstock) and I had the opportunity of addressing a large and distinguished audience. Dr Vainstock talked briefly about the growth of El Hogar Obrero and looked into the future in a realistic and optimistic manner; I used the occasion to talk in some detail about the ICA and its work, emphasising more particularly the concern of the Alliance for the Third World and the increasing contribution which movements from Latin America have begun to make in moulding international co-operative opinion.

A one day visit to Mar del Plata gave us an opportunity of visiting a large multi-purpose primary agricultural society established in 1932. It has a membership of 1,800 farmers and an annual turnover of \$17,645,000. The main crops in the region are tomatoes, durum and taganrock wheat, linen seed and sunflower. Cattle breeding is also important.

All in all, I carried the impression of a lively movement, healthily self-critical and using its past experience to chart a socially useful course in the future. The organization is completely independent of the Government and, in a difficult environment, provides an exceptional success story which many in Latin America would do well to learn from. Relations between the agricultural and consumer

movement are cordial and have led to several joint processing projects. I was particularly pleased to have the opportunity to speak to the Board of the Association of Argentine Co-operatives on the activities of the Alliance. The discussion was lively and well-informed.

ICA & UNDP—an additional bond

Relations between ICA and the United Nations Development Programme, the principal funding agency in the UN, have been further cemented since the UNDP granted to the ICA special status of a co-operating organization. ICA is one of six non-governmental organizations who now have this privilege. This new relationship will enable the UNDP to draw upon the experience which the ICA and its members have accumulated in the field of assistance to the third world. This is indeed timely as at our forthcoming Congress in Moscow, the discussion on the Co-operative Development Decade will lead to the elaboration of ICA's Policy on the Promotion of Co-operatives in the developing countries. Since the Lausanne Congress in 1960 when a Long Term Programme of Technical Assistance was adopted, the Moscow Congress will be the first occasion when a renewed attempt will be made to formulate a policy on Technical Assistance; with almost twenty years of experience in this field, the debate should yield some important suggestions.

The guidelines governing the relations between UNDP and other institutions emphasize that co-operating organizations should be non-profit and non-political, that projects for assistance must have objectives to assist the country concerned in achieving their social and economic goals and that projects and programmes of assistance will be undertaken in agreement with an interested Government and in harmony with its national priorities.

The matter indirectly figured at a meeting of ICA's UN representatives from New York, Rome, Paris and Geneva and as a result of further deliberations, it is likely that the ICA may initiate identification missions to locate worth-while projects.

ICA and Women Co-operators

ICA's Women's Committee continues its vigorous pursuit to ensure that women participate equally and fully in the affairs of the co-operative movement. Recognizing that co-operative legislation in many countries acts as a major stumbling block in this regard, the Committee at its meeting held on 27th and 28th March at ICA Headquarters concentrated its discussion on "Equality for Women in Co-operatives—Legislation and Reality" when the existence of customary laws was seen as a major obstacle and it was agreed that research needed to be carried out on this subject. A number of reports on the highly successful "Buy a Bucket of Water" campaign were received and the Committee reviewed the arrangements for the forthcoming pre-Congress Conference in Moscow which will be devoted to the theme "Women and Work in Co-operatives". Thanks to grants from UNESCO for Study Tours, several delegates from developing countries were able to participate in the London meeting. With the admission into membership of the Tanzanian and

Uganda Movements, the Committee now has a total membership of 70 from 36 countries.

I was privileged to speak to the Committee on ICA's relations with the United Nations and its specialized agencies. This was seen as a preparation for ICA's participation in the World Conference of the United Nations Decade for Women which was held in Copenhagen from 14th to 30th July and where the ICA was represented by a strong delegation consisting of Mrs Ulla Jonsdotter, Sweden, Mrs K. Appelt, Mrs Lindbo-Larsen and Mr Erik Hansen of Denmark and Mrs U. Koniexzna-Kleer of Poland. Despite the handicaps under which NGO delegations work at large UN Conferences, the leader of the delegation, Mrs Jonsdotter, was able to make a strong plea on behalf of women and emphasised that the words in the programme should be matched by action, that all rural development projects must provide a climate in which women could be fully integrated and to which they could make their full contribution and asked that in the monitoring exercise connected with the Programme of Action, peoples' organizations should be closely involved both at the national and international levels.

Co-operation in the North/South Dialogue— a National view

An excellent example of how a national co-operative movement tries to mould opinion and policy, and the role the co-operative movement can play in emphasizing wider global issues comes in the form of a Brief submitted by the Co-operative Development Foundation, a non-profit organization managed by the Co-operative Union of Canada, to the Parliamentary Special Committee on North/South relations. The Brief argues for the application of co-operative principles and the extensive network of co-operative organizations in helping to redress some of the basic problems affecting the relations between developed and developing countries.

The Brief asks, inter alia, for the inclusion of the co-operative perspective as an integral part of the North/South dialogue and in the UN discussions on international Development Strategy, the dissemination and sharing of knowledge of international co-operative development available within established co-operative organizations. It urges the Federal Government to give additional consideration to the co-operative model of development and to investigate the potentialities of expanding trade relations between Canadian co-operatives and their counterparts in other countries. In this connection, it is perhaps relevant to add that the Agriculture Committee of the ICA which for some time past has been engaged in issues of co-operative trade is following up its New York 1978 trade conference with another one in Moscow before the Congress. At the same time, Intercoop has recently opened an office in Hong Kong to purchase on behalf of its consumer members on the Far Eastern markets. A number of ICA organs are thus paying practical attention to the subject of international inter-co-operative trade.

Recent Books

by

Anne Lamming
ICA Librarian

The books listed should be ordered
direct from the publishers.
ICA can only supply its own publications.

ANTONI, Antoine: The Co-operative Way—Practical advice on self-management in worker co-operatives (Industrial Common Ownership Movement Pamphlet No. 8).

Leeds (UK), ICOM, 1980. 48pp. £1.50.

Classical pamphlet on how to start, organise and successfully run, a workers' productive co-operative in France, published now for the first time in English. (*Reviewed in RIC 2/1980*).

BLOMEN, Paul: Ur Karg Jord.

Stockholm (Sweden), Koopertiva förbundet, 1979. 160pp; bibl.

Semi-fictional account of the birth and growth of a small consumers' co-operative in southern Sweden, which shows the depth of local involvement in setting up the society, the support it enjoyed in its heyday—and how it was eventually merged with a larger neighbouring society.

COMITE GENERAL DE LA COOPERATION AGRICOLE DE LA COMMUNAUTE ECONOMIQUE (COGECA): Expanding the Role of Agricultural Coops in International Trade—A conference sponsored by the US Mission to the EEC and the General Secretariat of COGECA, Brussels, 3-4 May, 1979.

Brussels (Belgium); COGECA, 1979. 41pp.

Report of a series of meetings aimed at giving EEC and US agricultural co-operative leaders the opportunity to exchange ideas on how to achieve stronger commercial co-operation between co-operatives in Europe and the USA in the supply and marketing sector. (*Also available in French under the title: Expansion du rôle de coopératives agricoles dans les échanges internationaux*).

COMMUNITIES PUBLICATIONS CO-OPERATIVE: A Guide to Co-operative Alternatives.

New Haven (USA), CPC, 1979. 184pp; illus; index.

A directory of new co-operatives and "community participation, social change, well-being, appropriate technology, networking—and almost anything else hopeful in America".

CO-OPERATIVE EDUCATION MATERIALS ADVISORY SERVICE (CEMAS): Member Education—A Campaign Plan for Tinsa Valley.

London (UK), CEMAS/ICA, 1980. 55pp; tabs; map.

A practical example of member education planning in an imaginary society, aimed at helping those responsible for this type of work; the handbook could also be used as training material for field education workers.

CO-OPERATIVE PARTY (UK): The Co-operative Party—What's it all about?
London (UK), Co-operative Party, 1980. 30pp (pamphlet).

CRAIG, J. G.: Mainagnng Co-operative Organisations (Coop Future Directions Project—Working Papers, No. 4).

Saskatchewan (Canada), Coop. College of Canada, 1980. 35pp; bibl; tabs.

A study of two examples of how co-operative management can avert crises that may threaten the survival of the organisation. The paper concludes with a summary of the principal challenges facing managers of co-operative organisations in Canada today.

ENESE, Dr László: Development of forms of co-operative farming in Hungary (Documents on the Agricultural Coops. No. 3).

Budapest (Hungary), Nat. Council of Agricultural Co-operatives, 1979. 36pp.

How co-operative farming was initiated in Hungary, the various types of agricultural co-operatives now in existence, their structure and organisation.

FAO: Agricultural Credit—Crédit Agricole—Credito Agricola—Terminology Bulletin No. 32.

Rome (Italy), FAO, 1978. 218pp; indexes; bibl.

The Bulletin contains 2002 terms in *English*, with translations into *French* and *Spanish*, connected with agricultural credit and forms of agricultural credit in relation to land tenure.

FOUNDATION FOR CO-OPERATIVE HOUSING: Mansion in the Sky—A Lesson in Self-Help Housing from Gaborone, Botswana.

Washington DC (USA), FCH International Inc., 1980. 36pp; map; tabs; illus.

An account of the work in Botswana to develop a viable system of self-help housing for low-income groups.

GOEL, S. L. and B. B.: Administration of Personnel in Co-operatives.

New Delhi (India), Sterling Publishers Pvt. Ltd., 1979. 130pp; tabs; refs; annexe; index.

An analysis of the problems of personnel policies, recruitment and training in co-operatives in India.

GOEL, S. L. and B. B.: Principles, Problems and Prospects of Co-operative Administration.

New Delhi (India), Sterling Publishers Pvt. Ltd., 1979. 218pp; tabs; figs; refs; index.

An examination of the factors affecting performance, policy making, planning and implementation in co-operatives in India.

INDUSTRIAL COMMON OWNERSHIP MOVEMENT: Directory of Common Ownership Co-operatives.

Leeds (UK), ICOM Ltd., 1980. 24pp.

A list of some 200 new workers' co-operatives in the UK.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Press Cuttings—Co-operative Library Guide.

London (UK), ICA Working Party of Co-operative Librarians and Documentation Officers, 1980. 28pp.

The first guide for co-operative libraries on the subject of organising a press cuttings service.

IN THE MAKING (ITM): In the Making—a Directory of Co-operative Projects, No. 6, 1979.

Milton Keynes (UK), ITM, 1979. 88pp; illus.

JOB OWNERSHIP LTD. (JOL): Owning Your Own Job—a guide to setting up and operating a business owned by its workers.

London (UK), JOL, 1980.

A model for worker-owned co-operatives to be set up under the Companies Act, under which each member owns one share and has one vote; the cost of the share to reflect the value of the assets, earnings and prospects of the business. (*Reviewed in RIC 2/1980*).

LEGA NAZIONALE DELLE COOPERATIVE E MUTUE: Democrazia nell'informazione e pluralismo radiotelevisivo—Quale ruolo per la cooperazione? (National Seminar 29 June - 1 July 1978).

Rome (Italy), LNCM, 1980. 304pp; app; index.

LUNDBERG, N. T.: Consumer owned: Sweden's Co-operative Democracy. California (USA), Consumers Co-operative Publishing Association, 1978. 86pp; figs; bibl; illus; gloss.

A description of how and why the Swedish movement developed, what forms of business efficiency and democratic process have evolved, written by an American scholar. (*Reviewed in RIC 2/1979*).

MATCOM (ILO): In-Service Training Programme for Managers of Agricultural Co-operative Unions.

Geneva (Switzerland), ILO Publications Branch, 1980. 315pp. (ringbinder).

The text for a 4-week training programme for managers of secondary agricultural co-operatives, using participative training methods.

MORRIS, Alfred: New Horizons for the Disabled.

London (UK), Co-operative Union Ltd. for the Co-op. Party, 1980. 23pp; photos.

How consumer co-operatives can help the disabled shopper (easier access to shops, shelves, check-outs) and how the disabled can help themselves through producer co-operatives. (*Reviewed in this issue*).

NATIONAL CO-OPERATIVE UNION OF INDIA: Employer-Employee Relationships in Co-operative Sector—Report of the National Workshop, 10-11 February 1977.

New Delhi (India), NCUI, 1977. 110pp.

NATIONAL CO-OPERATIVE UNION OF INDIA: Income Tax Problems of Co-operative Societies (with special reference to State Co-operative Unions and Consumer Co-operative Stores)—A Study.

New Delhi (India), NCUI, (undated). 126pp; tabs; annexures.

This study covers general features of income tax law, the specific provisions for co-operatives, taxation of state co-operative unions and taxation problems of consumers' co-operatives.

NATIONAL CO-OPERATIVE UNION OF INDIA: Report of the Committee on Evaluation of Member Education Programme for Industrial Co-operatives.

New Delhi (India), NCUI, (undated). 115pp; tabs; annexures.

OFFICE DU DEVELOPPEMENT DE LA COOPERATION (Morocco): Etudes Coopératives—Dossier 1979.

Morocco, Office du Développement de la Coopération, 1979. 102pp; tabs; figs.

A collection of studies and reports on various types of co-operatives in Morocco. (*French and Arabic*).

OWEN, David: Co-operative Ownership.

London (UK), ICOM, 1980. 33pp; pamphlet.

A speech arguing that the malaise evident in British industry can be reversed by a co-operative solution.

PESTOFF, Victor: Membership Participation in Swedish Consumer Co-operatives (Research Reports 1979:1).

Stockholm (Sweden), Univ. of Stockholm (Dept. of Political Science), 1978. 77pp; tabs; figs; bibl.

A study of the members and their level of involvement in consumer co-operatives, based on a sample survey of the Swedish population, statistical abstracts and annual reports.

PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES: Directory of Agricultural Co-operatives in the UK—1980.

Oxford (UK), Plunkett Foundation, 1980. 144pp; appendix; (ringbinder).

RESERVE BANK OF INDIA: Report of the Committee on Urban Co-operative Banks.

Bombay (India), Reserve Bank of India, 1979. 423pp; tabs; apps.

A review of present activities and future prospects of urban co-operative banks in India. The banks have succeeded in mobilising local resources; they serve small borrowers and their development should be encouraged since they operate at low cost to fill credit inadequacies.

ROYAL ARSENAL CO-OPERATIVE SOCIETY LTD (UK): Mondragon: The Basque Co-operatives—A Report of the Enquiry Delegation from the RACS Ltd.

London (UK), RACS, 1980(?). 47pp; illus.

An assessment of the Basque co-operatives by a team from a UK retail co-operative society, covering the producer societies as well as a women's co-operative and a consumer co-operative. Includes comments of trade unionists in Mondragon.

SARAY, Dr György: Co-operative Democracy—Co-operative Management (Documents on the Agricultural Coops. No. 1).

Budapest (Hungary), National Council of Agricultural Co-operatives, 1980. 34pp.

An essay on the interrelation and interdependence of democracy and management in Hungarian co-operatives.

SCHUJMAN, Leon: Cooperativismo—Desarrollo, Participación, Financiamiento, Educación.

Santa Fé (Argentina), Ediciones IDELCOOP, 1979. 177pp.

A collection of essays on various aspects of co-operation, published over the past 15 years, covering subjects such as credit, financing, integration, education and legislation, mainly related to Argentina.

VAIKUNTH MEHTA (National Institute of Co-operative Management, India): Reports of Workshop on CO-OPERATION—2001AD, Pune, 16-19 January, 1980.

Pune (India), VK Nat.Inst. and Dept. of Science & Technology (Govt. of India), 1980. 30pp; lists.

Proceedings, papers, methodology and major recommendations of the meeting published with the aim of making co-operative leaders "prepare plans so that events do not overtake the co-operative policy makers and managers".

Book Reviews

New Horizons for the Disabled by Alf Morris. *Co-operative Party, 158 Buckingham Palace Road, London SW1W 9UB, UK. £0.50.*

This pamphlet is a short, but eloquent plea for co-operatives to be brought into the lives of the disabled. Alf Morris, a former UK Minister for the Disabled, and a Labour/Co-operative member of parliament, has combined his co-operative background with his efforts to assist the disabled, and makes out a case for establishing worker co-operatives of disabled people.

In some countries, such as Poland, there has been a great deal of government help and incentive to set up producer co-operatives to enable the disabled to be employed, tax-paying, integrated members of society, rather than remaining dependent on social security or charity.

As yet in the UK there are very few co-operatives for the disabled; Alf Morris writes about one which was recently established in Lincolnshire, and which may be the first of many.

Consumer co-operatives also have a very important role to play in helping to overcome the problems of the disabled shopper, by making sure their shops and stores are accessible to people in wheelchairs, encouraging the membership to help disabled members to shop, thus setting standards for other retail organisations.

1981 is the *International Year of the Disabled Person*. It would be interesting to see reports of what co-operatives of all types are planning to do during that year to mark their solidarity with the weaker in society.

ANNE LAMMING

Co-operatives and Rural Poverty—Eight Questions Answered by Koenraad Verhagen. *Plunkett Development Series 1, The Plunkett Foundation for Co-operative Studies, 1980, pp.50.*

Something which is often overlooked is that Co-operatives set up as Government-sponsored institutions to deal with farmers' needs inevitably 'intrude' upon existing institutions. Rarely are they able to operate as the sole suppliers of industrial inputs or local marketing agents; and however well planned their function may be on paper, in practice they are frequently forced to operate within a highly competitive structure.

This timely analysis of the effectiveness of co-operatives as an instrument for combating rural poverty spells out very clearly that to load the movement with all the development tasks is to court disaster. Rather, for their success, they must build upon and operate within existing insti-

tutional structures, at least in the initial stages. This begs the very questions which the author sets out to answer: who are the parties involved in co-operative development and what are their aims? What type of co-operative is appropriate in any given community? Can landless and other 'deprived' groups be isolated from the general stream of development, or will co-operatives directed at these sectors simply degenerate into charitable welfare projects? What have co-operatives to offer in the field of education? The author reiterates the 'combined operations' approach in which the co-operative takes the vital 'first step' towards an integral educational programme.

Finally, he warns against romanticism in development politics: does not each country, region, or target group, need a co-operative development strategy of its own? Differences in initial situations and aims call for different policies; and the

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INTERCOOP Editora Cooperativa,

Alberti 191, Buenos Aires, Argentina

author concludes that the most decisive factor for securing co-operative development benefiting the poor is the care with which the process is monitored by the promoting agency. For invariably it is not so much that the motive for co-operation does not exist but that the means which induce communities voluntarily to band together are absent.

This is a text not to be missed. It is the first of its kind to offer a positive approach towards the alleviation of rural poverty by

the utilisation of co-operatives as the stabilising element. An appendix lists the principal source documents; and addresses are recorded for those wishing to obtain information at short notice on the current co-operative development situation in any particular country across the globe.

MARGARET HASWELL

*Institute of Agricultural Economics,
Oxford (UK)*

An Outline of the Law of Product Liability and Consumer Protection by Ronald Irving. *Barry Rose (Publishers) Ltd.* pp.312+80 (apps., index etc.). £10.50 (paperback); £14.50 (hardback).

Consumer protection is a subject of topical interest. Consumer movements are gaining momentum in different parts of the world. Consumers, being far from numerous, have difficulty in organising themselves to understand their own rights much less to exercise them. It is this helplessness which is being exploited by manufacturers, traders and retailers. Lack of consumer education, leading to ignorance and a degree of indifference on the part of consumers, is often the reason for consumer exploitation.

Enlightened businessmen and Chambers of Commerce are conscious of the need to serve the consumers. They are able to see the business efficiency and growth in such an approach. The unpredictable business cycles and consequent business judgments leading to incorrect and inefficient management decisions often induce executives at different levels to find a "cover up" for their muddles. It is in this context that the consumer becomes a handy and helpless victim.

Governments, United Nations and UN Agencies are anxious to protect consumers by suitable measures such as consumer education, consumer laws etc.

The products and services handled are

far too numerous for any organisation to keep track of each one of them, from the point of view of the consumer. Resolutions at various levels on "right to choose, right to information, right to redress" etc, remain largely on paper.

The publication under review is important in this context. Ronald Irving, true to his legal profession, has brought out in a lucid style the legal rights and remedies for the consumer, the retailer and the manufacturer; how the purchase of a product or service falls within the ambit of "contract" between the seller and the buyer, and compensation for breach of contract is dealt with in the book in great detail.

Unfair trading practices, including trade descriptions, misrepresentation and misleading advertising, liability of the manufacturer, are all explained clearly with the consequences in terms of their rights and obligations. Consumer credit, including the liability of the credit card companies, is explained well. The extent of liability of solicitors and lawyers in their dealings with clients also finds a place in the book. It is very thoughtful of the author to attach the *Unfair Contract Terms Act* and the *Sale of Goods Act* as appendices to the book. The index enhances the usefulness of the publication.

The book is written in a simple style and will be a useful tool for consumers, retailers and manufacturers alike.

S. DANDAPANI

AGRICULTURAL CO-OPERATION IN THE UNITED KINGDOM

New CCAHC Policy Studies

(reviewed in this issue)

Agricultural Co-operation – A Policy Review
Second-tier Co-operatives
Co-operatives and Joint Ventures
Benefits of Agricultural Co-operation

Available, free of charge, from

Central Council for Agricultural and Horticultural Co-operation
Market Towers, New Covent Garden Market, London SW8 5NQ



Four Booklets from the Central Council for Agricultural and Horticultural Co-operation (UK):

Agricultural Co-operation—A Policy Review (July 1978)—8pp.

Second-Tier Co-operatives (February 1979)—11pp.

Co-operatives and Joint Ventures (February 1979)—9pp.

Benefits of Agricultural Co-operation (May 1979)—28pp.

The booklets are available free of charge from the Central Council (CCAHC, 301-344 Market Towers, New Covent Garden Market, 1 Nine Elms Lane, London SW8 5NQ, UK).

These four booklets, produced by the Central Council for Agricultural and Horticultural Co-operation for a British audience, deal with a range of problems such as are experienced by co-operatives everywhere, and deserve a wider readership.

The first booklet attempts to sum up the experience of the first ten years since the Council's establishment. It asks and answers a series of questions such as—for whose benefit? Where are co-operatives most needed? Are incentives necessary? How is success to be measured? Why Government support? Such questions are absolutely relevant to any organisation having a promotion and development role, and the Council's success in performing this role, with hardly any failures among the co-operatives it has set up, gives par-

ticular interest to this review of its past policies.

The booklet dealing with second-tier co-operatives was written because this stage of progress has only been reached comparatively recently among agricultural co-operatives in the United Kingdom. The main part of it deals with the factors necessary for the success of second-tier enterprises and the different alternatives for financing them.

An alternative to the creation of second-tier co-operatives is the establishment of joint ventures with non-co-operative organisations. "Such a relationship", the third booklet says, "will be more satisfactory and successful if its various ramifications, including both risks and opportunities, have been fully explored before it is entered into". The booklet concentrates on the questions that producers ought to ask and the precautions that they ought to take, before committing themselves to this kind of relationship.

The fourth booklet on benefits of agricultural co-operation analyses interviews undertaken with 20 agricultural co-operatives in different parts of the country, concerned with different activities and organised in different ways. Benefits to members are distinguished under eight headings, other benefits under four more. The booklet draws some important conclusions from this analysis, the chief of which is that commitment by members to a co-operative and the benefits they derive from it go hand in hand.

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Tel. 28-5381/3 Cables COOP

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Review of International Co-operation



The official organ of the International Co-operative Alliance

Editor: J. H. Ollman

Assistant Editor: M. Blindell

Vol 73 No 4 1980

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Alternative Models for Organising the Economy*

by

Kai Blomqvist

Swedish Co-operative Institute

1. Introduction

In various places in the industrialised world, groups of people are seeking alternative solutions for the organisation of the economy. Sooner or later, many of them realise that the co-operative model offers great advantages, and an increasing number of people are wanting to find out more about the ideas and experience deriving from the almost 150 years of existence of the co-operative movement.

Attempts to organise alternative forms of economic activity are often on a small scale—a group of students running the school cafeteria as a consumer co-operative, a voluntary association running a combined bookstore and coffee shop, a group of farmers who have started a collective farm, or employees who have taken over their company when it was threatened by closure and

are now running it as a workers' co-operative. But there are also examples of large co-operatively oriented efforts, involving the economic life of entire communities.

It is becoming increasingly important to study such examples, to act as models for both small and large economic units, in other words for both individual enterprises and entire communities or regions.

In the search for alternative economic models, the co-operative concept rarely enters the picture. This is regrettable since knowledge of co-operative theory and practice would help these groups to avoid the classic pitfalls in the field of collective economic organisation. Co-operative experience would contribute the firmer structure that the new movements need in order to develop into genuine alternatives.

2. Some Alternative Models

The Workers' Co-operative Movement

A workers' co-operative is an independent enterprise of which the people working in the enterprise can become

members by owning shares. There are formal rules governing the participation of the workers in the management of the enterprise at all levels. The workers also have a share in the surplus. The co-operative principles of "one person—one vote" and "limited interest on capital"

*Reprinted by kind permission of *Kooperativören*: extracted from Kai Blomqvist's article which appeared in Nos. 2 and 3, 1980.

are adhered to. The workers' co-operative is generally affiliated to a national co-operative federation.

In the international perspective, workers' co-operatives are still a rather insignificant sector compared with consumer and agricultural co-operatives. But the movement is growing rapidly. In some of the planned economy countries its importance is increasing. In the market economy countries, the French and Italian movements have been very successful; fairly large workers' co-operative sectors have developed in recent years in Britain and the USA; in Denmark there are some 70 workers' co-operatives, and in Sweden about 60 enterprises which operate to varying degrees along workers' co-operative lines; there is also the well-known Mondragon complex in Spain (see next section).

Many countries have passed new legislation in order to facilitate the formation of workers' co-operatives and have set up new government bodies to support their activities.

Although many workers' co-operatives fail, there is nothing to indicate that this is due to inherent weaknesses in the form as such. Many seem to be able to survive and to maintain a democratic form of management. That this is working well in capitalist economies, too, is shown by the plywood workers' co-operative in the USA, and the workers' co-operatives in France.

The best results are achieved by a workers' co-operative if:

- all those who work in the enterprise are members of the co-operative;
- the level of consolidation is high;
- internal democracy works well;

- there is a national organisation for co-ordination purposes;
- there is agreement between the objects and methods adopted by the trade unions, the workers' co-operatives and the other sectors of the co-operative movement in that country.

The last two conditions show the necessity for placing individual workers' co-operatives within the wider framework of economic organisation. The Mondragon co-operatives are an important step in this direction.

The Mondragon Co-operatives

One of the most interesting examples of workers' co-operatives is to be found in Mondragon in Spain. The movement comprises 75 industrial producer co-operative enterprises with a total membership of 15,000. In addition to this, the movement includes farmers' co-operatives, consumer co-operatives, housing co-operatives, a bank, a development company, schools and insurance services. The bank, the *Caja Laboral Popular*, which is owned by the co-operative enterprises, plays a central role. Among much else it runs a "consultancy and development department" with a staff of 90. This department monitors the development of the enterprises and assists in starting new co-operatives.

The movement has its roots in a vocational school established after the war in the town of Mondragon near Bilbao in the Basque Province. The first co-operative was started in 1956. A Catholic priest, Father Jose Maria Arizmendi, was the initiator and driving force in organising the movement.

In the Basque Province there is a

longstanding industrial sector with skilled workers. There is strong social and political unity—the people are traditionally thrifty, which facilitates financing. The conditions for co-operative development were fairly good, in spite of the fact that Spain under Franco constituted an environment hostile to collective movements such as the co-operative movement.

The following factors have contributed to the success of Mondragon:

- the central role played by the co-operative bank, which ensures application of co-operative principles, channels savings into new co-operative investments, and insists on high standards of management in the co-operative enterprises;
- the principle that it is labour and not capital that gives a person the right to vote and to share in the surplus;
- relatively low wage differentials—3:1;
- the requirement that societies should not have more than 400 to 500 members, to enable democracy to work well;
- a system of individually owned shares for which, however, loans may be granted;
- the requirement that it is the workers themselves who must take the initiative in forming a workers' co-operative. The bank will then offer first-rate consultancy services and loans on favourable terms during the initial stages.

The Mondragon co-operatives are a system in constant development. In recent years, new co-operatives have been encouraged to enter new branches of industry with advanced technology.

This reflects a conscious effort to raise the level of technological know-how within the co-operative community. There is also a "product bank" with patents and business ideas which can be made available to new co-operatives, and plans to develop an "alternative technology".

Another interesting development is that they have begun bringing the societies together into what they term "area groups", each group comprising five to six enterprises. Within each group, the societies exchange personnel when necessary and pool their surpluses before distributing them. This is done in order to level out the varying financial results from year to year in the societies and to achieve a more equitable distribution of income between the various workers' co-operatives.

Nationalised Enterprises as a co-operative sector

The above brings to mind another model which, although it has not yet been put into practice, is a logical development of the experience gained from the well-known Yugoslav system of self-government and from the Mondragon co-operatives.

The model was originally a proposal for organising the Turkish State holding company, comprising about 250 enterprises, as a workers' co-operative or self-managing sector of the economy. The proposal was drawn up in 1979 by Professor Jaroslav Vanek on behalf of the Turkish government, and included certain basic concepts:

- wages within the system would be negotiated with the trade unions;
- resources to be used with maximum

- efficiency, i.e. any subsequent redistribution of resources would not lead to any significant GNP increase;
- there should be maximum productive employment;
- equitable distribution of income between the enterprises;
- equitable distribution of income between the whole co-operative complex on the one hand and other sectors of the economy on the other;
- individual work efforts to be related to benefits received in each individual co-operative;
- there must be long-term incentives so that each individual enterprise shares the results of its work with the rest of the sector (or with the entire economy) to enable the sector to continue to operate and to develop as an economic unit;
- a high investment level;
- appropriate technology; when planning technical development, economy, employment, working environment, etc. must be considered;
- a simple and practical system, i.e. it must be easy for everyone to understand the system regulating the distribution of incomes and surpluses, investment decisions, etc.

Another fundamental point in Vanek's model is that the capital would be owned partly by the sector as a whole or by the state, and partly by the workers' co-operative.

Vanek outlined a method of calculating how the surplus (or deficit) of a company should be divided between the company and the sector as a whole, using the above points as a basis: negotiated wages are regarded as a kind of "advance

payment"; if it turns out that the company's surplus is larger than pre-calculated, the employees receive a bonus. In addition, the larger the company's surplus, the larger the proportion of the surplus allocated to various funds for investment purposes. The balance to be distributed, however, must be large enough to serve as a "carrot" for those who work in the company.

The proportion of the surplus to be allocated to various funds for investment is determined by a "value" placed on the enterprise (which is not the same as the market or book value). The higher the "value" placed on the company, the higher the interest that the company must pay to the funds financing the company (both its own investment and reserve funds and the share or sector-owned collective funds).

To carry this out in practice, Professor Vanek proposes a number of simple formulae. These formulae contain factors (constants) to determine the relation between what is paid out in the form of wages and what is used for investment. In order to achieve maximum employment within the economy, those who work in the workers' co-operatives must be prepared to share surpluses with others by investing to create new jobs through collective funds. Correspondingly, in the case of temporary deficits the external and internal funds must, within reasonable limits, contribute capital to cover these.

Those factors in the formulae which affect the distribution of wages and investments should be decided upon democratically. The most important parties in this democratic decision-making process are the people who work in the company, the trade unions, and

the financing funds (where community and consumer interests may be taken into account). It is between these three parties that the dialogue should be conducted.

How, then, does this system satisfy the aims that Vanek indicates as one of the fundamental factors of the system, that is efficiency and maximum employment? The mechanism would work as follows:

When the market changes in a positive direction and productivity goes up, the "value" of the enterprise will increase. This means that the interest to be paid by the enterprise to the fund will also increase. When such fixed costs increase in a workers' co-operative enterprise, there is a tendency to spread the costs over more members, and new members are admitted. Since the interest paid to the fund is reinvested, new job opportunities are created.

Equitable distribution of income is another goal that can be attained by taking union-negotiated wages as a basic condition. Minor wage differences between enterprises and within enterprises will be accepted since, as mentioned above there is an additional pay (bonus) system. This provides an incentive to change and development within the system.

The Longo Mai Co-operative

There are many interesting co-operative communities or communes with co-operative features which have developed around the need to show alternative models for human co-existence.

One example is Longo Mai, which calls itself the "European Co-operative". It was started in 1973 by young trade

unionists from various parts of Europe who set about the difficult job of persuading unemployed young people in the big cities to start co-operatives in areas sparsely populated or threatened by depopulation.

The first co-operatives were set up at Forcalquier near Avignon in the south of France. Since 1973 about 10,000 young people have been involved in these workers' co-operatives; sixteen societies with a core of 150 young people are operating in France, Switzerland and Austria. Their main activities are in the fields of agriculture, forestry, handicrafts and small-scale industry, and their activities are made possible by the strong moral and financial support of over 100,000 people who are backing their development work. A periodical printed in the printing shop of Longo Mai is published monthly. The products made by the societies are available in their own stores.

In order to prevent the depopulation of mountain valleys, the societies are now working for an increase in roads, schools and other municipal services; they also assist in building up a diversified regional economy. The workers' co-operatives have restored abandoned farmhouses and re-started discontinued farming and forestry activities. The raw materials are processed by spinning mills, a dressmaker's workshop, joiners' shops and a meat processing plant. Other activities are a car repair shop, taxi operations, contracting businesses, a holiday village and cultural groups. Collaboration with the local population has yielded results in the form of a marketing co-op and a machinery centre run on co-operative lines. Technical assistance is being given to similar co-

operatives in Ireland and Costa Rica. Bangladesh is next on the list.

The Longo Mai co-operatives have set as their goal the revival of the neglected regions of Europe, by the establishment of small economic units, adapted to the resources and conditions of the region and to the needs of the inhabitants. Through their work, the co-operatives have managed to restore the fighting spirit of people in many sparsely populated areas; many who were previously unemployed now have meaningful jobs.

Through internal trade and mutual support co-ordinated by the Longo Mai Federation, these workers' co-operatives have created for their members better chances of survival within a capitalist system. Direct contacts between the workers' co-operatives and their supporters have provided a more secure market for their goods and services—an organised market. There is also a "second economy" where the producers have direct contacts with the consumers, without intermediaries.

Collaboration with technicians, economists, scientists and government bodies has been developed to support the work. One project which has the support of the Austrian government, aims at co-operative development of the province of Kärnten. Longo Mai has been given a large share of the responsibility for implementing the project.

Some Conclusions

What are then the prerequisites for success in realising alternative economic organisation? Apart from actual examples, certain general conclusions can be drawn.

Experience shows that individual co-operatives or collectives of various kinds often fail because the objectives have changed or become blurred. In many cases the collective has developed around an objective which in some respect differs from the objectives of the rest of society; the rules established have in the course of time become objectives as such, and the leaders of the co-operative have begun using the co-operative as a means of earning their livelihood only.

In order to succeed, a co-operative or collective should be limited in size (200-400 members is the range mentioned in various contexts). If financial resources, too, are limited it seems to be easier to stick to the original objectives and to avoid careerism sneaking into the organisation. The collective will then be dependent on members' involvement in order to survive, and will itself have to develop the technology to be used and to educate its members accordingly.

If in addition to this there are skilled people belonging to the collective or providing background support the chances of survival are good. Another factor favouring survival is if the collective also has social objectives, i.e. objectives which transcend the daily business of the collective. In some way or other, the collective must have a desire to "change society". This means, among other things, that the members should be prepared to dissolve the collective rather than renounce important objectives. Generally speaking it is important that the collective or co-operative should devote much time and energy to discussing objectives before starting its activities.

Small-scale activities which provide a suitable start for the collective are:

custom-made products, repair services, electronics, printing, furniture-making, clothing, food, toiletries, etc. Activities should be based on local needs and conditions, and contribute to reducing consumer prices for the products in question.

External money must be provided if a local community is to develop as an economic unit. It is important that this money should remain and circulate within the local community as long as possible before being used for transactions with the outside world. This can be achieved through increased local production of such goods and services as are consumed locally, by expanding

local industry and trade and by developing local expertise for various needs.

It is also essential to build up "links" and various "forms of association" between different collectives in order to develop mutual support and collaboration within the local community in matters such as warehousing, financing, marketing, common machine equipment, training materials, etc.

These are some examples of the attempts to find new ways of economic organisation and development. If we find such efforts relevant and worthwhile, what should we hope for, and what recommendations can we venture to make?

3. Promoting Alternative Economic Solutions

An Overall View

It is important that individual projects, for example new workers' co-operatives, should be organised on the basis of all the available experience of this type of enterprise and its conditions. But at the same time it is necessary to work with larger perspectives than individual enterprises and collectives.

The experience from individual workers' co-operatives and the Mondragon system clearly indicates this need. Jaroslav Vanek's model further underlines the importance of linking the interests of enterprises with those of society in order to achieve real participation of individuals in their various roles. In most countries in Europe, where the voice of the trade union movements must be heeded, the development of alternatives will hardly have any future unless these are also taken into consideration.

Longo Mai has consistently tried to

create a kind of micro-economy where agriculture, forestry, handicrafts and industry supplement each other and people in the local community are reasonably self-supporting and in principle able to control each link of the production chain.

The perspective is further enlarged by a remarkable non-profit organisation, the *Institute of Cultural Affairs*. This is an international research and development institute which concentrates on the importance of the human factor to promote economic development. It has 100 field offices, with head offices in Belgium, Kenya, India, Hong Kong, Australia and the USA, and works in 32 countries.

In 1977 the Institute started 24 local development projects around the world, whose purpose was to provide practical models for the development of local communities hit by unemployment and threatened by financial ruin. The basic idea is local "self-reliance". The aim of

the project is to show people living in places with financial problems that they can tackle their own problems and carry on economic activities on their own, primarily using co-operative forms.

What distinguishes the Institute's development projects from other projects is that they are not limited to the economic aspect. The Institute works simultaneously with all aspects of life in a local community; it regards education, communication, social intercourse and cultural activities as of equal importance with economic growth.

One of the pilot projects is *Lorne*, a small community in Canada. Lorne has about 1,000 inhabitants and more than half of the male population were unemployed when the project started. The project began with a week's "consultation" with the entire community in April 1977. 350 "consultants" took part, about 250 of whom came from the district. The outside consultants came from both the private and public sectors. They participated at their own expense and represented many different professions, as did the local consultants. Each day during the week of consultation different teams of consultants visited the inhabitants in their homes and at their jobs. The consultation was organised in five stages.

First to be studied was the "vision of the future" which the inhabitants had for the development of their community. This survey showed the hopes they had for the economic development of Lorne, e.g. to be locally self-supporting through industrial production, increased commercial activities and effective utilisation of local natural and human resources. In the social field the inhabitants wanted basic social security services and better

access to the social services available in the neighbouring communities. Increased local self-government in certain matters, practical training, and methods to strengthen the sense of community among the people of Lorne were other wishes put forward by the inhabitants.

The second stage was to study the existing obstacles to the realisation of these wishes. The pattern emerging from this study showed inhabitants had inadequate education; there was a need to get them more actively involved in the development of Lorne and to find ways of organising them to work together.

The third stage was to draw up practical proposals for overcoming the obstacles. The fourth and fifth stages were concerned with tactical considerations and action programmes.

After the week of consultation, meeting with consultants, local leaders and inhabitants got organised in order to start realising the plans. A group of outside consultants remained in Lorne working together with the inhabitants. One particularly important task for these consultants was to try to secure financial support from public and private sources during the first post-consultation period.

At the end of 1978, the local newspaper, the *Lorne Voice*, summed up the results of the project. A holding company for the economic development of Lorne had been established. The company provides services in the field of business management and helps to raise capital to start new co-operatives. One of the goals is to build up an integrated industry based on forestry. So far a sawmill employing eleven people during the peak season and a furniture-making workshop with six co-owners have been started. The plans include afforestation

and a company to produce wood paneling.

Today there is also a rug and carpet manufacturing co-operative. Strawberry plantations have been started and there are plans to increase the cultivable areas. Soon after the consultation week, a savings and loan association was started. After a year it had 185 members and assets of 15,000 dollars. The local weekly paper *The Voice* was started at the same time.

In the field of education an adult education programme, a library and a co-operative kindergarten were started. Other results of the project have been a voluntary fire-brigade, several new ice-hockey teams for different age groups, sports events, dances, bingo, and carnivals. Lorne has come alive, economically, socially and culturally.

Thus far the Canadian pilot project. All 24 projects have been so successful that the Institute of Cultural Affairs has initiated 150 new projects, one of which comprises the whole state of Maharashtra in India. The experience gained from the first 24 projects will be used in the 25,000 villages of this state.

Organising Those Who are Interested

The new collectives, "co-operatives" and groups planning or already involved in these experiments have so far had only limited exchanges of experience; they live in isolation. There is need for a network within a country to provide a continuous exchange of information among people interested in new economic alternatives. This network might include resource persons and consultants, foreign contacts, support organisations for new co-operatives, research and education centres and of course

listings of existing collectives with economic activities. The amount of available information in this field is increasing very fast and individuals and single groups cannot possibly keep pace with it. An information network would solve many problems.

In many cases it should be possible to organise support committees among those interested. It should also be possible to obtain voluntary contributions for experimental purposes. It would perhaps be a good idea to start a banking institute or a savings and loan association to channel such funds.

People who are planning collective alternatives ought to be able to receive more support from educational institutions, for example from various adult education organisations. An "open university" or university college providing the knowledge needed by such groups ought to be established. A non-profit group of consultants, modelled on the Institute of Cultural Affairs, would also be an interesting idea.

In all information and opinion moulding required to develop this work it is necessary to avoid journalistic stunts. New alternatives in the economy often seem to attract a type of publicity and attention which is often detrimental to the cause. There is a stage during which such initiatives must be allowed to grow and mature without excessive attention.

Established Organisations Need to Be Involved

Established organisations have various reasons to involve themselves in the matter of new economic alternatives. This applies above all to trade unions and the co-operative movement.

The main purpose of trade unions is

to promote the interests of wage-earners. One might ask, however, if the time has not come for the trade unions gradually to develop into organisations with the aim of supporting entirely self-managing enterprises, e.g. in cases where the employees take over bankrupt private companies and convert them into workers' co-operatives. After all, the main purpose of the trade union movement is to protect the working people against owners and management.

The dilemma of the trade union movement is on the one hand that increased participation at management level may undermine the united strength of the trade unions and counteract their chief aims. The unions must be aware of this and take precautions against it. On the other hand maximum unity and solidarity is a very blunt instrument and an unnatural state of things as far as wage-earner participation is concerned. The lack of agreement between "being involved" and "taking part in decisions" is apparent also within the trade union movement itself. This is something of an Achilles' heel of the trade union movement and a very popular target for its critics.

There is a way out of this dilemma: While the trade union movement pursues its traditional work with all its strength, it should also assume a more positive and constructive role as an umbrella organisation for self-managed, well-organised workers' co-operative enterprises. The trade unions can and should play a supporting role during the transition from a pre-democratic to a self-managed economy. In order not to go wrong in this difficult balancing act between trade union solidarity and self-determination they ought to make use

of co-operative ideas and experiences, particularly from workers' co-operative systems.

Workers' co-operatives are risky business. The hesitation of the trade union movement about this form of enterprise is in many respects well justified. If workers' co-operative enterprises are not correctly constituted and organised, they may have several drawbacks. Individual members may risk losing the savings they have invested in the society; wages policies may be undermined, and the work of the trade unions be rendered more difficult. Growth of the collectively owned shares of companies is made more difficult, and ownership becomes more privatised.

These problems can be reduced if the employees receive expert help when taking over and if the constitution and model rules are so formulated as to be acceptable to the trade unions. This means statutes and principles stipulating that labour input and not ownership should be decisive in the management of the enterprise, that all those who work in the enterprise should be members, that the growth in collective wealth in the enterprise must predominate, and that an equitable wages policy must be applied. Mondragon, Longo Mai and Vanek's model indicate other practicable ways of creating an acceptable system.

The Co-operative Movement Must Get Involved

There are many reasons for the co-operative movement to involve itself in the question of alternatives in the economy; co-operative ideas should take in spheres other than consumer and agricultural co-operatives. Further there should be many interesting solutions for

balancing producer and consumer interests in a more democratically organised economy with e.g. wage-earners' funds. Experiments and new combinations are necessary. Government support in the form of credits, location grants, technical consultative services etc, should be channelled to co-operative development projects on a larger scale.

In the long run, new co-operatives may also be interested partners in product development and other technical and economic collaboration. They would also be an obvious market for the goods and services offered by the consumer co-operative movement.

As far as housing co-operatives are concerned, co-operative production activities in the local community should be in line with their endeavours to increase the spirit of community and solidarity in residential areas and to create a housing environment which promotes social development.

In many countries the agricultural co-operative movement has expressed ambitions in the field of regional policies. These organisations could serve as a kind of consultative body for groups of young people interested in running collective farms. It is particularly important that such experiments are carried out within an overall plan for regional development.

Established organisations ought to promote the creation of support organisations for workers' co-operatives and other collective alternatives. Model rules and other forms of help, contacts with banks—perhaps banking institutions of their own—contacts with markets, co-operative distribution channels, laboratories and development companies, education and training, information, re-

search, contacts with international organisations and public bodies etc—these are all examples of matters which support organisations would be called upon to deal with.

Preparing the Ground Politically

From a technical and economic point of view, the idea of co-operatives and micro-economics is probably possible to realise. But is it politically feasible?

What can politicians do? A co-operative development agency might be needed to handle some of the jobs mentioned above. Another possibility would be for governments to allocate means to defray the costs of support organisations during the initial stages. There are already such arrangements in UK, France and the USA, where comprehensive legislative work is in progress with a view to promoting employee ownership.

Support for regional experiments with co-operative features is also necessary. "Banks" for land that could be used for such experiments should perhaps be established. Government appointed groups of consultants should be organised for this purpose. Surveys in selected municipalities of future possibilities in the field of economic policies might be a suitable starting point. Efforts similar to the one in Canada may be advisable.

It is not easy to make experiments. Inventories of obstacles to various experiments should be made. Examples of such obstacles would be: current practices; statutes and other laws and regulations; trade union contracts; all can constitute insurmountable obstacles to alternative solutions. But with a little good will it should be possible to overcome the difficulties.

This list of desirable measures could

be added to. But in order to get a constructive dialogue started, support groups among politicians would perhaps be necessary. To begin the serious study of alternative models for economic

organisation and development within such support groups should be a good starting point—particularly if such studies are based on the ideas and experience of the co-operative movement.

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Inner City Co-op Development in Oakland, California (USA)

by
David Klugman

A co-op's social involvement in a community is currently taking place in Oakland, California, with dramatic results. While cities, from Newark to Watts, from New York to Miami, even the nation's capital, have been plagued by riots, Oakland, a city of 400,000, close to San Francisco, has remained calm despite identical ingredients for unrest.

This is due to the strength of neighbourhood associations using their collective power in constructive ways. One such use is the launching of the West Oaklands Food Co-op.

The Inner City Challenge

In the social terminology of the last decade the term "inner city" characterises an urban area in which the inhabitants do not share the rising expectations of progress and prosperity of the mainstream population. Also called "ghetto", the inner city, whether inhabited by whites, blacks or browns, wage earners or unemployed, shares one condition: poverty, both actual and psychological.

While America has achieved a reasonably successful *political* democracy, it has by no means reached *economic* democracy. Despite massive efforts by government, millions remain poor, in

cities and rural areas, and all surveys show that *the poor pay more*. They pay more for rent, food, insurance, credit, than the affluent. This leads to rioting, looting, arson. A vicious circle develops. As the cost of doing business goes up, prices shoot up or business leaves the inner city altogether.

The exodus of food chains from the inner city was studied by Professor Donald R. Marion of the University of Massachusetts.* According to Marion "supermarkets leave the inner city, leaving residents in a continually worsening situation". "Supermarkets, too, are the losers. They lose their investment and the rate of return on invested capital is significantly lower (often negative) than for stores in other areas. Everyone loses, no one wins."

The image projected by Marion shows supermarkets beset by pilferage, the theft of shopping carts (costing \$55 each), rising costs, reduced sales and margins, with labour expenses 7 per cent higher than in comparable stores and lower labour productivity. Supply expenses are higher, as are fixed expenses such as rent, taxes, utilities and insurance.

*Factors Contributing to the Exodus of Food Chains from the Inner Cities. Joint Centre for Political Studies, 1977.



The West Oakland Food Project: 2nd from the right, the President, Harold Jenkins.

All of the above conditions apply to West Oakland, which developed around the terminals of the trans-continental trains where passengers and goods had to board ferries for San Francisco across the bay. While massive renovation did take place and attractive houses, schools and other public buildings have sprung up amidst greenery, there are still miles of drab streets, intersected by freeways, inhabited by poor, often elderly people, caught in the grip of an economic and emotional depression, the attitude of "who cares?"

A major supermarket closed. Its parking lot became a haven for undesirables from near and far, trafficking in all that's illegal, thumbing their noses at the police. Area residents lived in fear (one must remember that most of the *victims* of crimes are black).

The Step-by-Step Co-op Approach

In 1978 neighbourhood leaders, spurred by need (35 to 38 thousand residents having been deprived of a major local food supply), reacted. They collected thousands of signatures to prepare the ground for a consumers' co-op. First they leased the infamous parking lot and appealed to small farmers to come every Saturday in order to sell their produce directly to consumers. The experiment, first tried in the summer of 1979 and repeated in 1980, succeeded. Farmers had a secure outlet, consumers an abundant supply at affordable prices.

The authorities were shocked, surprised and delighted to find the lot "sanitised", practically overnight. What had frustrated them for years was achieved in weeks by a co-op-to-be. A

fence was erected around the lot, both a symbol and as actual protection, to indicate the dawn of a new day. Shiftiness gave way to friendliness. Neighbourhood patrols, armed only with walkie-talkies, made the undesirables feel unwelcome. Now police voluntarily patrol the Farmers' Market, with little to do.

The Farmers' Market is the first step towards a consumers' co-op, intended to become the core of a shopping centre which will hopefully encompass a pharmacy, a bank and an office to handle utility payments, all to be housed in the premises of the closed supermarket and adjoining stores about to be vacated.

Backed by strong support from residents, a petition to the State government led the State to agree to send out a task force which is lending technical expertise. Comprehensive Employment Training Act (CETA) funds, amounting to \$149,000 have been provided to train personnel and help pay the first trimester's rent (the monthly rent amounts to \$3,000).

Two types of shares were issued: (a) Voting shares, at \$5, reserved for area residents; (b) Non-voting shares, at \$10, available to all. Thus the community preserves its identity.

The same approach is being used in Watts, a Los Angeles inner city.

Current Status

Community and co-op pride are merging in this endeavour, in which rhetoric yields to action. A board of directors of 21 members (two-thirds of them senior citizens) was elected, made up of Blacks, Hispanics and Whites. The board compared the by-laws of four or five other California co-ops before

adopting its own. One important proviso is that 18, at least, of the 21 board members must be area residents.

The co-op enjoys three levels of support: (1) Volunteers from around the San Francisco Bay area; (2) State officials, through the inner city co-op team; (3) The Co-op Bank.

While the co-op is rooted in West Oakland, outsiders are warmly welcomed and play a meaningful role.

Three West Oakland schools screen and train future employees, an additional step in community involvement.

Prognosis

The co-op opened in the fall of 1980. While it is premature to talk of success, some facts ought to be mentioned.

The co-op will create jobs. Van transportation is planned, to bring the elderly or infirm to the store for a projected increase in sales of \$5,000 per week.

The selection of the co-op's manager took six meetings. The seven applicants *grew* through the process, which was open and co-operative, as a way to reduce any potential backlash.

Major American supermarkets are currently experimenting with new merchandising techniques: stores redesigned to offer a limited selection of goods, minimum service, one-way lanes between shelves. Shoppers are required to enter through the produce department, which motivates them to start their shopping by purchasing produce. This, in turn, moves fruit and vegetables before they have a chance to wilt.

The co-op will have to move with the times and adopt some, or all, of such techniques.

Some inner city co-ops have failed in the past, due to lack of preparation and of community support. The dedicated leaders of the West Oakland Co-op have learned from those mistakes.

Conclusion

It is high time decency appeared in the market place of the inner city. Abused by a profit-oriented economic system, the

inner city dweller looks at co-ops as one way out of the dilemma. By providing decent goods at fair prices, by involving as many local residents as possible in a common effort, the West Oakland Co-op tries to put into practice the French author Paul Claudel's definition of co-operation:

“Co-operation means brotherhood, learned and taught by practising it.”

Industrial Co-operatives— an OECD Seminar

by
Paul Derrick

During the last five years the governments of many of the industrialised OECD countries have tended to adopt rather more monetarist policies in the hope of controlling inflation; and this has tended to result in higher unemployment. This seems to be one of the reasons why the governments of some OECD countries have, in recent years, been taking an increasing interest in ways and means of encouraging the development of industrial co-operatives and thereby helping to reduce unemployment. If workers can be helped to organise their own enterprises at some cost to public funds, that cost is likely to be significantly less than the cost of supporting them as unemployed.

At the same time there has been increasing interest in industrial co-operatives in recent years as providing an alternative to conventional capitalism on the one hand and to state socialism on the other. Moreover industrial co-operatives are seen as a way of improving industrial relations and extending workers' participation in industry and of increasing incentives and productivity; and some argue, as has Mr Peter Jay, formerly Economics Editor of *The Times*, that the organisation of industry on a co-operative basis offers the best hope of controlling inflation. An indication of increasing governmental interest in industrial co-operatives was

provided by a small seminar organised by the Organisation for Economic Co-operation and Development and held in Devonshire, England, in September 1980.

The participants in this Seminar included Mr Fabio Carpanelli of the Lega Nazionale delle Cooperative e Mutue (Italy), Mr C. L. Provily from the Dutch Federation of Workers' Co-operative Productive Societies, Mr Sibille from the French co-operative productive societies, Mr Kai Blomqvist from the Co-operative Institute, Stockholm (Sweden) and Mr Antonio Calleja from the Mondragon co-operatives in the Basque Provinces of Spain. I attended on behalf of the International Co-operative Alliance and other participants included Professor Derek Jones of Hamilton College, New York, Mr Terry O'Brien from Northern Ireland, Mr Robert Oakeshott and Mr Freer Spreckley from British co-operative organisations, Mr John Evans from the UK Co-operative Development Agency, Mr Yang Peilun from The People's Republic of China, Professor Branko Horvat from Yugoslavia and Mr Felix Fitzroy from the International Institute of Management in West Berlin. The Seminar was organised by Mr Chris Brooks of OECD and Lord Young of the Mutual Aid Centre, London.

A number of papers were circulated in

advance including a basic paper from the OECD and a long paper from Mondragon. A broad consensus seemed to emerge both from the papers and from the discussions at the Seminar to the effect that the Mondragon co-operatives with their high investment and undoubted commercial success, provided a model which other co-operative movements would be wise to follow. Mr Calleja said that the Mondragon co-operators did not have any particular formula which would guarantee success or any kind of vision of a new society. He said that they were pragmatic realistic people who had had some success but were currently facing difficult problems with a trade recession and an unemployment rate of 16 per cent. It was clear from his paper and from what he said at the seminar that one of the distinctive features of the Mondragon co-operatives was that, except for managers of a few of the largest co-operatives, the remuneration of the highest paid was no more than three times that of the lowest paid; and even the top paid managers were not paid more than four and a half times the lowest paid worker in the same co-operative. A second distinctive feature was the substantial shareholdings of members, and a third was the rule ensuring that only workers were members and that practically all workers were members. The close relationship between the co-operatives and their bank, the Caja Laboral Popular, was another major factor in the success of the Mondragon co-operatives.

Collective Saving

It may be, however, that the most significant aspect of the Mondragon co-operatives is the way in which wages

are comparable to local wages while all surplus earnings are ploughed back without any cash bonuses to members; instead up to 70 per cent of profits are credited to personal accounts carrying interest at 6 per cent and repayable on retirement. When profits are unusually high the proportion credited to personal accounts is lower and more is allocated to reserves or social purposes. The result is that members *participate in the growth of assets* in proportion to work contributed, to a very significant extent when earnings are ploughed back. This contrasts with normal practice in France and Italy where saving by co-operatives is usually collective saving; that is to say members do not participate in such saving and when a co-operative is wound up the law prohibits any distribution of residual assets to members, either in proportion to work or in proportion to shareholdings. Instead any residual assets go to another co-operative or a co-operative federation or to a charity or to a public body. It may be that this tradition discourages members of industrial co-operatives from ploughing back as high a proportion of earnings as they might otherwise do.

The same situation arises with the new ICOM* co-operatives in Britain and with Yugoslav labour managed enterprises, Ploughed back earnings and the assets of the enterprise do not belong to the members who may thus be reluctant to plough back as much as they might otherwise be willing to do or as much as the companies with which they compete. This tradition that co-operative savings should be collective is also widespread in Eastern Europe except in Poland where members may participate

*Industrial Common Ownership Movement

in the growth of assets by having share accounts credited. These shares are normally repayable on retirement and sometimes before.

Moreover in Poland there may be cash bonuses up to 12½ per cent on wages or one month's additional salary in a year. Half of the available profit may be distributed as a cash bonus or credited to share accounts on which interest is paid and the other half is either ploughed back to increase the co-operative's own reserves or allocated to social purposes or used to pay subscriptions to the local federation and trade federation and the Central Union of Work Co-operatives or invested in such central funds. There is flexibility in Poland about these divisions of profits just as there is with the Mondragon co-operatives where Ularco, the largest group, has decided that surpluses should be divided equally between the co-operatives and their members instead of up to 70 per cent being credited to personal accounts with 30 per cent or more allocated to social purposes or reserves. At the OECD Seminar Mr Calleja indicated that this reduction in the proportion of earnings credited to personal accounts was the result partly of the prospect of more retirements and therefore more repayments of these personal accounts and partly of the recession and difficult trading conditions making it prudent to build up bigger indivisible reserves.

In Poland minimum shareholdings often amount to about three months' wages. One problem about crediting the members' share or other accounts in a co-operative with a proportion of ploughed back profits is that such issues of shares may be liable to personal income tax. This may, in a country with

a mixed economy, discourage co-operatives from ploughing back as high a proportion of earnings as the companies with which they compete, as company shareholders usually participate in the growth of assets by the appreciation of share values or by the issue of bonus shares free of tax until such time as the shares are sold. In Britain there were tax concessions in 1978 with regard to company share issues to company employees and these were extended in 1980 so that up to £1,000 worth of shares can be issued to workers tax free if the shares are held for seven years or more; but it is not yet clear whether or how this tax concession applies to the issue of shares by industrial co-operatives to their members.

If co-operatives do not credit members' share or other accounts when earnings are ploughed back a large gap may arise between share values and asset values. If the law allows the distribution of the residual assets of a co-operative on a winding up to shareholders in proportion to shareholdings, as in Britain, America and various other countries, this may provide an incentive to premature winding up for the sake of significant capital gains. Therefore legislation in France, Italy, Belgium and various other countries prohibits the distribution of the residual assets of a co-operative on a winding up to shareholders in proportion to shareholdings, and "collective saving" by co-operatives is encouraged.

The danger here, however, is that too much will be distributed to members and that too little will be ploughed back. Professor Jaroslav Vanek has discussed the theoretical aspects of this situation in books and articles with particular reference to labour managed enterprises

of the Yugoslav type in which distributed earnings are likely to be largely distributed to members while ploughed back earnings accumulate on behalf of society. He argues that this "collective saving" is likely to lead to under investment. However collective saving is common in co-operatives. It may occur in consumers' co-operatives, as in Britain, partly because shares are very easily withdrawable. Ploughed back earnings may be credited to members' share accounts free of personal income tax liability because the dividends on purchases in consumers' co-operatives are not regarded as income for tax purposes but this will not do the co-operative very much good if such shares are very easily withdrawable. The British consumers' co-operative movement lost £20 million or so from share withdrawals in 1970 and another £20 million in 1971 following a television programme suggesting that it was imprudent to invest in co-operatives.

It may be that one of the more important aspects of the achievements of the Mondragon and the Polish co-operatives is that they adopt a flexible approach to the matter of collective saving.

Transitional Co-operatives?

Professor Branko Horvat argued that it was important for industrial co-operatives to plough back a high proportion of earnings. This was one of his seven conditions for the success of such co-operatives. At the same time he commended the allocation of a significant part of earnings to indivisible reserves or social purposes as "social property" through collective saving. At the seminar he argued that there was intrinsic merit in such collective saving as practised in

Yugoslavia and that this was a move in a *socialist* direction. Moreover he argued that industrial and other co-operatives were by their nature transitional and unstable things and the broad tide of history was carrying mankind from capitalism towards socialism with the Yugoslav people doing important pioneering work in which the control of enterprises, including control over the distribution of their earnings, was vested in the workers of each enterprise while the ownership of the assets of each enterprise was vested not in its worker members but in society as a whole.

The argument put forward by Mr Felix Fitzroy of the International Institute of Management was that workers' participation in the earnings and in the control of conventional enterprises helped to improve economic performance. At the same time Mr Blomqvist argued that workers' shareholding through wage earners' funds as proposed by the trade unions in Sweden could be a stage on the road to a co-operative economy.

Most of the participants in the seminar, however, were interested in industrial co-operatives as a permanent form of industrial organisation and not as a transitory thing leading to something else. It is true that the growth of industrial co-operatives over the last two centuries has been very limited; but it may turn out that it is the state socialist and state capitalist and conventional capitalist and Yugoslav type enterprises that will prove to be transitory and that the industrial co-operatives of the type pioneered by the Mondragon and Polish co-operators will prove to be the most suited to human needs and the most permanent.

Yugoslav Contradiction

There is a basic contradiction in Yugoslav-type labour managed enterprises in that the division of earnings between what is distributed to members and what is ploughed back is also the division of earnings as between bonuses to members and allocations to social purposes for the benefit of the community. There is an inherent danger of under-investment as Professor Vanek has noted *because* what is ploughed back is also what accrues for the benefit of the community as a whole. Professor Horvat has recognised this danger in commending in his paper the Mondragon practice of crediting a proportion of ploughed back earnings to the personal accounts of members. It might be wiser for industrial co-operatives to follow the Mondragon and Polish examples and make the division between what is ploughed back and what is distributed quite distinct from the division between what is distributed to members and what is allocated to social purposes for the benefit of the community.

Co-operatives traditionally allocate funds to social purposes as well as to members. British productive societies have traditionally shared surplus earnings with their customers and Mr Spreckley pointed out that the new ICOM co-operatives often allocate a high proportion of surplus earnings to social purposes and a relatively low proportion in bonuses to members. Professor Horvat might argue that this is a socialist thing to do; but the point is that it is something different from saying that what is distributed in cash should go to members and what is ploughed back should accumulate for the benefit of society as a whole.

If in Yugoslavia the workers share in the distributed profits of an enterprise but do not participate in the growth of assets, Mr Peter Jay appears to argue the opposite procedure in his paper on *The Workers' Co-operative Economy* published by the Manchester Statistical Society and later in the book *The Political Economy of Co-operation and Participation*.^{*} He suggests that outside holders of "equity type" shares should receive all the profits of the "co-operative" while the workers would be the owners and, as such, would appoint the directors and be entitled to the net worth of the enterprise on liquidation. It is odd that what Mr Jay should describe as a "workers' co-operative" should ignore the basic co-operative principle of a limited return on capital and be the exact opposite of Yugoslav practice.

It is odd that Job Ownership Ltd, a consultancy firm formed to promote Mondragon type co-operatives in Britain, should also ignore the basic co-operative principle of a limited return on capital. Instead it is promoting employee shareholding schemes in which workers hold ordinary shares carrying an unlimited return more or less in proportion to pay. It applies the basic co-operative principle of equal voting but not the equally basic principle of a limited return on capital. By contrast some successful UK enterprises, such as the John Lewis Partnership, the Scott Bader Commonwealth and Landsmans Services Ltd, apply the principle of a limited return on capital but not the principle of equal voting.

The ownership of the assets of a co-operative may ultimately be vested in the members, apart from specific

^{*}Edited by Alasdair Clayre. Oxford University Press.

allocations to indivisible reserves; and the residual assets of an industrial co-operative may be distributable to members on a winding up in proportion to work contributed over a period of time. Co-operative law in some countries allows distribution in proportion to shareholdings; but this appears to be inconsistent with the co-operative principle of a limited return on capital.

Whatever arrangements may be made about the distribution of the residual assets of a co-operative in the event of winding up, surplus earnings will normally be distributed in whatever way the members may decide. In an industrial co-operative they will sometimes be distributed to members as a bonus on wages and salaries: but members may decide that remuneration for work should be more equal or less equal than the 1:3 ratio laid down by the Mondragon co-operators. They will allocate a proportion of surplus earnings to education and may allocate a high proportion of such surplus earnings to social purposes with little or nothing going in bonuses to members. No doubt Professor Horvat would say that a co-operative organised in this kind of way was a move in a socialist direction as it was run in the interests of the community. But such a method of distributing earnings does not require that the ownership of the assets of an enterprise should be vested in the community as a whole and not in the members of the co-operative. The allocation of a proportion of the earnings of a co-operative to social purposes may be required by law; but the law can hardly require all surplus earnings to be distributed in such a way as would tend to undermine incentive. That is to say a more socialist

distribution of earnings is not something that can be imposed by state power. It can only be achieved by the voluntary decision of the people concerned.

It may be argued that the payment of interest on relatively small savings can help to bring about a more equal distribution of wealth and income. But the ICA Report on Co-operative Principles does not say that a return must be paid on co-operative shares. It says that "capital should receive only a strictly limited rate of interest, if any". Moreover any undue tendency towards inequality could be offset by a tax on larger investment incomes as such; and might be unlikely to result in as much inequality as already results from incentive payments.

It may be, indeed, that forms of industrial enterprise in both Eastern and Western Europe will move in a *co-operative* direction and that it will be the various forms of state ownership, including the Yugoslav system of state ownership combined with workers' control and workers' participation in profits that will prove transient. Many of those at the OECD meeting were primarily concerned with industrial co-operatives as a way of creating jobs at a time of high unemployment; but industrial co-operatives also have relevance to the incomes problem and the problem of inflation and to the task of improving industrial relations. It is to be hoped that OECD and other governments will take an increasing interest in industrial co-operatives and that the next 20 years will see an expansion of industrial co-operatives comparable to that envisaged in the papers on "Co-operatives in the Year 2000" discussed at the 27th ICA Congress.

A Proposal for Reforming Company Structures—Advantages and Disadvantages

by
Bernardo Drimer and Alicia Kaplan de Drimer*

Both developed and developing countries, countries whose economic organisation is mainly capitalist as well as those with a predominantly state organisation, are currently facing grave problems. This is not the place to dilate upon the socio-economic problems afflicting humanity, which are now matters of general concern: in the developed countries, growing violence, inflation, unemployment, various types of crisis, the alienating effects of new technologies, environmental pollution, shortage of some materials and the squandering of others, drug addiction and other behavioural deviations, etc; in the developing countries we have the same problems to varying degrees and, in addition, the great inequality in the distribution of wealth, hunger, poverty, illiteracy, the demographic explosion, deficiency of infrastructures and lack of essential services etc.

The causes of the above have not been precisely diagnosed, nor suitable remedies found. In other times of grave difficulty throughout history, voices have arisen for social reform, setting out idealist, utopian solutions; neverthe-

less, the ideas of Plato, Fourier, of Thomas Moore and many others, reconsidered and modified by different thinkers and men of action, have served as bases in many cases for new forms of socio-economic organisation which have signified considerable progress. Now also voices are raised, proposing more or less radical reforms; in the same way, starting from these proposals, also touched with naivety or utopianism, useful ideas may develop which will help to alleviate current problems.

It is worth while analysing some of these proposals, as impartially as possible, without either supporting or rejecting them *a priori*, but simply in an attempt to describe their characteristics and to define their advantages and disadvantages, in the hope that other more lucid or more practical minds may find them of interest and may be led towards some similar or alternative solution.

These are the considerations which have led us to analyse briefly one of the proposals currently being discussed for reforming the structure of enterprises.

1. The Proposal

(a) The proposal involves a peaceful evolutionary process, which, after a certain lapse of time estimated at between

*The authors are well-known Argentine co-operators who have been writing and lecturing on Co-operative structures for many years.

5 and 15 years, would lead to the co-existence within every private enterprise—particularly those constituted as limited companies (*sociedades anonimas*)—of two separate entities: one **entity A**, consisting of the owners of 50 per cent of its capital, and another **entity B**, consisting of all the people working in the enterprise who would also jointly own 50 per cent of its capital.

(b) The projected reform would not change the external face of the enterprise but only its internal organisation; so that the enterprise would continue to operate within the market economy, although it is hoped that the projected reform would result in improving economic conditions generally.

(c) From the time the reform under consideration was decided upon, either voluntarily or by legal disposition, entity A would receive only 50 per cent of the dividends of the enterprise concerned and would distribute this to member/shareholders, mainly as preference shares (with fixed dividend and without voting rights) and/or in cash; the remaining 50 per cent of dividends from the enterprise would go to form the social capital of entity B, consisting of the workers, employees, professional staff, administrators, etc, joined together for preference in a workers' co-operative.

(d) Entity B would participate in the original enterprise not only in relation to the results of its operations and the formation of the social capital, but also through the gradual incorporation within the enterprise's directing bodies of representatives or delegates selected by the member/workers. However this is not simply a system for providing for consultation with workers or for participation in profits (which often in practice

results only in something like an annual bonus for the employees). This is a case of an institutionalised system which would give the workers 50 per cent of the ownership, of the profits and of the power of decision-making within the enterprise in which they work.

(e) Naturally, entity B would only be a co-operative to the extent to which it was organised and functioned in accordance with the Rochdale Principles (adopted in our country under law no. 20,337); otherwise, it would constitute a body *sui generis* protected by freedom of contract (to which applies, among others, article 1197 of our Civil Code) and/or would eventually have its characteristics defined by legislation (as provided for in our country by the "Setting out of Aims" of Article 1 of the commercial company law no. 19,550).

(f) In the case, obviously to be recommended, in which it is decided to assign a co-operative character to entity B, it will be necessary to emphasise the specifically co-operative characteristics or features, such as open and voluntary membership of member/workers (for which the condition would be their conformity with the methods of operation here under consideration), the principle of "one man one vote" regardless of the amount of capital held, of limited interest on capital, education and co-operative integration.

Concerning distribution of profits, it can be noted that, since the members of entity B are entirely dependent on the proceeds of their labour, they should receive monthly or fortnightly payments in order to deal with their immediate necessities, which would be deducted as necessary expenses when drawing up the accounts of the enterprise. These

payments to the workers can only be partially identified with the loans or advances on dividends paid to members of workers' co-operatives because, in the reform here being considered, shareholders would not subscribe specifically to entity B uniting the member/workers, but to the two entities A and B which would jointly constitute the enterprise.

Nevertheless, like the advances or loans customarily granted by workers' co-operatives to their members, these payments would take into account the distinctive quality and quantity of the work carried out by each one, and would be based on the amounts normally paid locally for similar work. In addition, these separate payments would serve as a point of reference for the annual distribution of profits or surpluses by entity B which, as in all workers' co-operatives, would be done in proportion to the work of each of the members during the financial year.

(g) In accordance with the above, entity B consisting of the workers, employees, managers, administrators, etc, would receive 50 per cent of the profits of the enterprise. These profits, which during the first few years would be used to build up the social capital of entity B, would be credited to the member/workers in the form of shares or, if entity B is set up as a workers' co-operative, in the form of "co-operative shares" which would be distributed in proportion to the work carried out by each of them.

Only at the end of the period necessary to equalise the capital accumulated by both entities A and B, would the worker/members of entity B receive the profits or returns totally or partially in cash, to the extent permitted or recommended

by general economic conditions and the capital requirements of the enterprise and the need for maintaining parity of capital of its constituting entities A and B.

(h) The envisaged delay of 5, 10 or 15 years, and the conditions laid down to enable the workers in the enterprise, members through entity B, to eventually have at their disposal joint capital representing 50 per cent of the total capital of the enterprise, is important in several respects:

On the one hand, the immediate distribution in cash of the profits of the undertaking among the workers would undoubtedly provoke an immediate increase in the demand for consumer goods, with consequent inflationary pressure. The delay indicated would set in motion the gradual capitalisation of the workers' sector, and the payment in cash of profits (or dividends), partially or in total, would only take place much later and under the conditions given in (g) above; it would weaken inflationary effects and give time for production and other economic factors to adjust to the new situation.

On the other hand, the envisaged delay would allow, in the interim period, the member/workers to prepare themselves for the proper exercise of their new functions within the enterprise, and would give them the necessary time, faced with the gradual increase of labour participation in direction, to provide education and training for the members of entity B—in administration, in co-operation, not to mention, for example, the possibility for the working sector to obtain adequate technical advice.

(i) Given that the reform suggested aims at improving the distribution of

property, of profits and power of decision-making within the enterprise to reduce economic inequalities, it would normally not apply to non-profit making bodies. In other words, such a reform does not apply to organisations which do not produce for their members any type of gain or material advantage (social service, charitable or cultural institutions), nor to other bodies which—although their members may gain some monetary or material advantage—have been set up with other fundamental objectives and/or are subject to certain standards which restrict the speculative character of their operations and ensure the pursuit of aims in the public interest (co-operatives, mutualities, trade unions, limited interest companies (*sociedades anonimas de interes limitado*), etc).

(j) The proposed system would be initiated in the industrialised countries, where its effects would be greater; and in those countries, the system would perhaps first be applied in those large enterprises where there is less tradition of a proprietor-figure and the administration is in the hands of specialist personnel who apply modern methods of programming and management.

2. Advantages of the Proposed Reform

(a) The reform under consideration would improve the social condition of the workers, through their progressive participation in the administration of the enterprise in which they work, and then also their economic condition, through their progressive participation in its social capital and the distribution of its profits.

(b) The proposed structural change would lead to greater equality and would

democratise the functioning of enterprises; additionally, it would tend to increase productivity, because of the participation of the personnel in management of the firm's activities, in the formation of the social capital and in the distribution of the profits.

(c) Given that the proposed reform alone would determine changes in the internal structure of private enterprises and that these would continue to operate within a competitive or market economy, the fact that their economic freedom remains unaffected would facilitate the changes and adaptations which they themselves considered suitable.

(d) The fairer distribution of property, of profits and of decision-making within the enterprise would have the positive effect of more harmonious relations between capital and labour, and at the same time lead to greater harmony of interests within society all of which would help to eradicate violence.

It has been said by some of the most conservative thinkers in the free enterprise countries, that it is no longer a matter of surrendering 50 per cent of property and decision-making, but of salvaging the remaining 50 per cent.

(e) It is hoped that the new condition of the workers which make up entity B, and especially the gradual transformation of dependent labour into associated labour, would link individuals more closely with their workplace and the results of their work, contribute to the maintenance of informed discipline in production and dissolve the sense of alienation deriving from technological progress and the increasing sophistication of production.

(f) In cases where entity B is constituted as a workers' co-operative, its

specific modes of organisation and operation would assist in overcoming or minimising some of the difficulties normally encountered in the development of this type of co-operative.

This would be particularly the case in connection with the problem of lack of disposable capital on the part of the members, as in this case capital formation of entity B would take place through the proposed capitalisation of 50 per cent of the profits of the original enterprise, in a gradual form and as the profits were produced. Likewise other problems connected with workers' co-operatives would lose their force, such as the difficulty of placing the articles or services produced (which would continue to be done by the enterprise) and a possible tendency to make payments to members at the expense of the co-operative's capitalisation (which, as can be seen in 1(g) above, would be largely prevented by the specific character of the proposed reform).

(g) With regard to the problems which normally arise in various reform projects, through lack of training and experience of workers in management skills, these would be considerably reduced in the reform proposed.

In fact, the linking of entity B (consisting of the workers) with entity A (consisting of the previous shareholder/owners) would enable the lack of experience of the former to be overcome through the expertise of the latter; the gradual character of the reform would give time for the education and training of the members of entity B which would assist in the exercise of their new functions and responsibilities; in addition it would be possible either to make use of the professional staff already working

in the enterprise or to hire new staff who would collaborate with the representatives of the associated workers.

(h) The gradual character of the reform, as already indicated, would have other advantages. It is well known that, unless accompanied by increased production, any immediate redistribution of income in favour of workers increases the demand for consumer goods and tends to aggravate inflationary processes; the proposal under consideration provides that, for several years, the profits due to entity B would go to building up its capital within the enterprise and also controls their payment in cash (see 1(g) and 1(h) above) in such a way that, by deferring increases in consumption, these can be absorbed by general economic conditions.

3. Difficulties and Disadvantages of the Proposed Reform

(a) If the proposed structural reform is imposed by legislation, there could be an unfavourable reaction on the part of the entrepreneurs, which could result in the closing down or dismantling of some undertakings, an unwillingness to set up new undertakings or expand existing ones, etc.

These disadvantages take on special importance in connection with the developing areas, which are particularly interested in promoting sources of employment for their populations, and in all those regions which, for one reason or another, suffer from regular or sporadic employment problems.

It would then be necessary to adapt in each case the conditions of such reform, since the aim is to achieve greater harmony and distributive justice without

crystallising, much less being the cause of, economic recession.

(b) If gradual implementation of the system is decided upon, it would be necessary to decide upon the type of private enterprise in which it would be suitable to start the proposed reform. In this respect, as we have noted, the large enterprises might be considered the most suitable (where the management is normally in the hands of professional managers, resulting in a more impersonal administration); but even in this case it would be necessary to determine the characteristics and minimum requirements of the enterprises applying the system, with respect to number of employees, amount of social capital and volume of turnover.

(c) Difficulties could arise in cases where member/workers of entity B decided to withdraw for various reasons (change of domicile, a wish to work in another firm or to develop some other form of activity, etc), in connection with the disposal of their economic interests.

In such cases it might appear logical to require that the "social shares" (according to the type of association adopted) due to the retiring worker, should be transferred to the worker replacing him, or else revert to entity B—which would eventually award them to a new worker/member; this would be necessary to avoid certain types of speculation in this respect.

It would also appear suitable in this connection to adopt the measure often contained in the legal or statutory dispositions of many bodies (including co-operatives) with the object of protecting their financial stability, according to which applications for repayment of members' capital are dealt with strictly

in rotation, and the maximum annual repayment is limited to a certain proportion of the total capital.

(d) It has been noted in recent years that not only the power of decision-making, but also the disposal of profits which were previously exercised by the shareholders of the large limited companies, have now to a large extent passed into the hands of the paid directors and other top officials of such companies, the technocracy whose characteristics and defects have been so vividly described by the American economist, John K. Galbraith.

One wonders, therefore, whether in the current operating conditions of the large enterprises, the projected reform would have any effect on the real power centres within such enterprises; it is necessary to ask, for example, if the increasing influence of the technocrats could in any way be balanced by the greater participation which the proposed reform assigns to workers' representatives.

(e) Since the frontiers of a State also mark the limits of its sovereignty, it would seem logical to believe that the adoption in only certain countries of the proposed reform, would induce entrepreneurs to set up their undertakings in countries where such a system did not operate, or to move existing installations to such countries; i.e. that the setting up of the system might frighten away the entrepreneurs of certain countries in order not to have to subject themselves to restrictions in the allocation of profits and the exercise of their directive power.

This would have particularly serious results in developing countries which are anxious to attract entrepreneurs by means of tax exemptions and reductions,

customs protection, subsidies, special credits and other forms of promotion, in order to encourage the setting up of undertaking to activate the economy and provide new sources of employment. This is one point more to add to those in 1(j) above, recommending that the initial application of this reform should take place in the developed countries, which have a better industrial tradition and better financial and institutional stability.

4. Some Questions on the Proposal

We would like to add to our description certain doubts and possibilities which have come to mind during our critical study of this proposal.

(a) It would be necessary to determine the type of process required for the formation of the new entities A and B within enterprises. Should it be absolutely free, should it be imposed by law, or perhaps merely introduced through a suitable fiscal policy or the granting of predetermined subsidies or privileges? Might it be possible that the workers accepted the system, while the personnel were reluctant and only accepted it under pressure or if ultimately it proved difficult to obtain staff under other conditions?

(b) It would also be necessary to determine whether the proposed reform in structure should be a substitutive system or should simply complement existing systems. Would it apply to all enterprises or, as indicated in 3(b) above, only those above predetermined limits of employees, total sales, etc?

(c) The funds intended to build up the capital of entity B could stem, not only from the capitalisation of 50 per cent of the enterprise's profits, but also from other complementary or alternative sour-

ces; e.g. (1) customers; (2) deductions from salaries and wages; (3) governmental—exemption or rebate of certain taxes, etc.

(d) We have already noted that the reform would aim at transferring one half of the capital of enterprises to their workers, preferably organised in the form of co-operatives. However the question should be asked, in practice, how and when would the members of the entities A and B have access to the dividends or the surpluses due to them?

Concerning the member/shareholders of entity A, we have already indicated that, once the reform has been introduced, they would receive their dividends largely in preference shares and/or in cash, with the object of facilitating the equalisation of capital with entity B. As for the member/workers of entity B, it would seem logical that, once the reform has been introduced, they should allocate the whole of the profits or surpluses due to them, to the building up of the capital of their joint organisation; and that the interest produced eventually through their co-operative shares should not be distributed in cash, but should go to reducing the time required for entity B to achieve ownership of 50 per cent of the capital of the enterprise.

However, presumably, once equality of capital of entities A and B has been reached, it would be appropriate for members to withdraw their interest and/or profits or surpluses, save in those cases where, by common agreement, the members of entities A and B decide on total or partial capitalisation to strengthen or expand the undertaking.

(e) It would be necessary to determine the extent to which the proposed reform

would affect the application of the social and labour laws.

If at the commencement of the implementation of the system, application of the legal dispositions concerning illness, industrial accident, annual paid holidays and other worker protection measures, would undoubtedly still be essential, it may be asked whether the same protection would continue to be necessary when the various entities B achieve ownership of a considerable part of the capital of their respective enterprises, or whether it would be appropriate to carry out progressive adjustments to the point where the normal laws and standards would apply.

It would also undoubtedly be essential that, in conjunction with the exercise of the social and labour rights of the worker/members, fulfilment of their *obligations* should also be ensured, in particular that work discipline without which it would be possible neither to initiate nor complete the proposed objectives.

5. Final Observations

In conclusion, we would like to make the following observations:

(a) In a free economic and political regime, there is the possibility of formulating criticisms and proposing corrections tending to amend or alleviate the

inevitable failings and injustices which occur.

(b) The market economy system can undoubtedly be improved through reforms which will democratise the system, modify the resulting inequalities and tend towards better or more appropriate participation of all elements in the management and the profits of enterprises.

(c) Institutions normally continuously adapt their programmes and achievements on the market; and every year appear hundreds of standards intended to adapt or modify them (laws, decrees, orders, resolutions, circulars, etc). It is not possible logically to hope that we shall immediately come up with a magic formula which will solve the greater part of the socio-economic problems currently existing in every country, as if it were a new drug with immediate and generalised action.

(d) The most important characteristics and the advantages and disadvantages of the proposed reform can be seen from sections 1, 2 and 3 of this paper.

(e) We have many doubts and foresee many difficulties in relation to this proposal; but something has been achieved if this proposal gives rise to some utilisable ideas through new adaptations or adjustments, which will justify the attention we have given this project and which we invite the readers of these pages also to give it.

Tr: M.B.

Self-Managing Companies in the Netherlands

by

C. L. Provily

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In the Netherlands there would appear to be a healthy climate for workers' productive co-operatives, because the last two decades have seen a considerable increase of interest in self-managing enterprises.

— The Dutch Federation of Workers' Productive Co-operative Societies (ABC), founded 20 years ago, has given information to several thousands of interested companies, institutes, trade unions, universities etc. and there is an Inter-Departmental Working Group for the promotion of self-managing enterprises.

— Universities and other educational institutes are carrying out research; many students are studying self-managing organisations and using the theme for their degree theses. (Incidentally the Federation also gives lectures to students, and some university social scientists provide advice to companies aiming at self-management.)

— Trade union experts have carried out a study on workers' productive co-operatives in Western Europe; some regional trade unionists have consulted the Federation in cases where enterprises have been threatened by closure.

— Employers' organisations have published material about self-managing enterprises and referred to them in their long-term programmes.

— Some years ago the Federation published a manual for workers' productive co-operatives, which received considerable publicity and attention from the press, radio and television.

So it really would appear that the promotion of self-managing enterprises in the Netherlands was going ahead satisfactorily.

But, if the results of all these activities and enquiries are taken into consideration, that satisfaction is considerably reduced: there is a good deal of verbal interest, but this does not solve problems. In the Netherlands there are some 80 self-managing enterprises of one form or another, but only 25 per cent are affiliated to the Federation of Workers' Productive Co-operative Societies.

In order to clarify the problems encountered in the establishment and running of such enterprises, the Federation commissioned one of its affiliated societies (organisation and management consultants) to undertake some research on the subject and prepare a report. When the aims and objectives of the research had been formulated, the

Minister of Social Affairs agreed to subsidise it. The report would serve two purposes:

- The Interdepartmental Working Group would have the facts at its disposal to enable it to make recommendations for the removal of obstacles.
- The Federation would be able to use the Report in its own long-term planning.

The research started at the beginning of 1978 and took a year. The consultants published the report under the title, "Self-Managing Enterprises: Custom-made or Altered ready-made?". The results were satisfactory, both for the Ministry of Social Affairs and the Federation. There was a press conference in the official Dutch News Centre in The Hague and there was much publicity in many of the leading papers.

The main problems mentioned in the report were the following:

- The new civil code allows of two interpretations for co-operative societies: one is that a workers' productive co-operative can no longer have the juridical form of a co-operative—but if a workers' productive is set up under another juridical form, e.g. a limited liability company, considerably more money is needed for share capital. The other interpretation indicates that a workers' productive *can* still have the juridical form of a co-operative. This possibility of two interpretations has confounded many lawyers, and founders of new self-managing enterprises are often advised to use the company form, with the above consequences.

- Workers in all Dutch companies can participate in social security insurance schemes, to provide payment during illness or unemployment and health insurance. But in small workers' productive co-operatives, the board members, although working in their own society, are not considered as regular workers and are not allowed to participate in this kind of insurance, which means that board members must either go to the expense of providing their own insurance or go without.

- The type and quality of management are important criteria which influence bankers when an enterprise applies for a loan. But bankers are not familiar with collective management and have no experience of this way of running an enterprise. Therefore many self-managing enterprises encounter difficulties in obtaining credit from the banks.

- If the owner of a private company wants to give his company to the workers, or sell it to them on moderate terms, he comes up against fiscal problems. If a company is transformed into a co-operative, tax must be paid as if the company had been liquidated, and the amount of tax may be so high that there is insufficient capital left to continue running the business.

- Although the climate is favourable, real support for such initiatives is lacking. The Federation is too small to have sufficient resources; it has no capital nor does it have its own professional executive agency.

The report ended with a number of recommendations:

Short term—remove the obstructions as mentioned in the report.

Long term—create a completely new juridical form for self-managing enterprises, to be called “social enterprises”, of which the characteristics would be:

- workers’ participation in management;
- the hierarchy in the organisation to be based on the workers’ mandate;
- reserves to be indivisible;
- open publication of trading results;
- profits to go first to self-financing, before tax;
- transformation of companies into self-managing enterprises to be free of tax;
- such transformation to be irreversible;
- in the case of winding up, profits to go not to the members but to society as a whole.

The Interdepartmental Working Group was to concentrate on solutions for the immediate problems and present its final report and make recommendations to the Minister, at least on

the removal of obstacles. In the meantime the Federation approved a policy paper, in which the following activities were planned:

Short term

- Dealing with immediate problems, strengthening mutual contacts between existing self-managing enterprises, training board members of its affiliated societies in co-operative management and administration, continuing the promotion of new co-operative societies through education and information activities.

Long term

- Obtaining an executive agency and a professional organ, obtaining financial support with the aid of members/banks/government, working to introduce the “social enterprise” into the civil code.

Support is needed to fulfil all these aims. It is hoped to bring government, politicians, trade unionists and universities together in a conference in order to transform all the verbal interest into a practical form.

Cooperation and Struggle: The African-American Cooperative Tradition

by
Julian Ellison*

Anthropologists have recently demonstrated that the pre-capitalist economies of Africa were cooperatively organized. Exchange occurred not for profit but to assuage material need. The tribal economies of West Africa had well developed cooperative institutions. The caravans carrying gold, salt, steel swords and other goods from the Ghanian, Malian and Songhai empires across the Sahara to the Mediterranean in the European Middle Ages were organized cooperatively. In the small kingdoms of the forest belt along the Gulf of Guinea there were cooperative labor exchanges and rotating credit associations known as *esusu*.

These traditions were brought to the Western hemisphere by Africans during the Atlantic slave trade, and though attenuated by slavemaster suppression over the centuries, and transformed by contact with the European cooperative traditions, the African tradition survives even today. A major example is in the rotating credit association, or *esusu*. In the Caribbean it is called *susu*. In the U.S. South, it is called the ring. It

formed the basis for the establishment of burial societies, which in turn were transformed in the twentieth century into mutual insurance companies, and savings and loan associations.

The *esusu* could survive because it is essentially a private activity that can be easily hidden from those attempting to suppress it. Other forms of cooperation, including the establishment of cooperative settlements or communes require freedom if they are to flourish. There are many examples of successful, long lasting communal settlements having been organized by African-Americans, prior to 1900. They were virtually all conflict- or struggle-based, stretching back to the Maroon camps of escaped slaves in the 17th, 18th and 19th centuries. Much information on such early cooperative activity is available about the communes established along the Canadian border in the 1840's and 1850's. (See Richard S. Pease and Jane Pease, *Black Utopia*, for a listing, history and analysis of these settlements.) Colonies were also established by African-Americans in Mexico, Haiti, Jamaica, Trinidad, Panama and West Africa.

Canadian settlements were located near Windsor, Ontario, right across the river from Detroit. These communal

*Julian Ellison is travelled and experienced in third-world development. We are happy to use this article which has appeared in *Communities Magazine* 6/80 (USA).

settlements were created with the assistance of the Abolitionist Movement, and served as terminal points on the Underground Railroad. Financial assistance was obtained from wealthy whites in New England and in Europe. The Scotch-Irish people of Appalachia hid runaway slaves and provided food and directions for them on their way north. The settlements therefore were not intended to be exemplary institutions but support mechanisms for other social and political activities. They provided staging areas for blacks engaged in lecturing, organizing and struggling against the slaveholding regime.

These efforts took place independently of the Owenite movement in England during the same period, the Charles Fourier Phalanx movement in France, and the Rochdale movement. Owen, Fourier, St. Simon and Louis Blanc were social theorists attempting to apply their theories. Black intellectuals of the period were much more concerned with day-to-day struggle. They thus had much more in common with the Rochdale cooperators, although there is no evidence of collaboration between them.

Following emancipation in 1863, and the Union victory in 1865, the southern agricultural economy was in disarray. Many Blacks migrated from the south, some to Kansas and Oklahoma, others to northern cities, still others to southern cities. The majority, however, remained on the land, and after a brief period of about seven years the system of sharecropping was developed by the farmer planters as a means of tying Blacks to the land again under their domination.

As one reaction to this return to exploitation, Blacks and some whites in the Populist Movement organized the

Colored Farmers Alliance and Cooperative Union (CFACU) in Texas in 1886. (Ray Marshall and Lamond Godwin, *Cooperatives and Rural Poverty in the South*, Baltimore, 1971, p. 30). Eventually this group would have members throughout the South, perhaps over one million according to some accounts. But it was a short-lived experiment. In September 1889 National Guardsmen called out to suppress black demonstrations in Leflore County, Mississippi opened fire and killed five persons. The cause of the demonstrations in the majority black areas was economic competition fostered by CFACU with white farmers organized into the Southern Farmers Alliance. This episode signaled the end of CFACU as white reaction spread across the South. (William F. Homes, "The Leflore County Massacre and the Demise of the Coloured Farmers Alliance", *Phylon*, September 1973, pp. 267-274).

It was in this context that DuBois' study of cooperative black business enterprise nine years later in 1898 must be viewed. He was the first major intellectual to attempt to systematically describe and analyze the cooperative activities that Blacks had been engaged in for centuries. His cooperative commonwealth concept, far from being an abstraction, was a factual depiction of activities he and others had observed in Canada, Kansas, Oklahoma and across the South.

The Progressive Era, 1900-1918: Evolution of Black Cooperative Thought

Modern black cooperative theory began with Dr. W.E.B. DuBois' description of black business enterprise. Data

were obtained in the course of a survey undertaken by Dr. DuBois in 1898.

In 1907 DuBois undertook a larger study on the same theme, presenting a larger number of examples, and developing the idea of the "Group Economy". (DuBois, *Economic Cooperation Among Negro Americans*, Atlanta University Publications, 1907, pp. 178-179.) In 1910, DuBois left Atlanta University to serve as Director of Research at the NAACP, and editor of the organization's monthly bulletin, *The Crisis*. He presented very concisely the outlines of what would become by 1940 his black cooperative commonwealth strategy.

First, DuBois said, because the functional origin of black income was uniform, i.e. came from labor, no economic classes existed, no basis for conflict existed, and Blacks could, if astute, organize cooperatives much more easily than whites. Moreover, as the example of the English cooperative movement, a minority movement there, showed co-operation could succeed as a non-majority effort.

Second, in order to forestall opposition from whites, the black cooperative movement had to foreswear government financial assistance and remain initially at least nominally non-partisan. This would permit it to grow strong enough to serve as a power base for later racial and political reform efforts.

The movement would have to develop large scale enterprises to succeed and become independent. The first step was to establish local cooperative stores in towns and cities with 10,000 or more black population. These stores would sell food, clothing, and household goods to patrons. Capital would be raised by selling shares to patrons. These stores

would then join to form wholesaling operations to purchase directly from producers on behalf of the retail cooperative stores. The final elaboration of the scheme would have to await the Depression.

What is striking about it even in unfinished form is at once its antiquity, going back to the freed-slave colonies and the European utopian communities, and at the same time its modernity, being focused entirely on the cities toward which Blacks were then migrating in unprecedented waves. (Emmet J. Scott, *op cit*).

To cap this phase of his thought on the subject, DuBois invited Dr. James Peter Warbasse, surgeon and founder of the Cooperative League of the U.S.A. (CLUSA) to write an article for *The Crisis*. Warbasse responded with "The Theory of Cooperation". (March, 1918.)

Development of Black Cooperative Organizations

At a series of conferences in late September 1916 sponsored by Tuskegee Institute and involving black farmers and white bankers and planters, a proposal to organize a Farmers' Loan Association in Macon County was developed. This Association was intended to work with the "Farmers Loan Bank" then being established by the federal government. (Emmett J. Scott, *Negro Migration During the War*, N.Y., 1969, pp. 81-82 n.)

The reference is to the federal land banks and national farm loan associations created by the Federal Farm Loan Act of 1916. President Woodrow Wilson signed the Act on July 17, 1916. The national farm loan associations were cooperatively owned by farmers in 12 federal land bank districts. These asso-

ciations in turn ultimately owned the stock of their district land bank. The last of the 12 federal land banks was chartered on April 3, 1917. By the beginning of December, 1,839 farm loan associations had been organized and 1,985 others were being organized. Some of these, such as the one proposed at Tuskegee, apparently, had an entirely black membership. (See W. Gifford Hoag, *The Farm Credit System: A History of Financial Self-Help*, Danville, Ill., 1976, pp. 213-217n.)

The Interwar Period, 1919-1940

By 1919, cooperation had become relatively widespread among Blacks, particularly in rural areas. (George W. Blount, "Thrift and cooperation among Negroes", *Southern Workman*, August 1919).

In 1921, E. Franklin Frazier travelled to Denmark to spend a year studying the Danish cooperative movement. Upon his return, he published three articles in the *Southern Workman* reporting on and analyzing the experience.

In the first article Frazier sketched the history, character and extent of the cooperative movement in Denmark. The second article described in detail the management and operations of local Danish cooperative associations, and presented extracts of their by-laws. The final article distinguished between cooperation as he had observed it in Denmark, based on the Rochdale principles, and the concept of cooperation between the races, which was a popular philosophy among black intellectuals at that time.

Though he did not mention it in the article, a third concept of cooperation also had some currency at the time. This

concept, focused on business, considered any form of business organization engaged in by more than one person as cooperation. Such cooperation was urged on Blacks by virtually all black spokesmen, from DuBois to Dr. Robert R. Moton, who replaced Booker T. Washington as head of Tuskegee Institute. Frazier also distinguished among production coops, consumer coops and cooperative credit societies. He then advocated this form of business organization for blacks, basing his recommendation on the contention that this Rochdale type of cooperation would also contribute to the other two types. He cautioned, however, that unless cooperators were educated and/or intelligent they could be cheated by coop leaders/promoters. As examples, he mentioned some black farmers in North Carolina, whose marketing coop had failed because of malfeasance on the part of the leaders.

DuBois' interest in cooperatives as a tool for black economic development led him to correspond frequently with Warbasse. On February 13, 1925, for example, he wrote Warbasse asking if the trustees of the CLUSA fund would be interested in helping start cooperatives in Harlem. The request was clearly for financial assistance in this undertaking. The idea of awaiting the accumulation of the Blacks' own capital before beginning to develop cooperatives thus was implicitly rejected by DuBois. Warbasse's reply offered only the names and addresses of other Blacks who had contacted CLUSA expressing an interest in cooperatives, and hence was non-responsive. (Herbert Aptheker, ed., *The Correspondence of W.E.B. DuBois* vol. 1, p. 305, Amherst, Mass. 1971.)

In 1940 DuBois summed up his views on the potential of cooperatives to aid black development in his book, *Dusk of Dawn, An Autobiography of a Race Concept*. In the book he expanded the idea of group economy he had first presented in 1907. The concept involved consolidating the many small proprietorships that had developed in segregated black communities through the device of group purchasing of supplies by these firms, expanding the mutual insurance companies and savings and loan associations that constituted the largest black firms to finance this development and creating black consumer markets for black farm output.

The decade of the thirties, of course, was a period of massive federal involvement with coops. In April 30, 1935 President Roosevelt created the Resettlement Administration (RA) by issuing Executive Order 7027. RA established 13 known black subsistence communities. Planning for the first one began immediately, in May 1935. This community was located near Newport News, Virginia and was later converted into a housing development of 159 units surrounded by a greenbelt of farms and gardens.

The 13 black settlements had a total of 1,151 family units and contained 91,992 acres of land. In addition, there were 19 of the scattered farm projects that were racially integrated involving 1,117 family units and 161,992 acres. This "integration" usually meant two racially distinct settlements in the same general area. Thus Black cooperative settlements totaled 32.

The projects started by RA or inherited from FERA and the Division of Subsistence Homesteads included 82

scattered farm projects, 59 inherited settlement projects and 37 new settlement projects, 32 of which were rural agricultural. The total number of projects was thus 178. Black projects represent 18 percent of the total number of projects by this count.

After the transfer of the Division of Subsistence Homesteads to RA in 1935, the Division of Self-Help Cooperatives was liquidated by the Works Progress Administration (WPA) upon the expiration of authorizing legislation in June 30, 1938. As far as Blacks were concerned, this signalled the end of the New Deal's cooperative program. Although some black cooperative communities thrived in rural areas, the program as a whole must be judged a failure. (However, see Lester Salamon, *Land and Minority Enterprise*, 1976, for a positive analysis of the long term effect of these settlements.)

The Cooperative Lull, 1940-1964

Between 1940 and 1960 the black cooperative movement was generally dormant. Most economic activity centered on employment and public accommodations discrimination issues. The use of the economic boycott by Martin Luther King in Montgomery in the bus boycott episode triggered again direct action, self-help attitudes among Blacks, and brought many young black college students out of their dorms and classrooms to the dusty roads of the rural South to organize around economic issues. The Student Nonviolent Coordinating Committee (SNCC), organized by these students in 1960, was foremost among various organizations in promoting cooperatives. The Southern Christian Leadership Conference (SCLC) and the Congress of Racial Equality (CORE)

also were involved to some extent, although CORE's base was in northern urban areas. Interestingly, all three organizations had their origin in the church, still the strongest institution in the black community.

As early as 1941 CORE, heavily influenced by Mohandas K. Gandhi's philosophy of non-violent social action had established an *ashram* cooperative in Harlem as a sort of headquarters and crash pad for members coming through New York from other parts of the country. The *ashram* was founded by J. Holmes Smith, a white former Methodist missionary to India who had been closely associated with Gandhi (August Meir & Elliot Rudwick, *CORE*, p. 14.) Most of CORE's activity in cooperative organizing, however, took place in the South during the 1960's.

Following the Freedom Rides in 1961 CORE, whose strength lay largely in Mississippi Valley cities stretching south from its home in Chicago, developed a southern program. David J. Dennis, one of their field coordinators in Mississippi and former head of their New Orleans chapter, in March 1963 organized 18 women in Ruleville, Mississippi into the Ruleville Cooperative. The cooperative produced quilts and other craftworks. In early 1965, a sewing cooperative was started for black women in Madison County, Mississippi who had lost their jobs for protesting discrimination.

In 1966 the Scholarship, Education and Defense Fund for Racial Equality (SEDFRE), a tax exempt arm of CORE formed in 1962, broke its ties to the parent organization and established itself as a non-profit national training and technical assistance organization

specializing in community development. It was during this period that CORE was evolving from the integrated, non-violent civil rights organization associated with A. J. Muste, James Farmer and Floyd McKissick to one espousing the African nationalism associated with Roy Innis.

Some cooperative or quasi-cooperative activity continued through the 1940's and 1950's however, and for the first time the locus of these activities was the cities of the North and Midwest. For one example, during the late 1940's a number of black investment clubs were started in New York, Washington, Chicago and Milwaukee. These clubs acted as sort of informal mutual funds for small groups. In 1951 the clubs joined to form the National Association of Investment Clubs (NAIC), and established a headquarters in Royal Oak, Michigan, a suburb of Detroit. (Beverly Jensen, "Go Invest Young Man, Go Invest: A Look at Black Investment Clubs", *Black Enterprise*, December 1976, pp. 75-7.)

During the 1960's the membership of the clubs in Brooklyn was heavily West Indian. It was an easy step to go from the *susu*, in which the members' weekly or monthly payments were held by a treasurer either at home or in a bank savings account, to an investment club in which the periodic payments were invested on the stock or bond markets. But while *susu* members tended to be low income women of any age, investment club members tended to be middle income, middle aged, professional men. However, the investment clubs tended to involve the entire families of members, while *susu* or ring activities were more clandestine, probably a lingering tradition from the period of slavery.

The OEO Period, 1964-1970

The tiny seeds of cooperation being broadcast by SNCC, CORE and SCLC in the South, and by NAIC and other local groups in the North, were provided a generous dose of fertilizer by the passage of the Economic Opportunity Act of 1964 (EOA), which created the U.S. Office of Economic Opportunity (OEO). OEO's role in the development of the Federation of Southern Cooperatives and the Southern Cooperative Development Fund is well known. (For an account of this episode, see Marshall & Godwin, ch. 3.) Also involved with the development of this predominantly black federation, and financial/technical assistance organization were many white institutions, including the Selma Inter-Religious Project, the Delta Ministry of the National Council of Churches, the National Sharecroppers Fund, the Southern Regional Council, CLUSA, CUNA, the Ford Foundation, Field Foundation, New York Foundation, Cooperative Assistance Fund, Episcopal Church, Methodist Church and Presbyterian Church (Marshall & Godwin).

Government participation was critical, however, lending a legitimacy to these organizational efforts that would not otherwise have been obtained. The foundation and church support provided seed money for organizers' salaries. CLUSA and CUNA provided technical assistance and OEO financed the capital budget.

OEO was established in the Office of the President of the EOA on August 20, 1964. (By coincidence perhaps, the National Consumer Cooperative Bank Act was signed on August 20, 1978.) OEO assistance in the establishment of cooperative ventures for low income

families was included as an eligible activity under two Community Action Program (CAP) focal activities: consumer information, education and mutual aid; and housing and home management. (OEO, Community Action Program, *Community Action Program Guide*, vol. 1, 1965, p. 26). By 1968 OEO could report that nine percent of surveyed neighborhood centers (delegate agencies) in CAP had credit unions and/or consumer cooperatives. The survey also revealed that 28 percent of the centers offered consumer education and action programs.

OEO's cooperative assistance programs included, at various times, (1) rural coop loans, (2) rural coop grants, (3) CAP credit union assistance, and (4) CAP consumer coop assistance.

The model for OEO was Mobilization for Youth (MFY) and the community action projects of the Ford Foundation's Gray Areas Program. (See Daniel P. Moynihan, *Maximum Feasible Misunderstanding*, N.Y., 1970, pp. 56-57 and chs. 3-6 for an intellectual and political history of the development of both MFY and OEO.) MFY was established on New York City's lower east side in 1957 by white social reformers in the settlement house movement and the Columbia University School of Social Work. It was funded by the Kaplan and Taconic Foundations, the National Institute of Mental Health and the New York School of Social Work for four and a half years while preparing the proposal on which their program was based. The lower east side is one of the poorer neighborhoods in the city. The Ford Foundation started its Gray Area Programs in 1961, with grants to Oakland, New Haven, Boston, Philadelphia,

Washington, D.C., and the state of North Carolina for community action to rebuild deteriorating central cities. Through 1965 the foundation provided \$12 million to these projects. (Ford Foundation. *Community Development Corporations, A strategy for Depressed Urban and Rural Areas* A Ford Foundation Policy Paper, May, 1973.)

MFY's 619 page proposal was funded in 1961 by a consortium including the Ford Foundation, the City of New York, the National Institute of Mental Health, President John F. Kennedy's Committee on Juvenile Delinquency and Youth Crime (PCJD), the Labor Department, and a few other federal agencies. The program was inaugurated at a White House ceremony on May 31, 1962.

MFY started a number of food buying clubs on the lower east side beginning in 1965. Among the major sponsoring organizations for these buying clubs were United Puerto Ricans and the Negro Federation of the Lower East Side. (Harold Weissman, ed. *Community Development in the Mobilization for Youth Experience*, N.Y., pp. 71-82. (In 1968, MFY received an OEO grant to unite existing cooperatives in the neighborhood into a cooperative association. (OEO *Annual Report*, 1968.) It was apparently the first such cooperative consolidation program established in big city minority ghettos.

However, available figures indicate the overwhelming predominance of OEO cooperative assistance went not to urban centers like New York, but to rural areas.

The Seventies

On May 24-27, 1969 the National Black Economic Development Con-

ference met in Detroit, Michigan. The conference adopted a proposal presented by James Forman, formerly a leader in SNCC and the Black Panther Party, that was later to be dubbed the Black Manifesto by news media. For our purposes, its most relevant passage called for establishment of the International Black Appeal, one of whose three functions would be to develop cooperatives, not in the United States but in Africa. This meeting was financed largely by the Inter-religious Foundation for Community Action (IFCA), which was condemned in many quarters for doing so. (Robert S. Lecky & Elliot Wright, eds. *Black Manifesto; Religion, Racism and Reparations*, N.Y., 1969, Appendix.)

On March 10-12, 1972 one of the most significant gatherings of the decade convened in Gary, Indiana. Called the National Black Political Convention it brought together black local, state and federal elected officials, college professors and intellectuals, community action program executives and staff, and unattached community activists to write a national black political agenda. The honorary chairman was former Congressman Adam Clayton Powell, Jr. Serving as co-chairmen were Congressman Charles Diggs of Detroit, Mayor Richard G. Hatcher of Gary, and Imamu Amiri Baraka, head of the Committee for a Unified Newark, and the Congress of African Peoples. When the conferees departed, the document they had adopted included several references to cooperatives.

In the Economic Empowerment section of the document, item five was "to encourage exploration of alternative forms of economic organization and development of an economic system that

promotes self-reliance, cooperative economics, and people ownership (sic) and control of the means of production and distribution of goods." (National Black Political Convention, *National Black Political Agenda*, Washington, D.C., 1972, p. 9) The cooperative economics referred to is taken from the literal translation of *ujamaa*, the swahili word used by the Tanzanian government to describe the economic development strategy adopted in 1966.

In the Rural Development section, Blacks were called upon to establish land banks to assure "continual black ownership and control of land to be used for *cooperative* crop production, soil fertilization research, and animal husbandry", and to "create a Council on Rural Development to lend technical assistance to black farm owners, to create cooperative marketing ventures, to develop ways of creating food processing plants in the South, to conduct research into modern farming methods, and to plan a national design for rural development".

Black office holders and seekers were asked to "establish a Tennessee Valley Authority-type vehicle to function as a planning, coordinating and management structure for a rural industrial development program in the Black Belt. This institution was to be publicly funded, black-controlled, and was to emphasize cooperative-type ventures.

Among the participants at the 1969 Black Economic Development Conference in Detroit were representatives of CORE, SEDFRE, SNCC, the Black Panther Party (BPP), the Black Workers Congress (BWC), Nation of Islam (NI), Republic of New Africa (RNA), the Black Economic Research Center

(BERC) and Community Action Program delegate agencies.

At the 1972 National Black Political Convention participants included the same groups as well as the Congressional Black Caucus (CBC), Southern Conference of Black Mayors (now National Conference of Black Mayors, NCBM), Congress of African Peoples (CAP), Southern Christian Leadership Conference (SCLC), NAACP, National Urban League (NUL) and Emergency Land Fund (ELF).

As far as cooperative development goes, the most important of these organizations were the community action agencies and the Congress of African Peoples. Two of the major principles by which the latter group's members were guided were "*ujamaa*", explained above, and "*ujima*", another swahili word meaning collective work and responsibility. The Congress of African Peoples included a large number of intellectuals among its members, among them faculty members at major universities in African and African American Studies programs. It was led by a major black intellectual, Amiri Baraka, a poet and playwright with several Broadway plays to his credit. This organization had made a serious attempt to revive and expand the study of African cultures, history and economic structures, and to re-establish relevant traditions and structures in the United States.

The intellectual weight and glamor of the Congress of African Peoples inspired community action agencies to adopt the cooperative part of CAP's economic strategy, and utilizing agency economic development programs undertake a systematic effort to organize consumer cooperatives and low income credit

unions. While no figures are available on the number of such cooperatives and credit unions established, this writer was aware of at least one cooperative or buying club in every black neighborhood in Brooklyn, at least three credit unions in black Brooklyn neighborhoods, investment clubs in Brooklyn, and at least one minority cooperative or buying club in every borough in New York City. Moreover, cooperatives were known to exist in Newark, Philadelphia, Baltimore, Washington, D.C., Cleveland, Pittsburgh, Detroit, Youngstown, Chicago, Houston, Milwaukee, San Francisco, and Los Angeles. Many more undoubtedly existed, but research in the field would be required to document their existence, history and current status.

In the mid-1970's perhaps the largest black cooperative in the country was organized by Dr. Nathaniel Wright, Jr., his brother Benjamin Wright, his wife Jeanne Jason and a few colleagues. The BMI Cooperative (for Black Media Inc.) members are black newspapers across the country. The cooperative publishes a monthly supplement, the *National Black Monitor*, solicits national advertisers and performs miscellaneous other services for the over 100 papers that are members.

In November 1976, the Office of Minority Business Enterprise (OMBE) gave Opportunity Industrialization Centers (OIC) a grant of \$900,000 to establish community investment cooperatives in Jacksonville, Florida; Rocky Mount, N.C.; Augusta, Ga.; Springfield, Oh.; Oklahoma City, Ok.; Saginaw, MI; Trenton, N.J.; and Santa Ana, Ca. Each community investment cooperative (CIC) would serve as a vehicle by which community residents could invest in

profit-making businesses. The return on these investments would provide seed money for developing locally owned enterprises. To facilitate this latter phase of the program, a local branch of Progress Venture Capital Corporation, the OIC sponsored Minority Enterprise Small Business Investment Company (MESBIC), was to be established in each city. ("Minority Firms Get \$900,000 Boost on Road to Self-Sufficiency", *Commerce America*, November 22, 1976, p. 12).

A new element in this program is the deliberate focus on medium sized cities rather than the rural areas or metropolises that had previously been the targets of black cooperative organizers. The involvement of SBA and OMBE in a cooperative venture was also noteworthy. These two agencies had always had a policy of not financing cooperatives to that point. The focus on smaller cities is also a feature of BMI Cooperative, because most of its members are located in such cities. Because both BMI and OIC are headquartered in major cities, these efforts represent the development of a black cooperative network tying together big cities and small towns. Since rural cooperatives had already established links to urban areas, the network is nearly complete; all that is needed is the linkage of small cities and rural areas.

To bring this story as close to the present as possible, it should be noted that the National Black Convention of 1972 created an on-going structure called the National Black Assembly which has met every two years since then. The *cooperative* or *ujamaa* plank has remained a staple of the Assembly's ending document. However, the weight

given these pronouncements by community organizers has waned considerably. Elected officials have consolidated their position as leaders of the national black community, displacing to a large extent the charismatic leadership characteristic of the 1960's and early 70's. On February 28-March 21, 1980 these officials called a meeting to write another Black Agenda. This writer was asked to participate on a panel on housing, urban and rural development, and introduced information about the new National Consumer Cooperative Bank. As a consequence, the gathering adopted a plank recommending the organizing of a national task force "to monitor the developmental processes and operational methods of the National Consumer Cooperative Bank and to promote, encourage, and spearhead cooperative economic development within poor and minority communities." The chairman of this conference was Mayor Richard G. Hatcher of Gary, who had been a co-chairman of the 1972 convention.

Another emerging development is the growth of regular communication among African Americans with cooperators in Africa and the Caribbean. In 1974 many of the participants in the Gary meeting of 1972 had a chance to visit cooperatives and Ujamaa Villages in Tanzania during the Sixth Pan African Congress

held in that country at the University of Dar es Salaam. Among the participants in these tours was Father Albert McKnight, now a board member of the National Consumer Cooperative Bank, and this writer. In 1970 Guyana declared herself the world's first Cooperative Republic, and some African American cooperators were provided land to develop in the interior of the country. In 1978 Agricultural Teams sponsored a seminar on cooperation in Antigua and Dominica, the latter of which was scheduled to become independent later that year or the next. Among the participants were this writer, several former members of SEDFRE, representatives from ELF, the current head of the National Black Assembly, and representatives of several church groups which financed the seminar. While there, we toured the cooperatives on both islands. The ones in Dominica are sited precariously on the slopes of forested mountains.

Cooperative development is predominantly an indigenous phenomenon in the Caribbean, as it is in Africa. And in both areas, as well as in black communities in the United States cooperation is viewed as an economic development strategy. Cooperative organizations are viewed as providing a material base from which desirable social change can be effected.

Editor's Commentary

ICA 27th Congress 13-16 October 1980 Moscow (USSR)

The XXVIIth Congress of the International Co-operative Alliance was held in Moscow from 13 to 16 October 1980, under the Chairmanship of its President, Roger Kerinec. 604 delegates from 110 affiliated organisations in 52 countries, and 300 observers from 34 organisations in 34 countries, attended the opening ceremony, together with representatives of 10 international organisations.

Opening of Congress

The greetings of the government of the Soviet Union were presented from Mr Leonid Brezhnev by Mr P. Y. Strautmanis, Vice-President of the USSR Supreme Soviet Presidium. Mr Brezhnev stressed the importance of the co-operative movement in promoting international peace and contributing to the welfare of the people.

Mr A. Y. Biryukov, Vice-Chairman of the Executive Council of the Moscow City Soviet welcomed the delegates to their city.

In his opening speech Mr Roger Kerinec (France), President of the ICA, reminded delegates of the unanimous decision taken at the 1976 Paris Congress to accept the invitation of Centrosoyuz to hold the 27th Congress in Moscow. He underlined the universality of the problems facing mankind, and stressed the importance of the co-operative movement in developing exchanges of experience and trade relations and enabling international co-operative ideas to seize the minds of ever more people.

There were three main items on the Agenda of the Congress: the report of the Central Committee, detailing the work done by the ICA over the past four years; a look into the future under the heading "Co-operatives in the Year 2000"; and an assessment of the Co-operative Development Decade 1971-1980.

Central Committee Report

The Report of the Central Committee was introduced by the Director, Dr S. K. Saxena. Speakers in the debate particularly emphasised the need for peace and praised the ICA's work in this field. Other subjects discussed included the case for increasing collaboration between co-operatives, and the need to improve the finances of the ICA. An account was given of the "Buy a Bucket of Water Campaign", in which co-operators in many countries had helped to raise money to provide water for villages in need.

Chairmen of various ICA Committees and Working Parties reported on recent activities and meetings; Ms U. Jonsdotter, Chairman of the Women's Committee,

declared that the aim of her committee was to abolish itself—but only when women held 50 per cent of all places on all co-operative boards and committees!

A motion proposed by Central Committee on “Collaboration between Co-operatives” calling for closer trading relations and more joint ventures between co-operatives was unanimously adopted.

Co-operatives in the Year 2000

Two papers were presented to Congress. One, by Dr. A. F. Laidlow (Canada), described the economic environment in which co-operatives will probably operate during the next 20 years; it took a sombre view of economic prospects, recognised the difficulties facing co-operatives and made a number of proposals and recommendations as to the choices available now. The paper was introduced by the author and by Mr Y. Daneau on behalf of the Central Committee, who said that the report was the beginning of a process of evaluation, and not the end; co-operatives must plan their future—if they failed to do so others would plan it for them.

A separate report prepared by the socialist countries was introduced by Mr. A. A. Smirnov, a Vice-President of the ICA, who referred to the rather different role of co-operatives in the planned-economy countries. An animated debate, with some 40 speakers from many countries, from many types of co-operatives and with varying points of view, followed. A motion calling for further study of the topic, and asking the UN to pursue its objective of a new international economic order to help create more favourable conditions for sustained co-operative development, was adopted.

The Co-operative Development Decade

A paper recording and evaluating the activities of the ICA in promoting co-operative development in the 1970s was presented by Mr. P. Søliland, the other Vice-President of the ICA. Numerous speakers took up the need for co-operatives to participate in the development process, often illustrated with examples from their own countries and sectors of the co-operative movement. Practical assistance provided by various countries was highlighted, and suggestions were made for further help which could be offered, either bilaterally or through the ICA. In summing up the debate, Mr Søliland stressed the need for greater information exchange amongst countries engaged in assistance, through the ICA. He also stated that the major problem was the need to produce more food which meant that the development of agricultural and fisheries co-operatives must be an important aspect of future work. A motion proposed by the Central Committee, calling on member organisations to expand the ICA's Development Fund, and asking Central Committee to draw up a long-term policy for co-operative development to provide guidelines for the ICA technical assistance work was unanimously adopted.

Other Motions

A Motion on Peace, underlining the ICA's determination to support the United Nations in its endeavours to develop constructive programmes for peace and inter-

national co-operation was also unanimously adopted, as was an emergency motion to permit the Central Committee to decide on the location of the seat of the ICA.

Congress concluded with the examination of a number of motions submitted by organisations affiliated to the ICA. The following were adopted by Congress: Aid to Self-Help in Housing Provision; Measures on Consumer Protection; the Role of the Family in Housing Co-operatives; International Year of the Disabled; Co-operation of the ICA with other Mass Organisations; the Role of the ICA in the Consolidation of the Co-operative Movement; the Use of Mass Media in the Co-operative Movement; Women in the Co-operative Movement. A motion on Vietnam and Kampuchea was referred to Central Committee for consideration.

Pre-Congress Meetings

Various meetings and conferences took place in Moscow during the week before the commencement of Congress.

The *Executive Committee* admitted two new members to the Alliance, The Oljekonsumenternas Förbund, Sweden, an organisation for car owners and oil consumers' co-operatives, and the Central Union of Swaziland. It approved the setting up of a Mission to visit Spain in order that the ICA should have a better understanding of the Movement in that country and its inter-relationships.

The *Central Committee* re-elected Mr R. Kerinec (France) as President, and Messrs P. Soiland and A. A. Smirnov as Vice-Presidents. The following members were elected to the Executive Committee: Y. Daneau (Canada), S. Fujita (Japan), R. Heikkilä (Finland), J. Kaminski (Poland), F. L. Lair (USA), V. Magnani (Italy), L. Marcus (Sweden), M. Marik (Czechoslovakia), J. J. Musundi (Kenya), O. Paulig (Federal Republic of Germany), A. E. Rauter (Austria), B. S. Vishwanathan (India), H. W. Whitehead (UK). It accepted an invitation from the Finnish organisations to hold the next meeting of the Central Committee in September 1981 in Helsinki.

ICA Auxiliary Committees and Working Parties and other meetings took place as follows:

- The International Co-operative Housing Development Association (ICHDA) and the Housing Committee both held housing conferences.
- The Agricultural Committee, its Economic Sub-Committee and the Fisheries Committee, followed by the Second International Trade Conference.
- The Consumers' Committee, followed by a two-day conference; also INTERCOOP.
- The Women's Committee, followed by a two-day conference.
- The Advisory Group for International Training of Co-operators (AGITCOOP), followed by an Education Conference.
- The International Liaison Committee on Co-operative Thrift and Credit.
- The International Committee of Workers' Productive and Artisanal Co-operatives.
- The Librarians' Conference.
- The International Co-operative Press Conference.

Venue of the 1984 Congress

The International Co-operative Alliance was invited to hold its 28th Congress in the Federal Republic of Germany, by the BdK President, Mr O. Paulig.

In 1981 one of the issues of the *Review* will feature 'Congress in Brief', to appear in all editions. The full Congress Report is planned to appear early in 1982.

1981 - The International Year of Disabled Persons

Co-operatives, more perhaps than other organisations, have concerned themselves with the disabled members of their communities. Poland, particularly, has some of the oldest co-operative institutions concerned with the economic rehabilitation of the handicapped. A more recent example from the USA is described here.

The Carraig (Carrick) Knot

In California (USA), on 6th August 1979, a producers' pre-cooperative was launched by a group of severely handicapped people, working in tandem with able-



bodied ones, to manufacture high-quality wooden accessories for the kitchen and living-room. Their emblem is the Carraig Knot, used by seamen for centuries to join two unequal ropes; this symbolises the work through which they connect with the world at large.

The members are the victims of strokes, of crippling diseases, of accidents; many are disabled Mexican-American farmworkers, as featured in John Steinbeck's novels, and in fact Salinas, where the group is situated, is Steinbeck's birthplace.

They work on machines, hence employment criteria must be based on safety factors and on the adaptability of the individual to the machine and vice versa (some applicants cannot be accepted for their own protection); trained and supervised, they work six hours a day (soon to expand to eight hours) for a minimum wage of \$3.10 per hour. They produce beautiful rolling pins made of Baltic birch and walnut, cutting boards, even miniature trains, which are sold to speciality and department stores.

Carraig is a non-profit corporation which at present benefits from private and public assistance but is on the verge of making a profit, when it expects to become a self-sufficient producers' co-operative. It is hoped that consumer co-operatives will help by placing orders for these well-made, non-competitive products.*

Handicapped Children

The incidence of disability in children is *one in ten*. To a public bombarded with statistics containing figures too large to be conceptualised, this stands a chance of bringing home the reality that all concerned with the Year will be setting out to change. In absolute terms it means over 140 million disabled children in the world (about a third of the total disabled population), 80 per cent of whom live in the developing countries with virtually no access to any kind of rehabilitation service.

Wherever they live, handicapped children are likely to be stigmatised, ignored or even ostracised, because of ignorance and its consequences. Such reactions on the part of the community only exacerbate the degree of handicap and the effort required to overcome or adjust to a disability. Yet to break this vicious circle is a less daunting task than might be thought at first sight. Studies have found that over 80 per cent of disabled persons can be helped by resources existing in their communities. Simple, inexpensive techniques can be devised for use at local level, with beneficial consequences for a very high proportion of the community's disabled members. If such methods can be implemented widely and help to reduce the degree of handicap, perhaps they will also engender a less segregationist, stigmatising approach to disability.

On the success of this attempt to change attitudes at all levels depends the future of 140 million children—one in ten.†

*Report by David Klugman. The address of The Carraig Co., is POB 701, Salinas, California 93902, USA.

†The above extract is taken from UNICEF Ideas Forum—Supplement No. 6.

The Congress Resolution

Co-operatives, with their roots in the community, are in a strong position to lead in this rehabilitation. The 27th Congress of the International Co-operative Alliance passed the following Resolution:

	The 27th Congress of the International Co-operative Alliance
NOTING	that 1981 has been declared by the United Nations as the International Year of the Disabled;
DRAWS ATTENTION	to the problems of full integration of invalids and their rehabilitation into society;
NOTING	that the Co-operative Movement in a number of countries has attained considerable success in giving disabled people the possibility of full participation within the framework of the Co-operative Movement in social, economic and cultural life;
UNDERLINES	the achievement of housing co-operatives in the field of constructing flats for disabled people and in overcoming the architectural difficulties as well as contributing specialised co-operatives for invalids, in solving the difficult problems of professional rehabilitation and work access;
APPEALS	to all member organisations of the International Co-operative Alliance to pay special attention to these questions and to help co-operatives for invalids in their activities and development;
REQUESTS	all member organisations to take an active part in the International Year of the Disabled by developing national programmes of action and broadening the collaboration between co-operative organisations of different countries in order to fully utilise the co-operative form for the rehabilitation of invalids.

Kularajah retires from the Malaysian Co-operative Insurance Society (MCIS)

The year should not pass without mentioning the retirement of that excellent co-operator, Dato N. A. Kularajah, General Manager since 1961, as from 12th September 1980. The MCIS announces that Mr L. Meyyappan has been appointed as Acting General Manager.

Prior to his appointment as General Manager, Dato Kularajah had served in various capacities on the Board, including that of Chairman. "He took over a fledgling but struggling organisation that had no direction nor 'life' to sustain it. With faith and conviction in the co-operative concept and an enormous amount of energy and dedication coupled with imagination and dynamism he embarked on his job to chart a course of growth and development. He created an organisation that not only became the flagship of the co-operative movement but also a giant of a

national institution admired and respected by one and all in the country. In the process of developing the MCIS he also set a course for the co-operative movement, taking it to new planes and heights and giving inspiration and determination not only to Malaysian co-operators but to those all over the world.”

Dato Kularajah continues to hold important positions in many co-operative organisations in Malaysia, and has been closely associated with the ICA Regional Office & Education Centre for S.E. Asia since its inception, and a member of the ICA Council for S.E. Asia since 1964, of which he was the first elected Chairman.

Like so many active co-operators, we suspect that his “retirement” will only be the prelude to a widening range of activities in the co-operative field, and we wish him all success in whatever he undertakes.

A Vision of a Co-operative Future

As mentioned earlier, *Co-operatives in the Year 2000* was the main theme for discussion at the ICA’s 27th Congress held in Moscow in October. Although practical contributions to the discussion were disappointingly few, it was obvious that the theme had aroused great interest, many speakers pointing out that the fact that the issue had been raised was an important exercise in itself; many co-operative groups throughout the world will be studying the subject within their national movements—the Japanese Movement has distributed widely copies of a translation of Dr. Laidlaw’s paper, and it is also being distributed throughout the French Movement. It has been translated into Swedish.

* * * *

Interesting in this connection is the study undertaken by John Jordan of the Co-operative College of Canada, as a working paper for the First Global Conference on the Future held in Toronto in July 1980.

“History provides an appropriate entry to a discussion of social movements. The initial stages of the co-operative movements in England and Canada were marked by considerable analysis of the state of society, the source of its ills, and the nature of the co-operative alternative as a response. These are characteristic activities of a social movement in the process of formation, and generally result in a statement of the movement’s ideology. We might loosely define an ideology as a verbal image of the good society and the means of achieving it, together with an identification of the forces hostile to that vision. Wilson notes that the

prognostic [or forward-looking] component of the ideology has two parts. In one the goals of the movement are stated. The goals are some specific changes in the social structure, the environment, or the personality which the movement is working for. In the other the utopian vision is proclaimed—the state of affairs which the accomplishment of the movement’s goals is thought to bring about . . .

All social movements have prognostic ideologies and it is this which makes them change-oriented.¹

¹J. Wilson: *An Introduction to Social Movements*. New York, Basic Books, 1973.

“It is also precisely this quality which makes them future-oriented. Wilson goes on to note that ‘just as each ideology has an image of the past and the present, so each has an image of the future. The fulcrum between the present and the future is the movement itself.’ This has been true of co-operatives. Bonner argues that we are apt to forget that:

the Rochdale Pioneers commenced business with the purpose of pioneering the way to a new and better social order. Without that ideal the Society would never have been begun . . . without an ideal there would have been no Co-operative Movement.²

“Ian MacPherson concludes his recently published history of the English Canadian co-operative movement by pointing to the continuing importance of visionary goals:

Faith in the common man, a commitment to education for social change, an aversion to the competitive ethic, a distrust of traditional political activity, and a faith in the potential power of economic action remained powerful even in many large co-operatives in 1945. Utopian co-operators, in their many hues, were primarily responsible for keeping alive the dreams of a better, more co-operative world. Helped by the crisis of the depression and the challenges of the great wars, the utopians were allowed to play continuing major roles, roles far greater than their numbers would indicate. Thus, in comparison with many other national movements, the English-Canadian movement maintained its altruism remarkably well.³

“Three characteristics of social movements are important in the co-operative setting: first, the significance of a movement’s vision as a motivator and guide to decisions; second, the broad and inclusive quality of a movement and its vision; and third, the tendency of movements to create institutions (and the question of how movement and institution relate). Let us look briefly at each characteristic.

“*First, ideology or visions of the future are extremely important in guiding the pattern of co-operative development.* This is because ideals are powerful motivators to action, and because the content of a vision provides concrete guidance in making particular decisions. For example, the analysis by early co-operators that the annual surplus was generated by the users led to the recognition that it should be returned as a dividend on patronage, while capital was rewarded on a limited and fixed basis.

“It is clear in reading statements by early leaders of co-operative movements that their visions were not empty rhetoric. Visions were thought to be the only realistic response to the human condition:

There can be no question that the world’s economic future depends upon co-operative effort of some kind. The old, wasteful, competitive system has had its day. Hardly a month goes by without some merger of trade interests being effected to exploit the many in the interests of the few. The tendency to effect economies in production and distribution by a merger of interests is sound in principle, but vicious in the prevailing method of operation. The only alternatives

²A. Bonner: *British Co-operation. Manchester (UK), Co-operative Union, 1961.*

³I. MacPherson: *Each for All: a History of the Co-operative Movement in English Canada, 1900-1945. Toronto (Canada), Macmillan, 1979.*

are either the socialisation of the interests, of the whole people, of the production and distribution of wealth, a demand which the combines and trusts are feeding, or the voluntary organisation of the peoples' labour and resources under the well-tried and well-proven principles of the Co-operative Movement. (*The Canadian Co-operator*, November 1910 from MacPherson, *Ibid.*)

“*Second, movements are holistic; they concern man and society as a whole.* The vision concerns man as a complete being in a social setting. In principle social movements are open to a broad cross section of society, not limited to an exclusive group. Both of these dimensions distinguish social movements from interest groups which form to promote a particular narrow interest of their members.

“*Third, social movements give rise to institutions.* This raises the question of the ongoing relationship between a movement and its institutions.

“Successful social movements extend beyond issuing a statement of ideology or a proclamation of a utopian vision; they mobilise and act. They establish organisations, and in the case of the co-operative movement, enterprises are created to pursue both social and economic goals. But as a movement develops institutions and organisations, it moves beyond voicing a claim to the future. It makes an investment in the present. This usually introduces a period of modification of the vision as leaders become preoccupied with managing the realities of the present. Max Weber and others have long drawn attention to the decline of visions through the pressures of institutionalisation.

“This indeed has become the conventional wisdom. Visions are mystical and utopian, and utopia does not exist. This view argues that we should expect the declining importance of vision to be regularly observed in social movements and organisations. Charismatic leaders give way to professional managers; this is the price of institutional survival.

“A larger version of this theme can be seen in the demise of ideologies in North America in general. It has been argued that public decision-making will benefit more from the application of managerial techniques than the pursuit of ideals or ideologies. The result of this line of inquiry is to conclude that social movements and their visions are not simply unrealistic, but are impediments to contemporary notions of progress.

“This set of ideas may never have become dominant within the Canadian co-operative setting. Nonetheless, Canadian co-operatives have struggled with the more general question of how a movement relates to the institutions it creates. A crucial aspect of this problem is that the institutions are more highly organised than the movement. Yet, as MacPherson states, ‘any movement is always more than its institutions’ (*Ibid.*). What is this ‘more than’? How can it be organised? And how does it relate to the institutions it has created? What we have seen above is that a continuing function of the movement should be the generation of visions that provide ongoing guidance to the development of institutions and organisations which serve specific purposes. Movements are *driven* by vision—impelled by its urgency and guided by its content.”

* * * *

At this point it would be good to take with us into the year 1981 a quotation from a paper on *Reflections on the Future of the International Co-operative Movement* by W. P. Watkins, former ICA Director:

“The reality of the Co-operative Movement does not reside in its institutions or manifest itself through them unless it is first present in the minds of the men and women who become its members and leaders, men and women who do not stand in awe of established institutions but survey them critically and are resolved to change them when they have outlived their usefulness, men and women who do not conform blindly even to co-operative rules but have mastered the principles which they are intended to embody. These are the real Co-operators, and unless the Movement can produce increasing numbers of them and enlist them in all branches of its work as the numbers of its nominal adherents grow, its advance will not be self-propelled but only drift with the tide of events. Co-operators can only hope to conquer the future if they can unite on every level and stay united to meet the challenges of today.”

OBITUARY — Alexander Fraser Laidlaw

November 30, 1980, was a sad day for the world co-operative movement—a phone call from Ottawa announced the passing of Dr. Laidlaw at the age of 72.

Only a month ago he pointed out to us co-operators, assembled for the 27th Congress of the International Co-operative Alliance, a road to the future of Co-operation into the year 2000—a guide to world co-operative leaders for an ongoing discussion among all of us, in all our co-operative movements throughout the world, as to how we should set our house in order—how to re-evaluate and strengthen those principles that make us a group of humanity different from the economic systems dominating our lives, wherever we are; and he told us that if we are true to ourselves and our past, we have also a great future to work in.

He is no more, but his life and teaching live on in us, and in the generation of co-operators who will enter the year 2000. So thank you, Alex.

In many of his books we can find references to his belief that the “best form of co-operative propaganda is always the quiet example of successful societies”. His own life was an example of that quiet kind of success in human terms: strengthened by his deep belief in the Christian view of man and the serenity derived from a happy supportive marriage, he could go out into the world more easily than others, and could find answers to the many problems encountered, in many lands, in organising co-operatives as agents of change in the lives of the people. He also gave to all of us the most precious gift that one human being can give another, which is to give of your time to listen, to talk, and only then to render advice. It is rare in our times to find a person who will always make himself available to others.

Dr. Laidlaw was born in Nova Scotia, Canada, and developed his interest in the co-operative movement during the 30s as a teacher in Cape Breton. He became a school principal, and investigator and Secretary to the Nova Scotia Department of Education, before he discovered his real deep interest when he joined St. Francis Xavier University, Antigonish, as the Associate Director of its Extension Department. It was here, in long discussions with Bishop Coady whose letters he published many years later, that his ideas on co-operative origins were formed in the 40s and 50s. His interest in co-operatives as well as in adult education led him to take up, in 1958, the post of General Secretary of the Co-operative Union of Canada. He also served on the boards of many other co-operative organisations. His own experience in co-operative organisation included extensive work in India and a study of the co-operative movements in Nigeria and other areas of Africa and South-East Asia.

Dr. Laidlaw was consulted in many parts of the world. One of the peaks of his career was in 1968 when, in view of the important role played by the co-operative movement in implementing government development plans and in the distribution of essential consumer commodities, the Governor of Ceylon (now Sri Lanka) appointed a Royal Commission to examine the movement in that country and to suggest measures for strengthening and improving its operation, with Dr. Laidlaw as the Chairman.

Alex Laidlaw has played an important part in the work of the International Co-operative Alliance: he was a member of its Central Committee throughout the 60s and for two years he served on the ICA Executive Committee. It was, however, in the 70s especially that his services were invaluable to the thinking and concerns of that period. In July 1977 he took part in a consultation on "Co-operatives and the Poor" with Uma Lele, the famous economist of the World Bank, held at the British Co-operative College at Loughborough; the resulting report was published in the ICA Studies and Reports Series. In 1979 he was asked to write the paper for the theme proposed by the ICA for its 27th Congress in 1980, "Co-operatives in the Year 2000", and he presented this at the Congress in October this year.

But Alex Laidlaw continuously tested the validity of his advice and writings by staying close to co-operative work, and only two weeks before his untimely death he was elected President of a housing co-operative just starting work on a new housing complex near his home, where he himself had hoped to take up a place to live with his family. He was deeply involved in the Co-operative Housing Federation of Canada, and he was often asked by the Government of Canada to represent it, as a co-operative specialist, in the international development work through which the Canadian Government has generously offered so much help in many parts of the world. He also worked from time to time on projects for the United Nations Specialist Agencies . . . A truly full life for Co-operation.

J.H.O.

Recent Books

by
Anne Lamming
ICA Librarian

The books listed should be ordered
direct from the publishers
ICA can only supply its own publications.

ABRAHAMSON, Martin A.: Agricultural Co-operation in the United States
(Occas. Paper No. 45)

Oxford (UK), Plunkett Foundation, 1980. 223pp; tabs; illus; index.

The book aims at providing an understanding of the place of agricultural co-operatives in the economy of the USA. It shows the legal and fiscal position, and deals with marketing, farm supply and service co-operatives.

AMERICAN INSTITUTE OF CO-OPERATION: Expanding Co-operative Horizons 1979-1980.

Washington, DC (USA), AIC, 1980. 502pp; illus; stats; index.

A collection of essays and speeches reflecting the response of US co-operatives to various pressure points—inflation, energy, legal matters, and changes in management and technology.

BAVISKAR, B. S.: The Politics of Development—Sugar Co-operatives in Rural Maharashtra.

Delhi (India), Oxford University Press, 1980. 241pp; appendix; glossary; refs; index.

Next to textiles, sugar is the largest processing industry in India, and offers in Maharashtra State a successful example of growth in the co-operative movement. This book tries to identify the factors which determine the success of a co-operative.

CAMPBELL, Alastair: Mondragon 1980 (ICOM Pamphlet No. 9).

Leeds (UK), Industrial Common Ownership Movement, 1980. 23pp; appendices. £0.95p.

A brief description of the current position of the Mondragon co-operatives, with a description of how these successful operations arrived at their present state.

CENTRAL UNION OF WORK CO-OPERATIVES: The Polish Work Co-operative Movement.

Poznan (Poland), CZSP, 1979. Illus. brochure. (Polish, English, Russian, French).

A brief descriptive pamphlet on workers' productive co-operatives in Poland.

COCKERTON, P. and BAILEY, R: Co-operative Agency Project—Report of a Feasibility Study into Setting up a Local Co-operative Development Agency in the area around Milton Keynes. (Occas. Paper Series No. 2)

Milton Keynes (UK), Open University Coops. Research Unit, 1980. 48pp. £2.00.

GAUDIBERT, Jean-Claude: L'hydre aux oeufs d'or—Les choix solidaristes en France et dans le monde.

Paris (France), Editions Serge Godin, 1980. 394pp; index.

A polemical analysis of the activities of co-operatives in the fields of agriculture, credit, insurance, retailing, etc. in France, North America and various countries of Europe.

GOODMAN, Maggie (ed.): Co-operative Literature 1979—Accessions Lists for the period Oct. 1978—Dec. 1979.

Oxford (UK), Plunkett Foundation for Co-operative Studies, 1980. 100pp; index. £2.00.

A joint accessions list of English language co-operative literature received in 1979 in the Libraries of the CWS, the Co-operative College, the Co-operative Party, the Co-operative Union, the Plunkett Foundation and the ICA. Has 560 entries covering 60 countries arranged under 26 subject headings.

GROUPEMENT NATIONAL DE LA COOPERATION: Le mouvement coopératif en France.

Paris (France), Editions C.I.E.M., 1980(?). 94pp; annexes; bibl; tabs; lists.

An introduction to the co-operative movement in France, with chapters on agriculture, thrift and credit, consumers' and retail, workers' productives, services, and school co-operatives.

INTERNATIONAL CO-OPERATIVE ALLIANCE: Research Register of Studies on Co-operatives in Developing Countries and Selected Bibliography (Bulletin No. 9)

Budapest (Hungary), Coop. Research Institute, 1980. 93pp.

INTERNATIONAL LIAISON COMMITTEE ON CO-OPERATIVE THRIFT AND CREDIT: Thrift and Credit Co-operatives and their Economic and Social Environment—4th International Conference on Co-operative Thrift and Credit, Rio de Janeiro, 17-21 April 1977.

London (UK), ICA, 1980. 128pp; illus; ref. index; appendices.

An account of the fourth international conference held to discuss savings and credit co-operatives. This one laid particular stress on ways and means of serving new needs and the needs of the very poor, as well as on efficiency.

JORDAN, John: Co-operative Movement, System and Futures—Co-operative Future Directions Project Working Papers, No. 2 June 1980.

Saskatchewan (Canada), Coop. College of Canada, 1980. 28pp; figs; footnotes; bibl. \$2.00.

The author defines the difference between the co-operative movement and the co-operative system, the relationship between the two, and the need to accommodate both dimensions in planning for the future.

KADVEKAR, Dr. S. V.: Management of Co-operative Spinning Mills in Maharashtra.

Delhi (India), Indian Book Gallery, 1980. 233pp; tabs; figs; bibl; index.

In India co-operative spinning mills, organised either by the cotton growers or by the weavers, have achieved a great deal of success. This study concentrates on the management aspects of the cotton industry—the most important manufacturing industry in India.

KAPDE, M. V.: Economics of Marketing Co-operatives.

New Delhi (India), National Publishing House, 1979. 206pp; tabs; graphs; appendices; index.

A study of co-operative marketing in Rajasthan in which the author examines the role of various institutions and market structures and their performance.

LABOUR PARTY: Workers' Co-operatives.

London (UK), The Labour Party, 1980. 34pp; appendix. £0.60p.

A discussion document for the UK Labour movement, to encourage debate in the Labour Party and trade unions on ways in which co-operatives can contribute to Labour's goal for social control of a planned economy—including indications of the legislation needed to give impetus to workers' co-operatives in the UK.

LOCKETT, Martin: Fakenham Enterprises (Co-operatives Research Monograph No. 1).

Milton Keynes (UK), Open University Coops. Research Unit, 1978. 129pp; tabs; notes.

History and analysis of a shoe-workers and dressmakers' co-operative, established in the context of a fight against redundancy.

MARIANO, Filippo et al: La Repubblica dei Lavoratori—Il problema della partecipazione nella cooperazione italiana ed europea.

Bari (Italy), De Donato editore Spa, 1980. 168pp; footnotes; index.

A collection of nine papers on aspects of workers' productive co-operatives, both in Italy and in other countries. The writers include Antoine Antoni, Fabio Carpanelli and Jaroslav Vanek.

OPEN UNIVERSITY Co-operatives Research Unit: Co-operatives Research Directory—Jan. 1980.

Milton Keynes (UK), Open University Coops. Research Unit, 1980. 21pp. £0.75.

PATON, Rob: Some Problems of Co-operative Organisation (Coops. Research Monograph No. 3).

Milton Keynes (UK), Open University Coops. Research Unit, 1978. 81pp; refs. (ring-binder).

An analysis, based on case studies, of organisational problems of workers' co-operatives in the UK.

PATON, Rob and LOCKETT, Martin: Fairblow Dynamics (Cooperatives Research Monograph No. 2).

Milton Keynes (UK), Open University Coops. Research Unit, 1978. 202pp; appendix; refs. (ringbinder).

Unlike many other UK worker co-operatives, Fairblow Dynamics was not formed to preserve jobs, nor is it held together by a small group of people with a special commitment to the ideology of common ownership. It is an engineering enterprise with 200 workers which has been functioning successfully for 25 years. This study shows the impact of worker-ownership on the decision-making and control systems of the enterprise.

STOUT, B. A. et al: Energy for World Agriculture (FAO Agricultural Series No. 7).

Rome (Italy), FAO, 1979. 286pp; tabs; illus; apps; refs; index; figs.

A comprehensive assessment of present and future applications of energy in agriculture, with emphasis on future technological prospects for the use of renewable resources.

SZEP, Dr. György: The relationship of the State and the Co-operatives in the Hungarian Co-operative Movement (Documents on the Agricultural Co-operatives, No. 4, 1979).

Budapest (Hungary), National Council of Agricultural Co-operatives, 1979. 33pp; bibl.

An account of how the law regulates the workings of co-operatives in Hungary.

TYNAN, Eirlys: Little Women (Case Study Series No. 2).
Milton Keynes (UK), Open University Coops. Research Unit, 1980. 46pp. £1.50.
The story of a small retail shop run by its worker/owners.

TYNAN, Eirlys: Sunderlandia (Case Study Series No. 3).
Milton Keynes (UK), Open University Coops. Research Unit, 1980. 67pp; refs.
This study traces the short history of a builders' co-operative, mainly through the perceptions of the workforce.

TYNAN, Eirlys: Unit 58. (Case Study Series No. 1).
Milton Keynes (UK), Open University Coops. Research Unit, 1980. 22pp. £1.00.
A descriptive account of the failure of a small printing co-operative.

CO-OPERATIVE LITERATURE 1979

**Accessions List for the Period
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edited by Maggie Goodman and compiled jointly by the Librarians of the Co-operative College, Co-operative Party, Co-operative Union, Co-operative Wholesale Society, International Co-operative Alliance and the Plunkett Foundation.

1980, 112 pages. £2.00

**Plunkett Foundation for Cooperative Studies
31 St. Giles
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Some 560 entries covering 60 countries and 26 co-operative subjects ranging from Agriculture to Workers' Co-operatives, Housing to Accounting, Education to Transport, are included in the first of a new series designed to provide an extensive guide to co-operative literature. The wide range of acquisitions of the six libraries is arranged in useful subject order with country and author indexes, and locations are indicated to help intending borrowers. It is hoped that the list will be published annually to enable students and librarians to keep abreast of recent publications in the field.

Book Reviews

Ujamaa Villages in Tanzania: Analysis of a Social Experiment by Michaela von Freyhold. *Heinemann, London, UK.* £3.95.

Tanzania's unique rural policies have attracted wide attention, so that the key-word *Ujamaa*, describing the former basic official idea of rural co-operation and self-help, has become the best-known Swahili word after *Uhuru*. But hard information on those policies is scarce outside Tanzania. So it is useful to have this new study by a West German sociologist of the effects in one region (Tanga) of the policies initiated in 1967 by President Nyerere's Arusha Declaration. These policies have now been completely abandoned, but a study of them is still very useful.

Following the Declaration, villages were set up with communal farms. The study explains how communal farming was added to ordinary peasant small-holder agriculture in villages which Prof. von Freyhold studied for the period 1968-71 and revisited in 1973 and 1977. She lists the potential advantages which—in theory, all over Africa—follow farming larger acreages than the normal peasant holding, and hence (so it was hoped in Tanzania) would also follow farming larger acreages by communal work, with the income shared in the same way as the ownership. Such expected advantages included easier introduction of new techniques (tractor cultivation in some places, in Tanzania often ox-ploughing) and possibly enlarged incomes for poor communities. But Prof. von Freyhold also describes the persistent failure to secure such benefits. Failure was general in the government's pre-1967 schemes—and, so this book shows, in the post-Arusha schemes also.

The description of the Ujamaa Villages set up from 1968 to 1971, supported by interesting detailed case-studies (of

Segeru, Mkinga Leo, and other villages) is generally a record of failure or of success obtained by doubtful means. Some Ujamaa Villages were established by voluntary efforts, but some by direct compulsion (this is described for the Manderi area, p.47), and many by indirect compulsion, especially through the method of distributing famine relief in 1971; many details are given of how the distribution was in Ujamaa Villages only, so that outsiders would join the villages, or help there, in order to eat. After all efforts of this kind, only a small proportion of farmers were in Ujamaa Villages: only 8 per cent of those of the Tanga lowlands in 1971. And their communal farming had varied success, because of several factors including greatly varying amounts of interest by farmers and by government staff.

Later, in 1974, compulsory "villagisation" was carried out. This reviewer had looked forward to a full description by Prof. von Freyhold of a move unique in Africa and sounding, from inadequate press reports, very much like collectivisation. He was disappointed, and it is regrettable that the author did not say more than a very little about the massive displacement of millions of peasants carried out in Tanzania before her last visit. She does mention it, though, and makes an all-important point, that "the big resettlement campaigns launched in 1974 had nothing to do with communal production and destroyed most of the communal enterprises that had been created in the preceding period" (p.112). So it was not, as this reviewer had thought, simply a further, forcible stage in the Ujamaa programme. In fact, it completed a steady retreat from Ujamaa communalism, of which Prof. von Freyhold gives details. As part of the same process, all agricultural co-operatives were abolished in

1976. The Ruvuma Development Association, a producer co-operative organisation which had had limited but not negligible success, had been abolished earlier, in 1969. While some ventures were stopped after facing undoubted difficulties (the co-operatives had had many), others sponsored by the government faced just as many, including inadequate attention and help from the government's own staff. Some Ujamaa ventures had some success through methods which included coercion (the laws of the colonial era on compulsory cultivation were retained) and the management techniques used by expatriate tea and sisal estates, which negated the original ideas of Ujamaa. Anyway, they have all been abandoned now.

Prof. von Freyhold describes how Ujamaa Villages left the poorer farmer commonly no better off. Tanzania overall probably had no more maize, cassava, coconuts, cashew nuts or other crops as a result of the Ujamaa programme. It has almost certainly had no more since villagisation, to judge from specific news about its ill effects as well as the known universal adverse effects of such programmes generally (a brief allusion by Prof. von Freyhold—pp.58-9—suggests successful resistance by peasants to the resettlement, but this is questionable).

From facts which she has gathered very thoroughly, the author seems to grope towards common-sense conclusions, but to be unable fully to accept them because of Marxist preconceptions revealed throughout the book. In her analysis of the history of agriculture under colonial rule on quasi-Marxist "dependency" lines, she seems to agree with President Nyerere that the mass of peasants were trapped in hopeless deprivation and had nothing to lose but chains imposed by the colonial government, expatriate estate agriculture and Asian traders. Such analyses always either ignore successful commercial farming by Africans or dismiss it *a priori* as evil. Even in the colonial era such successful farming, while less easy in East Africa than in West Africa,

was achieved by the Chagga and others in Tanganyika. Since then there have been more possibilities, and these have been taken up; instances are given in this study, such as an increase in supplies of food for towns, said to be apparently due to small-holder farming (p.92), and the continued successful efforts of the "progressive village" of Mkinga Leo (p.157 ff.). Individual farmers' efforts have been responsible for almost all agricultural development in Africa; could they not have been left to do their job in Tanzania, with ordinary co-operatives to supplement but not replace their efforts?

Prof. von Freyhold cannot accept such an idea; she calls all better-off farmers "kulaks", with no explanation to non-Marxist readers of the use of this term from the USSR of the 1920s. She depicts these farmers, with their three to ten hectares each, as mere exploiters. Her allusions to harm done by them to the ordinary farmers are vague and do not support the implication that the "kulaks" actually impoverish the others. She admits that farmers do not all agree with her "class-struggle" view of their situation. The poorer peasants of Kitumbi-Tibili, she says, "did not seem aware that there might be a class contradiction between them and the shop-keeper" (p.145). Perhaps we are expected to exclaim, "What ignorant clods!" But maybe, as usual, the farmers know better than the President—and the sociologist. Maybe expanded commercial farming by a minority of smallholders could bring net gains to the whole rural community, or at least do no further harm than repeated schemes imposed by the government. Or maybe other sorts of co-operative which were never given a real chance in Tanzania could yet bring benefits.

Prof. von Freyhold does not at all approve government impositions as they have in fact turned out. But she seems to approve, in principle, forcible collectivisation with proper planning and ideological motivation, and accepts the view stated in defence of such measures,

that the "class interest" of poorer peasants lies in collective farming; even though she ideally would prefer spontaneous collectivisation. Her theorising evades the issues. The consistent feature of President Nyerere's policy is not his questionable Socialist preaching of the few years after 1967, but a belief, shared by other African rulers, that government should control farming to enforce improvements which farmers cannot or will not bring about. Has this belief been justified by the results, or dare one suggest that to allow farmers

their own initiative, helping them as is done (for example) in Nigeria by subsidies on fertilisers, is better for all concerned than organising and regimenting them? Or that member-controlled co-operatives could do better than government measures?

Even if she cannot state it wholeheartedly, Prof. von Freyhold has suggested the answer to that question in her plodding but very thorough and useful study.

JONATHAN DERRICK

Credit Union Development in Africa by Hans-H. Münkner (Ed). *Institut für Internationale Solidarität, Konrad Adenauer Stiftung, Federal Republic of Germany, 1978.*

The Credit Unions have made progress in several parts of the world, notably in North America. Mobilisation of thrift and extension of credit to people of small means is a major task and this is undertaken by the Credit Unions. The banks find it difficult to undertake this especially in the rural areas on account of the high costs of operation. Active participation of small farmers, craftsmen and workers in projects devised for their own development helps the local people in the planning and decision making of those projects.

What has intrigued many is the fact that over a period of two decades, the Credit Union Movement has not made much impact in rural Africa. The publication by the Institut für Internationale Solidarität of Federal Republic of Germany, ably edited by Hans Münkner, is an effort to collect and compile the papers presented in connection with the promotion of the Credit Union Movement. ACOSCA (The Africa Co-operative Savings and Credit Association) has been

doing pioneering work in this direction. The book is intended to point out the achievements and drawbacks and unobtrusively serve as the needed guidelines for the future direction.

The selection of the papers has been done to achieve the above objectives. Papers cover: the Role of Savings and Credit in the mobilisation of resources for local development; ACOSCA, its status, role and five year plans; collaboration with Government Departments; integration of ACOSCA development plans with those of the Governments in the region; the Role of Central Finance Departments of the Credit Unions; Risk Management; Credit to Small Farmers; Credit Unions and integrated rural development etc. The papers cover the business and social side of the Credit Unions and they fill a gap in an admirable way.

Prof. Münkner has done a signal service to Credit Union development in Africa by publishing these papers suitably edited, in simple language for the general reader. Credit Unions in Africa, having got over their initial teething troubles, are now poised for a take off and the publication is timely.

S. DANDAPANI

Agricultural Financing and Rural Banking in India—An Evaluation by Dr. S. Nakkiran, *Rainbow Publications, Coimbatore, S. India, Price Rs. 55/-*.

The problem of agricultural finance has dominated Indian agricultural policy throughout this century. It has remained a hard nut to crack and eluded all solutions. Successive committees and commissions appointed by the Government of India, such as the Rural Banking Enquiry Committee, All India Rural Credit Survey Committee, All India Rural Credit Review Committee, Banking Commission etc, have examined the problem of agricultural finance and suggested a variety of approaches and remedies. One central theme on which all such reports dwelt at length was the credit gap in this sector—a situation created by the ever-increasing demand for credit unaccompanied by a concomitant growth in the supply; and the consequent perpetuation of the moneylender credit system. Persistent efforts to institutionalise agricultural finance by creating an institutional infrastructure, both in the co-operative and public sectors, have ended in fiasco. Innovative schemes such as the Lead Bank Scheme, Differential Interest Rate Scheme etc, which aimed at mounting a frontal attack on the problem of rural finance, touched only a fringe of it.

The book under review is a meticulous compilation of measures taken and schemes evolved for agricultural finance and the promotion of rural banking. It surveys the whole array of institutional and non-institutional agencies engaged in agricultural finance and appraises their comparative roles and performances. The entire gamut of schemes introduced for augmenting the availability of agricultural finance and promotion of rural

banking have been critically evaluated. The unconventional views of the author as regards the future of moneylenders is a pragmatic assessment of the situation obtaining in the field. Chapters on Risk in Agricultural Finance, Crop Insurance, Overdues of Agricultural Advances, Co-ordination between Commercial and Co-operative banks add new dimensions to the problem.

The second part of the book, which is devoted to aspects of rural banking, provides a wealth of information on the subject. The key issues such as Regional Rural Banks, Branch Banking, Village Adoption Scheme, Problems of Rural Resource Mobilisation etc, are ably diagnosed and critically evaluated.

The author has made painstaking efforts to collect materials from wide ranging sources. The coverage of aspects is thorough; and explanations are lucid. Treatment of the subject is elaborate and authenticated with sources and up-to-date statistics.

The book is not entirely devoid of defects and shortcomings. Extensive and frequent quoting of passages, albeit with great relevance to the context, printer's devils and the luxury of repetition, are some of the obvious flaws a reader comes across. That apart, the book has ostensible omissions: the inclusion of chapters on Marketing Finance and the Need for a National Bank for Agricultural and Rural Finance would have rendered the work more comprehensive.

Nevertheless, the book gives greater coverage to the contemporary issues of agricultural finance and rural banking. It will provide useful single-source reference material to students, bankers, professors and research workers alike.

V. KULANDAISWAMY

E. V. MENDOZA

Agricultural Co-operation in Developing Countries— A Management Approach

**published by Bustamante Press, Inc.,
Quezon City, Philippines**

For copies write directly to:

**Elm Marketing, c/o Atty, Ben Faustino, NPC, Santander Bldg,
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Price US\$ 20

Mr Mendoza has written a very concise, clear and topical book dealing with essentials for successful co-operative management in developing countries. The following elements are very well covered: firstly co-operative principles the disregard of which hampers the promotion of co-operative spirit and mutuality, the most important capital in co-operative development: secondly, constructive relations between government and co-operatives are a precondition for attaining self-reliance based on self-help; thirdly, the very area of management with stress on the specific properties of co-operative management; last but not least, two important areas of activities which in most cases make or break a co-operative—co-operative marketing management and co-operative financial management.

At the end of the book, there are useful appendices on the allocation and distribution of patronage refund and interest in share capital; strategies for co-operative growth and expansion; worksheets for determining break-even points for various co-operative projects. Finally, there is also a workman-like index.

Dr. S. K. Saxena wrote in the foreword of the book: "Mendoza's book is comprehensive, readable and will be of use particularly to students of Agricultural Co-operation. It is a study written by an Asian, born and brought up in the social and cultural milieu of the East and who has had long experience of managing agricultural co-operatives. He has carried out the task with commendable clarity. I can recommend the book to students of Agricultural Co-operation and to those interested in problems and principles of Co-operation."

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Tel. 227-50-46

**Fédération Nationale des Coopératives de Consommateurs
(F.N.C.C.)**
La Maison de la Coopération, 27-33 Quai le Gallo, 92517 Boulogne
Tel. 604.91-78 Cables FEDECOOP
Telex FEDCOP BLSGN 260846

**Fédération Nationale des Sociétés Coopératives
d' Habitation à Loyer Modéré (H.L.M.)**
14 rue Lord-Byron, 75008 Paris.
Tel. 563-17-31

GHANA

Ghana Co-operatives Council Ltd.
POB 2068, Accra.
Cables GACOCO

GREECE

**Pan-Hellenic Confederation of Unions of Agricultural
Co-operatives**
El Venizelou 56, Athens 142.
Tel. 618.645 Cables PASEGES

HAITI

Caisse Populaire Dominique Savio
(75 rue Rigaud) C. P. 15011, 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
Akademis ucta 1-3, 1361 Budapest V.
Tel. 113-600

**National Council of Consumers' Co-operative Societies
(SZOVOSZ)**
Szabadság tér 14, 1373 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. Samvinnuúfélagi
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
- Indian Farmers Fertiliser Co-operative Ltd. (IFFCO)**
34 Nehru Place, New Delhi 110019.
- National Agricultural Co-operative Marketing Federation Ltd.**
Sapna Theatre Building, 54 East of Kailash, PB 3580, 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)**
3 Siri Institutional Area, Fanschila Marg (Behind Hauz Khas), New Delhi-110016.
Tel. 66 2751 Cables COPUNION
- National Federation of State Co-operative Banks Ltd.**
Garment House (2nd Floor), Dr. Annie Besant Road, Worli Naka, Bombay 400-018.

INDONESIA

- Dewan Koperasi Indonesia** (The Indonesian Co-operative Council)
Jalan Jenderal Gatot Subroto, Komplek PUSDIKKOP, Djakarta.
Tel. 74081-88

IRAN

- Central Organisation for Rural Co-operatives of Iran**
225 Mossaddagh, Tehran.
Tel. 64210
- Consumers' and Services Co-operative Society for Ministry of Labour and Social Affairs Employees**
Ministry of Labour and Social Affairs, Tehran.

IRAQ

- General Co-operative Union**
POB 5764, Baghdad.
Tel. 86520 Cables COOPFEDRA
T^{el} ex 2. UNCOOP

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, Tokyo.
Tel. 260-3151 Cables IENOHIKARI
- Nippon Seikatsu Kyodokumiai Rengokai**
(Japanese Consumers' Co-operative Union)
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), 1-1-12 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), 1-1-12 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

KENYA

- Kenya National Federation of Co-operatives Ltd.**
(Plantation House, Haile Selassie Ave.) POB 49768, Nairobi.
Tel. 21487 Cables MUUNGANO

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. 62-32-78

General Co-operative Association of Labour in Israel
("Hevrat Ovdim" Ltd.
(Histadrut Building, 93 Arlosoroff St.) 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

Piazza dell'Esquilino 5, 00184 Rome.
Tel. 47-28-11 Cables CONFCOOPERATIVE

Legg Nazionale delle Cooperative e Mutue

Via A. Guattani 9, 00161 Rome.
Tel. 841371 Cables LEGACCOOP

IVORY COAST

Chambre d'Agriculture de Côte d'Ivoire
(11 Ave. Lamblin) POB 1291, Abidjan 01.
Tel. 32-16-11

JAMAICA

National Union of Co-operative Societies Ltd.
2a Manhattan Road, Kingston 5
JAPAN

Norinchukin Bank

(Central Co-operative Bank for Agriculture and Forestry)
8-3 1-chome, Otemachi, Chiyoda-ku, Tokyo.
Tel. 03 279 0111 Cables CCBAF Telex J.23918

Zenkoku Nogyokyodokumiai Chuokai
(Central Union of Agricultural Co-operatives)
8-3 1-chome Otemachi, Chiyoda-ku, Tokyo
Tel. 270 0041 Cables CHUOKAI

KOREA

National Agricultural Co-operative Federation
75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul.
Tel. 73-0021 Cables KONAFKO

National Federation of Fisheries Co-operatives
88 Kyung Wun-Dong, Chongro-ku, Seoul 110.
Tel. 70-6211-20 Telex FISHICO K24359

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

Federation of Housing Co-operatives Ltd.

c/o Railway Co-operative Multi-Purpose Society Ltd., Wisma-Merlin,
Jalan Sultan Ismail, POB 2528, Kuala Lumpur 04-04.

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

National Land Finance Co-operative Society Ltd.

2 Jalan Sultan Suleiman, Peti Surat 2133, Kuala Lumpur 01-02.
Tel.

MAURITIUS

Mauritius Co-operative Union

Co-operative House, Dumas Street, Port Louis.
Tel. 2-2922

MOROCCO

Union Nationale des Cooperatives 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.
c/o Co-operative Bank Ltd., Co-operative Buildings,
New Court Road, PMB 5101, Ibadan.
Cables NICOOPFED

NORWAY

Landbrukets Sentralforbund
(Schweignardsgt. 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 KOOPENGRÖS Telex 19 450 HQ

Norske Boligbyggelags Landsforbund (NBBL)
Trondheimsveie 84-86, Oslo 5. Tel. 35 75 20

Samvirkebanken A/S

(Kirkegt.5) Postboks 289 Sentrum, Oslo 1.
Tel. 42-71-80 Cables SAMVIRKEBANKEN Telex 16604

Samvirke Forsikring

(Henrik Ibsensgt.9) Postboks 778 Sentrum, Oslo 1.
Tel. 20-80-30 Telex 19430 COOPAN

PAKISTAN

Mercantile Co-operative Finance Corporation Ltd.
197-A The Mall, Kawaitpindi. Tel. 3754.

Punjab Co-operative Union

11 Masson Road, P O Box 905, Lahore 1

PERU

Cooperativa de Credito Central del Perú Ltda.
Antonio Miro 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.
Rms. 113-115 Arle Building, Aurora Boulevard Ext., Corner J. Ruiz
St. Juan, Rizal.

Co-operative League of Puerto Rico

458 Fernando Calder, Apartado 707, GPO San Juan 00936.
Tel. 764-2727

ROMANIA

CENTROCOOP (Central Union of Consumer Co-operatives)
Str. Brezoianu 31, 70711 Bucharest.

Tel. 13-87-31 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)
Bv.N Batcescu 17-19, Bucharest.

SINGAPORE

Singapore National Co-operative Union Ltd.
(3-J/K Clifford House) POB 366, Singapore 1.

SOMALIA

Union of Somali Co-operatives Movement
POB 1272, Somali Street, Mogadishu.

SRI LANKA

National Co-operative Council of Sri Lanka
(Co-operative House, 455 Calle Road) POB 1669, Colombo 3.
Tel. 85496 Cables NACOSIL

SWAZILAND

Central Co-operative Union
POB 551, Manzini

SWEDEN**Folksam Insurance Group**

(Folksam Building, Bohusgatan 14) POB 2500, S-104 60 Stockholm 20
Tel. 743-60-00 Cables FOLKSAM Telex 190.84 FOLKSAMS

HSB:S Riksförbund ek för

POB 8310, S-100 21 Stockholm 18.

Tel. 785 30 00 Cables HAESSBE Telex 11.724 HSB COOP

Kooperativa förbundet

POB 15200, 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

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

**National Association of Training Centres for Cooperatives
(NATCCO)**

Pleasant Homes Subdivision,
Punta Princesa, POB 950,
6401 Cebu City.
Tel. 7-16-15

Sugar Co-operative Development Institute of the

Philippines
Rm. 211-213 Cuenca Gonzaga Bldg., San Juan St., Bacolod City 6001.
Tel. 20666

POLAND

Central Agricultural Union of Peasant Self-Aid Cooperatives,
Kopernika 30, 00-328 Warsaw.

Tel. 26-36-69 Cables CENTROLNA

Central Union of Building and Housing Co-operatives

Ul. Marchlewskiego 13, 00-828 Warsaw.
Tel. 20-90-29

Central Union of Work Co-operatives

Surawia 47, 00-680 Warsaw.
Tel. 28-51-86 Cables CZESP

"Spolem"---Union of Consumer Co-operatives

Grazyny 13, 02-548 Warsaw.

Tel. 45-32-41 Cables SETESES

Supreme Co-operative Council

Ul. Jasna 1, 00-013 Warsaw.
Tel. 26-72-21 Cables ENERES

PORTUGAL

Instituto "Antonio Sergio" do Sector Cooperativo (INSCOOP)

Rua D. Carlos de Mascaranhas No. 46, Lisbon 1.

PUERTO RICO

Cooperativa Consumidores Unidos de Puerto Rico (UNI-COOP)
GPO Box "CC", San Juan 00936.

Lantbrukarnas Riksförbund (Federation of Swedish Farmers).
(Klara O Kyrkogata 12) Fack, S-105 33 Stockholm 33.

Tel. 14-16-00 Cables LANTFORBUNDET Telex 11098 Lantek S
Oljekonsumenternas förbund (OK Union)

S-113 87 Stockholm.

Tel. 736-60-00 Cables OLJEKONSUMENTER Telex 17610

Svenska Rikshyggen

(Hagagatan 2) POB 19014, S-104 32 Stockholm 19
Tel. 34-05-20 Cables RIKSBYGGEN

SWITZERLAND

Genossenschaftliche Zentralbank AG

Aeschenplatz 3, CH 4002 Basel.

Tel. (061) 23-84-00

Coop Lebensversicherungsgenossenschaft Basel

Aeschenvorstadt 67, CH 4002 Basel.

Cables COOPLÉBEN

Coop Schweiz

(Thiersteinerallee 12) POB 1285, CH 4002 Basel.

Tel. (061) 20-61-11 Cables COOPSUISSE Telex 62 133

Verband sozialer Baubetriebe

c/o SBHV, Sihlpostfach, Zürich.

TANZANIA

Union of Co-operative Societies Ltd.

POB 2567, Dar es Salaam.

Cables WASHIRIKA

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. 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.
(1 Balloon 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 CIS G

Co-operative Union Ltd.
Holvoake House, Hanover Street, Manchester M60 0AS
Tel. (061) 832 4300 Cables CONGRESS

Co-operative Wholesale Society Ltd.
(New Century House, Corporation Street) POB 53, Manchester
M60 4ES.

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 CENTROSOYUS MOSCOW K-3
Telex 7127

YUGOSLAVIA

Glavni Zadružni Savez FNRIJ
Bul. Revolucije 70/III, 11000 Belgrade.
Tel. 454-842 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, 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 INCOPTROL Telex 22 49 14

Nordisk Andelsförbund

3 Axelortv, 1609 Copenhagen V, Denmark.
Tel. 15.15.33 Cables NORFORBUND Telex 27 111 NAF

Organisation of the Cooperatives of America (OCA)

Avenida 46 Nro. 17 21, Aptdo. Postal 241263, Bogota, Colombia.
Cables OCAMERICA

Sociedad Interamericana de Desarrollo y Financiamiento Cooperativo (SIDEFCCOOP)

(Reconquista 365, 2° piso) POB 4311, Buenos Aires, Argentina.

World Council of Credit Unions Inc.
(5910 Mineral Point Road) POB 391, Madison, WI 53705, U.S.A.
Tel. (608) 238-5851 Telex 910-296-2725 CUNA M^o. F. N. U. N^o