

Review of International Co-operation

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Review of International Co-operation

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Editor: Mary Treacy

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Editorial

Dear Readers,

With this issue of the ICA Review you will find a bill for 1987. We see one of our main objectives as promoting the co-operative movement and, therefore, we would be very happy if it were possible to provide the Review to all our readers free-of-charge. However, like many organizations, ICA is passing through difficult times and we are, therefore, obliged to ask our readers for a contribution to the cost of our publications.

The good news is that in 1987, in addition to four issues of the ICA Review, our readers will receive four issues of a news bulletin, the ICA News, at no extra cost.

Publication dates for 1987 are as follows:

— Jan	— last issue of 1986 Review	— July	— Review No. 2/87
— Feb	— News No. 1/87	— Sept	— Review 3/87
— April	— Review No. 1/87	— Oct	— News No. 3/87
— May	— News No. 2/87	— Nov	— News No. 4/87
		— Dec	— Review No. 4/87

Due to non-payment of several rather costly orders we are obliged to implement a new policy in 1987. In future, publication orders will only be met after a bank order or cheque for the corresponding amount has been received at ICA Headquarters (Banque Centrale Coopérative, Geneva, account number: 284043.45.00.90-2).

This issue of the Review reverts to the original all English version. This is a direct result of the decision of the ICA Central Committee in Basel (see page 5). Intercoop Editora Cooperative Ltda, Buenos Aires, will continue to publish and circulate the Spanish version as they have done since 1968 and we have had offers from other Spanish speaking and Portuguese speaking members to translate and print ICA publications at their expense. Offers to publish in French, German or other languages will also be welcome. This issue still has one article in the original version (French) as this was in preparation when the decision was taken. By popular acclaim the title reverts also to the Review of International Co-operation, following a tradition dating back to 1928 (The Review began as the ICA Bulletin in 1909). This issue also has a new colour and a simpler cover layout — a smaller version of the Annual Report (Issue no. 3/86) which we are happy to report was very well received.

The next issue of the Review, which will be published in April, will feature housing co-operatives as ICA's contribution to the UN Year of Shelter for the Homeless. We have already received articles from China and Turkey and have the promise of an article from DESWOS on a housing project in Bolivia. If you run or know of a successful, exciting or original co-operative housing project which you think would make an interesting article for this issue we would be pleased to hear from you.

The April issue will also feature a profile of W.P. Watkins, Director of the Alliance from 1952 to 1963, whom I had the great pleasure and honour of visiting last month.

Finally, the first issue of ICA's News bulletin will be published in February. Ideas for news items will be very welcome (please mark envelope "ICA News"). All items for publication in this bulletin must be submitted at least one week before publication date.

Please help us to keep you better informed.

On behalf of our Director and his staff, I would like to wish our readers a very happy and successful 1987.

Mary Treacy
Editor

1986 Central Committee Meeting

The 1986 meeting of ICA's Central Committee took place in Basel, Switzerland at the European World Trade Centre.

Over 500 representatives from co-operative organizations worldwide attended the meeting which was hosted by Co-op Switzerland.

Dr. Faklin, Governor of the Canton of Basel, and Hans Thuli, President of Co-op Switzerland welcomed participants to Basel and, later in the meeting, Mr. Rolf Leuenberger, Vice President of Co-op Switzerland gave a presentation entitled "Trade in Co-operative Businesses".

Another eminent Swiss citizen, Minister Stich, was also expected to address the meeting on behalf of the Federal Government of Switzerland but he was prevented from attending by pressing ministerial duties. However, he joined participants at a gala dinner hosted by the Swiss co-ops in the Festival Hall of the Conference complex, where guests were entertained by a national folk group and singers from the Zurich opera. In addition to this excellent function delegates were invited to a welcoming reception at the Kleineslingental Museum. The host organization also provided delegates and their spouses and guests with a varied and interesting selection of tours designed to familiarize visitors with the Swiss countryside and Swiss co-ops during their spare time.

Other guests at the Central Committee meeting included Mr. Hel Bongo, Head of the Co-operative

branch of ILO, and Dr. N. Newiger from FAO, who both made interventions in support of ICA's new development programme.

Delegates adopted a resolution drafted by the Womens' and Consumers' Committees proposing that ICA join UNICEF's Children Immunization Campaign, which aims to vaccinate all the world's children against the six most deadly communicable diseases by 1990. A new resolution on Peace was also adopted plus a resolution supporting co-operatives against government restrictions. This resolution was initially proposed by the Japanese delegation. Japanese consumer co-ops recently came under attack from competitors who felt that co-ops were becoming too successful and, therefore, tried to have legislation passed limiting their activities. However, the Danish representatives felt the resolution should be amended to include other types of co-operative as this was basically a global issue.

The main subjects of discussion at this Central Committee meeting focused on the organization's work programme, its future research programme, its programme for development in the Third World, the new Membership and Subscriptions Working Party, the reports of the Specialized Organizations and the proposed research programme on the basic values of the co-operative movement worldwide.

The following are some of the highlights of the meeting:

Summary of President Marcus's Address on "The State of Co-operatives"

President Marcus said the Basel meeting offered a checkpoint halfway between congresses and the agenda was based on this.

In Hamburg, the Executive Committee had been asked to create a work programme based on Yvon Daneau's report. It had been presented as a timetable in Washington.

During 1985 and 1986, the imbalances in workload and economy caused by ICA's development efforts had been solved. During 1986 and 1987 it was planned to concentrate on co-operation within the different professional co-operative sectors and during 1987, and up to the next Congress, a consistent programme for relations with the UN organizations would be elaborated. This work programme would make the ICA a sound, efficient and target-oriented organization in the service of its members.

Mr. Marcus reported on meetings with co-operative leaders of Uruguay in Montevideo in Spring 1986. They had urged the ICA to intervene on their behalf against subsidized food exports from Europe and North America. He said that European, Canadian and US farmers, with their increased productivity and export subsidies, were privileged. He also referred to farmers' problems in Zambia and Japan.

In Washington the Central Committee had adopted a resolution on Food and Co-operatives which underlined the contradictions and paradoxes of food production, with famine, over-production and distribution problems. It was perfectly clear that a global plan for food supply was needed.

One obvious conclusion was that food production for export should be reduced in the OECD countries. There

was a need for alternative production and also for increased conservation of the world's natural resources. But he did not see this as an issue only for the rich countries. Albin Johansson, a great visionary and leader of Swedish consumer co-operatives, was very outspoken in his internationalism. To him the world was an entirety, in which things should be produced where production conditions were the best.

The intelligent and just partition of work on a global scale might seem even more utopian today than in the early fifties but this vision was also a vision of a world in peace, a world in progress, founded on principles of co-operation. He believed that basic values should be considered in this respect. Food supply should not only be a concern of governments. It was a growing problem that could only be solved in a global perspective. Farmers and consumers should sit down to formulate a long-term food supply strategy, define the consequences and present the outcome to their governments.

A better understanding of the character and basic values of co-ops in the outside world must be created. If some of the principles of a co-operative were omitted, its basic character was lost. Political action had no place in the co-operative arena. Governments had often destroyed or paralysed co-ops. In Asia, for example, competitors had recently been able to win support in limiting the scope of action for co-ops which had become too successful.

Policies Adopted by the Executive Committee

(from a report by Vice President, Yvon Daneau)

The following are policies adopted by the Executive Committee as a reaction to the present financial situation:

1. The budget is to be balanced in 1987 and 1988.
2. There will be a clear distinction between the central budget, with its limit on funds committed to development, and the regional office budget which will be supported uniquely by the Development Fund.
3. For development:
 - ICA will make every effort possible to generate financial support for development programmes from potential donors.
 - There will be no new regional offices or presences unless they are fully funded by outside financial sources.
 - Bonow House in Delhi will be sold as soon as possible. The Delhi office will be continued, but on a smaller scale and at another site. Funds from the Bonow House sale will be used to indemnify costs from the reduction in size of the regional offices, to support development projects in the Asian region, and to compensate ICA for its central budget contributions to regional offices, especially during the past three years.
4. Until the Congress in 1988, ICA will provide meeting interpretation in official languages as requested and needed. But documents and publications will only be produced in English. The only exceptions will be very important documents and when a member undertakes to produce material in other languages as a contribution to ICA.*
5. ICA will charge a registration fee for Central Committee meetings, starting with the Budapest meeting in 1987.
6. Monthly statements will be provided to the Executive and Audit and Control Committees to allow them to monitor ICA's financial activities.
7. The period until the 1988 Congress will be considered a time of consolidation rather than expansion so far as ICA programmes are concerned.

Follow-up to Hamburg Congress Resolutions

by Robert L. Beasley, Director of ICA

Director Beasley reported on initiatives taken during 1986 as a result of resolutions voted at the Hamburg Congress in 1984:

Resolution 1 asked ICA member organizations to engage themselves in preparations for the UN Peace Year in 1986. In 1986 members had been asked to report to ICA about the activities they devoted to the peace year observance which were reported in the annual report. ICA had produced a Peace Poster, which was sold widely among its members, and created a new ICA Peace Resolution, upon which the Central Committee would be asked to vote later in the meeting. As a result of suggestions from the Executive Committee, the Secretariat would distribute the Peace Resolution among the United Nations and related international organizations and he urged member organizations to distribute it within their own countries and regions.

* MR. R. Alvarado (CCC/CA, Costa Rica) subsequently offered to translate conference documents into Spanish and to publish the principle ICA publications in Spanish. An offer to publish ICA publications in Portuguese has already been received from Mr. Leite (INSCOOP, Portugal). ICA thanks both these organizations for their offers — the Editor will be contacting them early

in 1987. At present, ICA publications are being translated and difused, inter alia, by Editora Cooperativa Ltda, Argentina (the Spanish issue of the Review) and the Norinchukin Research Center (summaries of Review in Japanese). ICA is very grateful to these and other organizations who publish and diffuse the ICA message at their expense.

Resolution 2 asked ICA members to contribute to resolving the issues raised in the Congress Report on Global Problems in Co-operatives. The broad spectrum of ICA programmes and activities were designed to do just that. The proposed consideration of the "Basic Values of Co-operatives" should add an extra dimension to work on this resolution. The Congress Report on Global Problems would be a valuable document for consideration.

Resolution 3 urged the ICA Executive Committee to adopt a planning programme and to clarify ICA's structure. It instructed the Director to draw up budgets and asked that work programmes be adopted. The Executive Committee and the Secretariat had devoted much of 1986 to ICA's financial reporting and control system so that a systematic planning and budgeting effort was now possible. Reports on planned work programme, schedules and accompanying budgets could now be presented. Preparation of a broad work plan and budget for the period between the 1988 and 1992 Congresses was on the work plan for 1987.

Resolution 4 called for a research conference and long range planning and budgeting of ICA research efforts. This had been one of the most difficult resolutions to fulfil, primarily because, although there was widespread desire for an ICA research effort, there was little agreement on the form this should take or the subjects to be researched. The work of the working party headed by Dr. Rauter would culminate in a research conference. Research work was part of the 1987 work plan and budget and would be part of the 1988-92 work plan and budget. (see report on co-operative research)

Resolution 5 requested that ICA promote national co-operative organizations in order to carry out co-operative

development. This was part of ICA's development policy, a policy pursued through the development programme in 1986.

Resolution 6 urged ICA to focus on youth activities of various kinds. And *Resolution 7* put special emphasis on ICA participation in programmes related to the UN Youth Year, in 1985. Before the Washington meeting, ICA had participated in the Barcelona Conference on Youth, sponsored by UNESCO. Soon after that meeting ICA and the Polish co-operative movement collaborated in presenting a youth conference in Poland which attracted young people from many countries. A printed report on the conference from Polish co-operatives and a video report, by a group of young Canadian film makers, were prepared.

Resolution 8: ICA members had already sponsored a workshop at the Nairobi Women's Conference in 1985. This resolution remained high on the agenda of ICA. However, it was somewhat similar to the research resolution — many supported the sentiment, but effective action had been sporadic.

Resolution 9 supported the idea of ICA initiatives in support of co-operative trade. Mention was made at the 1985 Central Committee meeting of plans to test the feasibility of a commercial information exchange network. Member response to the idea had been encouraging and specific plans for starting such a network were in progress.

Director Beasley on Finances and Programmes

Director Beasley said that, as far back as the Hamburg Congress, they had known an important job lay ahead. Staff rebuilding needed to be done. Records and files needed to be reassembled and reorganized. The communications programme had to be reassessed, member

services stepped up, meetings modernized and development programme restructuring completed. At Hamburg, it seemed that ICA would complete an almost break-even year but a new problem had emerged which had distorted all other considerations. The auditing firm employed during 1984 pointed out that files, records, minutes, documents and archives were in disarray or missing. They also indicated that, rather than nearly breaking even in 1984, ICA had instead lost money. The audit hadn't been complete in time for the Washington Central Committee Meeting, but the figures had already shown that the deficit would be nearly 700,000 francs. But ICA was restarting. The staff was smaller, but better. Records and files were largely in order.

The 1985 Audit was contained in the annual report. Financially, 1985 had been a bad year — ICA's second in a row, and the culmination of several years of declining fortunes and rising complications. Expenses were higher than revenue by 951,375 francs.

The year in progress (also outlined in the annual report) looked like another year with substantial loss. However, general costs had been considerably reduced in recent months, financial information and control systems were in place, and the final results could be affected by the sale of Bonow House.

The Secretariat had prepared the work plan and budget within the policy guidelines formulated by the Executive Committee. Like the policies, the work plan and budget had been reviewed and approved by ICA's Presidium and Executive committee.

The ICA Secretariat would concentrate on the following priorities in 1987:

1. MEETINGS

2. MEMBERSHIP & SUBSCRIPTIONS WORKING PARTY*

The Secretariat would provide staff

support for the Membership and Subscriptions Working Party during 1987.

3. DEVELOPMENT CHANGES*

4. "BASIC VALUES" RESEARCH EFFORT*

5. STEPPED UP COMMUNICATIONS

Plans for 1987 included four issues of the Review and a new version of ICA NEWS. Re-designing and re-establishing communications, especially with members but also with the rest of the world on behalf of cooperatives was a high priority.

6. FIRST DRAFT — 1988-92 WORK PLANS AND BUDGETS

The Secretariat would work on the preliminary four-year work plan and draft budgets for the period 1988-92. It would shift ICA short-term plans and schedules to a programme with a longer and more thoughtful perspective. A great deal of work had gone into preparing the budget summary for 1987. It would be difficult to go from three years of deficits and several years of retrenchment to a balanced budget. But that is what ICA would do. In 1987, the Secretariat would both balance the budget and increase ICA's momentum in selected programmes outlined in the Work Programme.

7. COMMERCIAL INFORMATION NETWORK*

The "IDECOP" idea had evolved from the Congress Resolution. The project was presented to interested parties in Basel.

8. UNITED NATIONS PROGRAMME EVALUATION

The evaluation was underway and would be presented to the Presidium in Moscow in January, 1987.

9. SPECIALIZED ORGANIZATIONS*

The Secretariat would continue to provide secretarial and coordinating services to the work of the Specialized Organizations.

* See separate reports

Membership and Subscriptions Working Party

Ten countries pay over two-thirds of subscription support to the ICA. Fifteen countries pay 85%. Many members only give token support to their organization, even though some of them could afford to pay more. In addition, there are many strong co-operative organizations in the world who are not members of the Alliance.

The new working party was set up to study these problems: to find ways of ensuring subscriptions are fair and equitable, to discover why some co-operative organizations are not members of the Alliance, and to adopt a more aggressive membership development programme.

Some members are concerned that they do not get credit for their support to regional offices, regional councils, specialized organizations and other programmes, because this does not show up on the membership subscriptions list. The Working Party will study how they could give credit for such support. It will also study those Specialized Organizations that do not have the capacity to raise their own budgets.

Finally, the Committee will study the issue of fluctuating exchange rates which affect members' ability to pay their subscriptions.

Making his report to the Central Committee in Basel, Morgan Williams, the Chairman of the Working Party, stressed that ICA needed to take a hard look at its objectives and principles. Most ICA members wanted an organization dealing with the United Nations and its agencies, having influence on governments, strong communications, education, training, research and other programmes, but they must also be willing to provide the necessary financial support.

The Committee believed that the financial basis could be strengthened and broadened. It would contact the co-op community around the world to get increased support for ICA programmes and activities and make recommendations to the Executive and Central Committees.

So far, the members of this group are: MORGAN WILLIAMS (Chairman); AL CHARBONNEAU, President of WOCCU, representing CLICEC; MOMADOU DIBBA, member of the Executive Committee, representing Gambia and Africa; HEINZ FAHRENKROG representing the Audit and Control Committee; DIETER GRETHE representing the Banking Committee; JENS HALLQVIST representing the Agricultural Committee; RAIJA ITKONEN, SHIZUMA IWAMOUCHI, ONELIO PRANDINI and newly co-opted VIJAY PAL SINGH representing the Executive Committee; ALEXANDER KRASHE-NINNIKOV from Centrosoyov representing MIKHAIL TRUNOV, Vice President of the ICA; OLLE LINDSTROEM representing the Housing Committee; YVES REGIS, the newly elected Chairman of CICOPA; LLOYD WILKINSON representing the Consumer Committee, and HECTOR DIETRICH from Jamaica. ELLIS WOHLNER from Folksam, Sweden, who had worked on the formula now under operation would also be elected.

Report on Co-operative Research

Executive Committeeman, Anton Rauter spoke about the new research group's plans to conduct a study of "Basic Co-operative Values."

So far ICA had published two research publications: the Laidlaw Report and the new research book, *Co-operatives Today*.

Members of the group had been nominated from national movements. The group would try to evaluate the co-operative experiences of the past 100 years. It would focus on:

- The conditions that contribute to innovation;
- An analysis of conflicts and the reasons for them among co-operatives;
- Comparisons of methods of the past and probable methods of the future;
- How co-operatives can assess their prospects;
- The re-examination of co-operatives' values.

At Budapest the group would make an audio-visual presentation and offer a list of actions that might be carried out by and at the Stockholm Congress.

Speaking about the new research effort, Vice-President Yvon Daneau mentioned the Desjardins experience in studying basic values. It had been a three-year effort intended to keep alive the society's links with its regional groups. He emphasized that the deep thought and reflection necessary would force co-operative leaders to become more fully aware of the crucial role of the co-op movement, would make future technical and financial decisions more pertinent, and would increase solidarity and bring co-op leaders closer together.

International Data Exchange Centre for Co-operative Products and Equipment

International competition at state, multinational and transnational levels makes it increasingly difficult for co-operatives to compete in international markets. In addition many co-operatives, especially in developing countries, lack sales and marketing channels for their exports. After studying the situation, ICA staff member, Jacques Pelichet, proposed that a trade information exchange system should be set up at the ICA Secretariat in Geneva. It also appeared that the system might solve a third problem. In order to remain internationally competitive, co-operative organizations in developed countries have to constantly renew their equipment and are often forced to sell perfectly good, but outdated machinery as scrap. Through the IDECOP system this equipment could be sold to co-operatives in less developed countries, where it is not so important to have the most up-to-date equipment, at attractive prices to both buyer and seller.

After a long evaluation of various telecommunications networks ICA concluded an agreement with another non-Governmental organization, the World Trade Centre in Geneva. IDECOP can use the World Trade Centre's computer-controlled communication system without having to invest heavily.

Whenever a member of IDECOP has a product he wishes to buy or sell he informs IDECOP who will then immediately relay the request to all affiliated members. Interested parties are put into contact with each other so the trade becomes a strictly bi- or multilateral arrangement, relieving ICA itself from any legal obligations.

The IDECOP membership fee of S.Fr. 420.— will be waived for ICA minimum dues payers.

We are now waiting to see if enough members are interested to render this project feasible.

ICA's New Role in Development

Address by Bruce Thordarson, ICA Development Director

In the area of development, as in others, ICA has been passing through a period of transition in recent years. This has required considerable patience on the part of our member organizations, our donor partners, and of course our regional offices themselves. But I believe that the problems of the past are largely behind us now, and that the various elements required for a new and more effective ICA role in development are now in place.

In the Paper "An ICA Strategy for Co-operative Development", ICA management and the Executive Committee have attempted to define how ICA will put into practice, in very concrete terms, the commitment to development which has been expressed many times by the Central Committee, most recently in 1982 when it approved a new Co-operative Development Policy. Let me summarize the three main parts of this paper.

I Program

ICA should concentrate its efforts on areas where it can make the greatest impact on development and complement the work of other organizations, not on carrying out the kind of local and sectoral project activities already being implemented (much more successfully) by a host of other co-operative and non-co-operative organizations.

From a practical point of view, this means ICA will be concentrating its attention on four key areas:

- a) Trying to influence government policies and legislation so that co-operatives are allowed the freedom to develop as autonomous, independent organizations. There is little doubt that this is the over-riding obstacle to successful co-operative development in most countries around the world. It is also clear that no other organization is prepared or able to take on this role. Because of its position as international spokesman for the co-operative movement, ICA should be the natural leader in this area. (This will involve a number of concrete steps: having regional directors of sufficient stature and experience that they will be able to meet regularly with senior government officials; initiating processes such as the Co-operative Development Decade in Eastern and Southern Africa, which bring together ministers and senior government officials on a regular basis with a commitment to make necessary changes; and developing an information base on co-operative legislation, bylaws and policies that can be used by governments wishing to make necessary reforms. We are under no illusion that this will be an easy or a rapid task. But we are equally convinced that it is the single most important need for co-operatives in developing countries, and one where ICA must be at the forefront.)
- b) Secondly, ICA will be concentrating its attention on efforts to strengthen national apex organizations in developing countries. The absence of strong central structures has been one of the main reasons why local governments have been able to step in to direct co-operative move-

ments, and also why donor organizations have in many cases been able to impose their own agendas and priorities. Neither is healthy, for in the environment of most developing countries, the movements will not grow in the absence of strong central leadership and guidance.

(Again, the policies required for this development are many and varied. They will include efforts to assist the apex organizations in developing income-generating activities, to find external resources that will enable them to strengthen their managerial capability, and to assist them in national planning exercises that will enable the movements to determine their own priorities and programmes for the future. This latter activity has been undertaken already in Lesotho and Tanzania through the involvement of ILO and FAO in conjunction with our Moshi office.)

- c) Thirdly, ICA will undertake selected activities that can best be described as "special programmes" which, for various reasons, it believes are important. In this category are such activities as the CEMAS programme because of the importance which ICA believes must be placed on member education; the promotion of interco-operative trade through such activities as the current Coop-trade Project in Asia; and the strengthening of the role of women in co-operatives, a special area of importance to all developing countries.
- d) And finally, we see a key role for ICA in mobilizing additional financial resources for co-operative development from other development organizations. It is clear that ICA's own ability to provide direct financial support from its membership-supported budget will be severely limited in the future. Our role,

instead of being a donor, will be to interest other donors in supporting co-operative development. In some cases this will be through ICA, but in other cases we will be perfectly happy if we can encourage more organizations to support co-operatives directly. Already the results of this new emphasis are encouraging. During 1986 ICA has initiated activities with three new partners: a major agricultural training programme in Asia funded by the Japanese Government with the active involvement of the Japanese agricultural co-operative movement, a women's project in the Abidjan office funded by the Canadian SDID, and agreement in principle for another women's project in the Moshi office funded by the new Co-operative Centre Denmark. This is in addition to our new partnership with ILO and FAO to mount inter-agency missions in Africa and, in the future, Asia. Without wanting to sound unduly optimistic, we believe there are excellent opportunities to enter into new arrangements with a number of additional organizations, both co-operative and governmental, in the future.

II Structure

The kind of structure that will be necessary to implement this programme is described in the second part of paper. It can be summarized as follows:

- a) The overall programme must be planned and monitored efficiently from ICA headquarters in Geneva in order to maintain the confidence of donor organizations, to avoid some of the problems of the past, and to ensure that all parts of the ICA structure are devoted towards a common purpose. This means, in practical terms, the appointment of a full-time development director in Geneva,

which was approved by the Executive Committee last year, along with key support to be provided by personnel seconded from one or more member organizations.

- b) As far as the current regional offices are concerned, they must become smaller and at the same time more efficient than in the past. This process is already well under way. By the end of 1986 the Delhi office will consist of 7 core staff and 4 project advisers, compared to 32 staff at the beginning of the year; the Moshi office will have 5 core staff and 3 project advisers compared to 18 staff members last year; and the Abidjan office, which has never been excessively large, will be reduced by one to 4 core staff and 3 project advisers.
- c) Several member organizations have expressed an interest in working with ICA to establish new offices in other parts of the world where it is not currently well-represented. After examining various possibilities, the Executive Committee has concluded that it is in principle in favour of opening new offices, but that this can only be done as external resources become available, since the ICA is unable to provide any direct financial support. Above all, we have concluded that any new offices should not be regional offices on the present pattern. They should be small, flexible, and created where there is a specific need that can be met as a project activity. Already this year the ICA has opened such an office in Lusaka, Zambia, to carry out a two-year insurance development project; similarly, we have established an ICA office in Kuala Lumpur, Malaysia, to serve as the base for our Cooptrade project. Both offices could grow in the future if desired by local members and

donor organizations. Similarly, ICA continues to discuss the possibility of offices in Northern Africa, South America, and Central America, which would also follow this same pattern in terms of financing and project activity. The basic goal is to extend the ICA's presence as rapidly as possible, but keeping firmly in mind the need to make the offices practical, flexible, and self-financing.

- d) Fourthly, ICA sees one of its main roles in the future as providing services for other organizations involved in co-operative development. Yesterday we met with 25 representatives from 16 co-operative development organizations to give them an opportunity to discuss matters of common interest, and also to discuss ICA's new role in development. The concept of an ICA Working Party on Development, as described in our Strategy Paper, was very well-received by this group, and they asked ICA to develop the terms of reference so that this new co-ordinating mechanism could begin to function next year.

III Finance

Last but not least, comes the key question of how to finance this activity given the current financial situation facing ICA. We see the responsibility being shared in the following manner. First, the ICA central budget, which is provided by members' subscriptions, will support the costs of the Development Director in Geneva. As well, ICA will take responsibility for the salaries of the regional directors in the three current offices. But by "taking responsibility" we mean many different things: in some years this could involve actually paying the salaries from the central office budget; in others it could mean providing the money from special

funds; and in others it could involve arranging with donor organizations or local movements to provide the funding. For 1987 and 88, the Executive Committee has agreed that the second option will be followed — these costs will be covered from the Co-operative Development Fund rather than the ICA central budget. Other regional office costs will have to be covered by local and regional movements, or by donor organizations. On this basis we believe that the three regional offices of ICA can be maintained on a sound financial basis, without any direct impact during the next two years on the ICA central membership budget. This will obviously require a significant commitment of support from our member organizations in the regions, and from our current as well as future donor partners. But on the basis of our discussions to date, we believe that this funding formula — while certainly not ideal from everyone's point of view — is as adequate and practical a solution as can be found at present.

Conclusion

It goes without saying that ICA would welcome the development of new partnerships with development organizations, at the same time as it is grateful to its existing partners for their continuing support. But we know that, to achieve this, we must demonstrate that ICA knows what it wants to do in development and that it is prepared to carry out this programme energetically and efficiently. In this Strategy Paper the ICA management and Executive Committee have done their best to set out ICA's long-term goals and the practical steps required to achieve them. We hope that this paper will provide the basis for a good discussion among Central Committee members, and that it will establish a concrete sense of direction for ICA's development activities in the future.

ICA Specialized Organizations and Working Parties

There are ten Specialized Organizations and three Working Parties within the framework of the ICA. All the Working Parties and five of the Specialized Organizations are serviced from the ICA Secretariat in Geneva. The other five (INTERCOOP, ICIF, UITCA, Fisheries and Banking) have their own Secretariat, located outside the ICA Head Office.

The Hamburg Congress in 1984 acknowledged the importance of these bodies, which represent particular interests of ICA member organizations. The ICA Rules now allow organizations which are not members of ICA, but who accept the objectives of the Alliance, to join these Specialized Organizations.

All of the Specialized Organizations are not necessarily run to the same degree of efficiency and there has been a need to reshape their policies, to work out concise programmes and budgets, etc. This is what ICA has tried to achieve during the last two years.

Joint meetings among these Specialized Organizations have been and will continue to be organized in order to promote co-operation between different co-op sectors and to promote the exchange of experience.

It is true that these organizations are still mainly made up of European members, but gradually new regional sub-committees have been established to strengthen links among co-operatives in the regions. The Specialized Organizations were one of the main subjects discussed during the Basel meeting which shows the importance which ICA attributes to them.

Most of the Specialized Organizations met immediately before the Central Committee meeting. Here are some of the highlights from their meetings:

Agricultural Committee

The theme of the Basel meeting was "Agricultural Pricing Policies and the Role of Farmers' Co-ops". The main paper, which reflected an IFAP paper prepared for the World Farmers Congress in 1984 and gave a closer insight into the national agricultural and pricing policy in Egypt, was presented by Mr. Mohammed Idris of CACU and commented on by Mr. Lucey of the IFAP. Additional papers were presented by Mr. M. Lehoczki of T.O.T. and Mr. J. Pavel from the Union of Agricultural Co-operatives in Czechoslovakia.

Mr. Baertschi from Migros Sano made a very interesting presentation on his organization's contribution to the social and environmental interests of its members.

Chairman Hallqvist welcomed two new members to the committee, the Irish Co-operative Organization Society and the Federacion des Cooperativas Andaluzas. Mr. Serbezov from the Bulgarian Co-op Union was co-opted into the Executive till Budapest.

The Agricultural Committee agreed to hold a joint meeting with the Women's Committee on "Women in Agricultural Co-operatives" in Budapest prior to the 1987 Central Committee Meeting.

BECA reported that a meeting will be held in June in Brazil between Agricultural Co-ops from Socialist Countries and those from Latin America.

Housing Committee

The Housing Committee accepted an appeal with the slogan "HOUSING IS A HUMAN RIGHT" calling for support of co-op housing to alleviate the misery of those without shelter.

Mr. Petrequin (France) made a presentation on "Housing for the New Poor" and informed on the creation of a Common Market Co-operative Housing Committee.

The Housing Committee have agreed to collaborate with the Editor of the Review of International Co-operation on a special issue on Co-operative Housing and will invite the WPoCP to attend their meeting in 1987 when initiatives for the International Year of Shelter for the Homeless will be discussed.

Consumer Committee

The major discussion focused on member participation in consumer co-operatives. The new Secretary General of FNCC gave a presentation on the background to the recent problems of the French consumer movement. FNCC has been restructured and has resumed its international contacts including membership in ICA.

A report was presented by the President of the Japanese Consumer Co-operative Union on current activities, including opposition to proposed Japanese legislation that would damage the movement by limiting the opening of new stores above a certain size. JCCU requested support from ICA in opposing this legislation.

Chairman Wilkinson reported on a proposal by the Executive of the Consumer Committee to examine the declaration of an annual "Consumer Co-operative Day". He asked members to examine the possibility of designating 15th March for this purpose.

Subscriptions were revised and members will now pay 10% of the normal ICA subscription, with a minimum of S.Fr. 300 and a maximum of S.Fr. 1,500.

Fisheries

The Fisheries Committee adopted new rules and introduced a nominal fee of S.Fr. 100. The Committee will also continue to rely on the financial and technical help of the Japanese member organization (Zengyoren). According to

the new rules, an auditing office has been set up to audit the accounts with members from Italy and South Korea acting as auditors. A General Secretary (Mr. Suzuki) and a Secretary (Mr. Nakagawa) have been appointed to serve the Fisheries Committee. Activity reports were presented by members from Hungary, South Korea, Japan, Iceland, India, Somalia, Poland and FAO.

UITCA

The Committee appointed a new Chairman, Mr. I. Barrington (Denmark). They decided to increase the dues to be paid to the Committee in order to meet costs. The new subscription fee is five hundred pounds sterling per member organization. Members will be requested to give their ideas on the future work programmes. Three new organizations from Spain, Portugal and Argentina were admitted to membership. Three organizations presented reports to the Committee: IFPTO (a travel agency) reported on their annual general meeting and a conference on Tourism in the Mediterranean organized by the LEGA. TOURINCOOP gave a report on a social tourism project in Paris and EUROVILLAGES on a study they have made on projects in France, Greece and Portugal. The plenary meeting ratified the decision to join the International Office of Social Tourism. The committee wishes to arrange a joint meeting with Banking and ICIF to promote co-operative tourism.

CICOPA

Mr. Régis (France) was elected as Chairman and Mr. Di Martino (Italy) as co-Vice-Chairman with Mr. L. Rév. The new Chairman wishes to strengthen the collaboration of CICOPA member organizations and intends to arrange a world congress of workers' co-operatives in 1988. The committee also

adopted new rules. The Chairman presented the work programme for the next two years which included publishing a new directory for business possibilities and discussions on democratic management within workers' co-operatives.

Women's Executive Committee

The UNICEF vaccination programme was thoroughly discussed. Soviet members had already sent polio vaccinations worth 1 million roubles to Ethiopia. The Swiss Co-op Women's Guild reported on its work in promoting the professional situation and welfare of women co-operators in co-op societies. Committee members made preparations for the Joint Meeting with the Agricultural Committee to be held next October in Hungary.

Banking Committee

The Chairman informed on the activities of the Committee. The Trainee Exchange Programme was being actively used by members but there were still vacancies. The Committee is looking for projects in the Third World, where technical assistance for co-operative banks can be provided. The financial basis for this programme is established and had been provided particularly by INGEBA. A working committee was established to re-draft the rules. Two members, from Argentina and Norway, made presentations on their organizations and a presentation was also made on Swiss Banking Secrecy. The Banking Committee agreed to provide assistance to the recently formed regional sub-committees.

International Co-operative Insurance Federation (ICIF)

(The following information on the ICIF, which met in Quebec City on 29th

September was received from its Secretary, Terry Webb)

The meeting opened with a very positive report from the Chairman of the Reinsurance Bureau who said that four trainees from developing African countries had received sponsorship for reinsurance training. President Marcus addressed the committee on ICA developments.

Over 120 delegates attended the ICIF conference which took place between 1-3 October, the theme of which was the commercial use that a cooperative insurer makes of its cooperative identity and non-insurance services provided by co-operative insurers that may reinforce identity.

INTERCOOP

In his report to the meeting, Chairman Thuli stated that 1985 had seen positive achievements and progress, even though not all areas had had a satisfactory development. Mr. L. Blomkvist introduced the future aims and strategies of the group which were unanimously approved. Papers on the main theme of "Co-op Structure and

Development" were presented by Mr. I. Szlamenicky, who reported on the Co-op movement in Hungary, and Mr. H. Thuli who reported on the present situation and prospects of the Swiss movement. A new Executive Committee was elected with Hans Thuli as Chairman and L. Lewin (Sweden) and D. Landau (UK) as Vice-Chairmen.

Working Party on Co-operative Press

Mr. Araújo Barbosa (Portugal) was appointed as new Chairman and Mr. Poul Dines and Dr. Markus Schelker co-opted into the Executive. Two papers were presented on Opinion Polls in the Co-operative Press, one by Dr. Schelker, Head of the Subdivision — Public Relations and Press of Co-op Switzerland and the other by Mr. Dines, Co-editor of Samvirke, Denmark. The group agreed to become self financing. The recommended subscription fee is S.Fr. 300. — but members can also offer technical assistance as their contribution to the group. The Executive of WPoCP will investigate the possibilities of organizing a seminar for information officers & journalists in East, Central & Southern Africa.

Co-options to the Executive Committee

At the Hamburg Congress the rules were changed to allow the Executive Committee to co-op up to three members of the Central Committee onto the Executive Committee. This amendment was made to enlarge the geographical and sectoral representation of the Executive Committee. Co-options require the agreement of a two-thirds majority of the elected members of the Executive Committee and have to be ratified by the Central Committee. Persons co-opted will be granted consultative status and hold office until the next Congress.

We have pleasure in introducing two co-opted members of the Executive Committee. These co-options were ratified at the Central Committee meeting in Basel in October, 1986.



Yang Deshou

Mr. Yang Deshou, Secretary General of the Board of Directors of the All China Federation of Supply and Marketing Co-operatives, was born into a farmer's family in the Hebei Province of China in March 1933. He started work at the All China Federation of Co-operatives (now the All China Federation of Supply and Marketing Co-operatives) upon his graduation from Beijing Co-operative Management College in 1951.

Mr. Yang has worked in various departments within the organization including Personnel, Planning, Propaganda and Education, and Policy Research. He has been involved in important policy-making decisions concerning the Chinese Co-operative Movement.

Mr. Yang has held the posts of Section Chief, Division Chief and Bureau Director. He was elected Secretary General of the Board of Directors of the Federation in August 1984.

Mr. Yang is married. His wife is a Bureau Director working in the State Economic Committee of China.

We welcome Mr. Yang Deshou as a valuable addition to the ICA Executive Committee.



Mr. Vijay Pal Singh

Mr. Vijay Pal Singh, a lawyer by profession, was born on 20th April 1935. At present he is President of the National Co-operative Union of India, in addition to holding various other positions within the movement with which he has been associated for over twenty years. He has been General Secretary of the Delhi State Co-operative Union since 1967 and Director of the Delhi State Co-operative Bank since 1983.

He is also Director of the National Federation of State Co-operative Banks, National Agricultural Co-operative Marketing Federation of India, National Co-operative Consumers' Federation, Indian Farmers' Fertiliser Co-operative Council (Government of India) and of the General Council of the National Co-operative Development Corporation.

Within the Alliance Mr. Singh is a member of the ICA Regional Council for South-East Asia and its Executive Sub-Committee.

The wealth of experience he has collected will, we are sure, be of great value to the work of the Executive Committee and also to the newly formed ICA Committee on Membership on which he has been asked to serve.

Credit Unions – Tools for Human Development

by Milton MacKenzie*

March 13 is a typical Thursday in Thailand. It is hot, 33° centigrade (91° fahrenheit) and humid. Next month, the temperature will rise to 40°/104°. What makes this Thursday special is the 49 students from all over Asia who are attending a leadership training course in Bangkok at the Credit Union League of Thailand headquarters. They are all credit union field organizers and field workers who want to learn how to make credit unions useful tools for human development in their own countries. The course is sponsored by the Co-operative Union of Canada with financial assistance from the Canadian International Development Agency (CIDA).

These field workers come from 14 different countries — Bangladesh, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Nepal, Pakistan, the Philippines, the Republic of China, Singapore, Sri Lanka and Thailand. Each participant has his or her (12 are women) own mother tongue. Some speak two or three different languages. The common language for instruction at the training centre is English.

Leadership training is a basic strategy of the Asian Confederation of Credit Unions (ACCU) which plans the training course. ACCU, in turn, depends upon its member leagues like the Credit Union League of Thailand for logistics, facilities and organization. This particular training course runs from March 2-16. All meals are taken

together in one of the League's open air sheltered buildings. Lodging is provided on the third storey of the League office. All the men are accommodated in bunk beds in one dormitory and the women in another. The dormitory has a capacity for 60 persons. Meals cost fifty baht (Cdn. \$2.81) per day and lodging 250 baht (Cdn. \$14.04) per day.

Altogether the Credit Union League Building has three floors. The first floor and part of the second is used by 33 personnel — 13 field staff, 5 education officers, 5 mutual aid officers and 10 administrative staff. About 200 square feet on the second floor is rented by ACCU for its 6 staff members. ACCU has three basic functions: education and training; technical assistance; and information. ACCU's "Asia-Con News" is issued from this office six times yearly.

In this course, the student/field workers learn three things: the basics — origins and philosophy of credit unions; promotion and management techniques; and how credit unions actually operate in the field through visits to credit unions in Thailand. In addition, they learn the key role of the board of directors by focusing on their functions, duties, moral and social responsibilities.

The format here depends upon group learning and team work. The students themselves elect daily management teams consisting of a chairman, a secretary and an observer. Each is expected to play his or her role to maximize the day's learning. They also produce daily reports to record what happened the day before and to suggest improvements for the following day's management teams.

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Field organizers/workers participate in role playing situation to demonstrate authority versus field-worker roles.

While in class they follow a specific seminar strategy. This involves full participation, maximum time utilization, measurable results, frankness and candour and ongoing critique.

Role playing is another very effective technique used by the students. The course organizers divide up the total number so that there will be two groups of participants plus observers. In one example, the community organization role played, one group represented the authority role and the other the field worker/community role. The authority group consisted of a village head, a district head, a chief of district police and a district co-operative official. The authority group was told that a group of field workers wanted to visit to negotiate setting up a credit union, despite the existence of a multipurpose co-operative which was supported by the government and of which the district head had

been appointed adviser. Their task was to convince the field-worker group that they did not need a credit union, but that they simply should join the multipurpose co-op.

The field worker group was told that they had successfully motivated a large group of people, including the poor and the cultural minorities in their district, to co-operate and form a credit union. Their task was to negotiate with the district officials in order to seek their blessing. Each participant took his or her role very seriously and lively dialogue resulted.

This form of classroom dramatization is a favourite technique of Robby Tulus, a former credit union organizer in Indonesia and now programme manager for the Co-operative Union of Canada. Mr. Tulus administers projects and programmes in Asia with funding from CUC members and the Canadian



Thai-styled pavilion donated by members to the Credit Union League of Thailand in Bangkok.

International Development Agency (CIDA).

Through training courses like the one in Bangkok, Robby keeps in touch with the emerging leaders in various Asian countries. By being part of the course delivery, he can establish relationships with field workers and the movements they represent and enhance the education, training and planning role of the Asian movement through ACCU.

Robby's wrap-up lecture for the group was devoted to planning which he described as a systematic description of what you want to see happen within a certain time frame. "Planning", said Robby, "means change and change occurs in three distinct ways; 1) evolutionary, i.e. the first thing that comes along — meaning you are not in control, 2) revolutionary through impulsive and

or uncontrolled acts, and 3) planned, i.e. consciously systematic and manageable".

During the two weeks which the field workers are in Bangkok at this training course, they are constantly learning, as a group, how to plan, implement and evaluate what they are learning. The whole course is an exercise in teamwork. The organizers work as a team with active involvement not only by the staff of ACCU and CULT and the CUC, but by several lecturers from WOCCU. The students practice teamwork on a daily basis. Together these student field workers, organizers and lecturers are helping to build a vibrant and viable credit union people's movement in Asia and together they will continue to use credit unions as tools for human development.

Co-operative Practices and Principles Reconsidered

by R.H.D. Phillips*

It is ironic that at the very time Canadian co-operatives have achieved record activity and expanding influence in the economy some of their members have launched sharp criticism which could soon be called rebellion.

The rebels are not all alike and have no organized approach, at least not across any large spectrum of membership. But the criticism is sufficiently sharp to warrant careful attention. There are two quarrels:

- That co-operatives behave just like any other kind of business and ignore objectives for which they were founded.
- That many co-operatives are directed by professional managers who pay little attention to the views of ordinary members.

I want to consider carefully these two kinds of allegations, to determine to what extent they are justified and then consider what co-operatives can do to answer the critics.

I also want to review the common principles shared by co-operatives around the world and consider their observance in Canada. I believe there is evidence that few members of co-operatives really understand the principles to which their leaders give lip

service and many leaders authorize practices which pay little attention to the substance of the principles.

Unrest Evident in Many Ways

There can be no question about membership unrest being noticed by both the leadership and management. Many have told me about sleepless nights after a bad exchange at country meetings or a series of especially vitriolic letters, some from anonymous critics.

But are the critics correct in their allegations that co-operatives have turned away from their original goals and no longer pay attention to the wishes of individual members?

For more than a quarter of a century I have been associated with a wide variety of co-operatives, and my advice is that the critics ought to be given more attention. If the allegations are correct some changes are needed and the membership should be informed that changes will be made. But if the critics are wrong, and many most certainly are, they ought to be told so and convinced that the route taken by their co-operative is best for the majority of members. If co-operatives ignore their critics, dissenting views will act on loyal members like the proverbial rotten apple in the barrel.

Some criticism is due to misunderstanding of the principles underlying co-operatives; some because members do not take time to understand the economic facts which affect the operation of their co-operative.

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This article, which has been amended slightly for publication in the Review, was submitted for the Third Annual Business Article Competition in 1986, sponsored jointly by Touche Ross and Co. and the Co-operative College of Canada.

Notion of One Price For All

For example, the notion prevails among some co-operative members that all members should be able to enjoy the services of their co-operative for the same price. Some co-operatives maintain uniform prices for their goods and services, but there is nothing inherent in the nature of co-operatives to require them to do so. It is not fair for these to be judged falsely, as denying a basic co-operative principle.

Most co-operatives seek to provide goods and services at the lowest real cost to members. Most seek to price to the market; were they to offer reduced prices for co-operative members they would so upset their competitors as to create a price war. But having priced to the market the co-operative then turns around and distributes the earnings to members in the form of a patronage refund. That means that members share in the earnings on the basis of their share of the total patronage. If total member business equalled 1,000 in a given year then any and indeed every member who did business equal to 10 would enjoy one percent of the total earnings; if that member did business equal to 100 he would enjoy 10 percent of the total earnings.

One of the problems arises over misunderstanding of what are earnings. Any business, co-operative or otherwise, must deduct from its total sales revenue the costs of sales and the costs of doing the business. If it expects to remain viable it must also deduct sufficient depreciation reserves to cover replacement of the invested capital. It may also need to withhold sufficient funds to meet expansion plans agreed to by the members. If a co-operative is forced, as some members would have it, to maintain services at locations or under conditions where full costs cannot

be covered, the co-operative will either short change its required reserves, or provide a return lower than would be earned in a well managed business. Either way the leadership will upset some of its membership.

Co-operatives Need Good Management to Survive

Once a co-operative has been established to meet perceived needs one might expect progress to follow. Unfortunately, disaster sometimes stalks the process. Some co-operatives may not know how to engage a qualified manager and provide sufficient direction to get the operation on a course of action which can produce the desired performance.

In my view, too many co-operatives try to find a manager with loyalty to the principles of co-operation, but fail to require demonstrated ability to manage. As a consequence, many co-operatives have foundered in a marketplace which demands specialized knowledge, skill and understanding.

Once the board of directors has engaged a qualified manager it can insist from the outset that the manager accept a series of principles by which to operate, even though the manager may not know of them in advance. For his part, a good manager will try to acquaint the board with the operational requirements he sees.

A co-operative cannot survive without good progressive leadership from the elected board of directors but it will surely founder after its formation if it cannot attract good managers who know a great deal about the enterprise and how to manage.

Co-operatives must recognize they have a unique and difficult role. The founders of joint stock companies may decide they have a purpose other than profit but their shareholders are used to

judging performance on the basis of the balance sheet. If the purpose they seek to serve does not satisfy the profit expectations many joint stock companies will diversify or even sell one enterprise totally and begin another with more promise of profit.

On the other hand, co-operatives continue to be judged by their members on the basis of serving original objectives. Unless the co-operative meets objectives perceived by members, its leadership must persuade members to accept amended objectives to accommodate the changed situation. The corollary of this is that co-operatives must find able managers and assure themselves that the objective agreed by members and leaders is well defined as a beacon for the managers.

Some of us are loathe to accept the possibility that, with original objectives now changed, the co-operative we helped to organize may no longer be needed. In this instance members may be better served by disbanding the co-operative and directing their attention to other deserving matters.

But let me direct attention now to the principles generally accepted by co-operatives around the world and make some comment on problems I believe arise over their implementation in Canada.

Rochdale Pioneers Set The Pace

The Rochdale Society of Equitable Pioneers, founded in Lancashire by a group of weavers in 1844, is believed to be the first modern co-operative and from its foundation many of our present-day notions can be traced. The Rochdale group began what we would now call a consumer co-operative and established some rules and practices for its performance, but they are believed to have fallen short of defining principles.

Writers since, sifting through the Rochdale records, have identified what now are called the Rochdale principles. These include the following: open and voluntary membership, democratic control, limited interest, dividend on purchases, education, trade only in pure goods, true weights and measures.

Some observers claim the early Rochdale success was based on the introduction of dividends on purchases which provided quick and tangible evidence of the benefits from co-operation. But others cite the importance the Rochdale pioneers placed on education from which evolved notions about social policy which bound the membership more strongly than the gains from the dividend. This dichotomy remains to plague many Canadian co-operatives as they seek to deliver economic returns to their members.

Notwithstanding, 142 years have passed and views about what are the important co-operative principles vary in time and place. It became apparent over the years that some attention must be given to the matter of consistency. In 1966 the International Co-operative Alliance, in which most national co-operative associations have membership, drew up a list of six principles which have been generally accepted. I say generally because some of them are observed more carefully than others.

Let's review each of the six and consider how well they have been observed by Canadian co-operatives:

1. Open, Voluntary and Responsible Membership

The ICA statement was quite precise saying "membership of a co-operative society should be voluntary and available without artificial restriction or any social, political or religious discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership." I know

of no outright discrimination against any persons who seek membership in Canadian co-operatives. But I am not quite as confident that Canadian co-operatives have pressed the point about accepting "the responsibilities of membership".

It is my view that the rumble among the critics has gained momentum because co-operatives are lax about requiring members to take account of the membership responsibilities. The result has often been that boards of directors do not know what most members think about problems in the co-operative: they don't even know whether the majority of members understand that there is a problem or what it is.

In the early days co-operatives got their information and passed back their assessments and proposals for action through local meetings of the membership. But now it is almost impossible to get a large number of members of any co-operative to a meeting. There are new techniques for encouraging information flow, and some co-operatives are using them. But I suspect many Canadian co-operatives do not use the new techniques as well as they could because they do not engage trained persons to manage the information flow.

All institutions serve many publics and I fear some Canadian co-operatives do not take adequate account of all of their publics. Co-operative associations really serve five publics: their membership, others who are not members but might be persuaded to join, co-operative leadership (from local committee members to the board of directors), employees, and governments of many kinds.

Some co-operatives do not serve all of these publics as well as they could. Take information flow to employees, for example. Few co-operatives tell employees much about the operation of

the enterprise, fearing, they say, that if they are too frank their competitors will learn something they should not know. Or even that employees will pass it on to union officials, and that the co-operative might be placed under pressures they help to invent when next they meet employees across the bargaining table. I know there are risks when you are frank but there are also risks when you withhold information and I suspect the latter risk is more damaging to the co-operative.

2. Democratic Leaders Who Are Accountable

The ICA says "the affairs of co-operatives should be administered by persons elected or appointed in a manner agreed by the membership and accountable to them".

Most co-operatives do adhere to the principle of democratic elections and hold their elected officials accountable. But some go further and create problems of a different sort. Some co-operatives have been persuaded that democratic control means that members should have the opportunity to judge and indeed vote upon major management decisions. That brings the co-operative leadership into direct conflict with members who may disagree with what the board determines must be done.

In my view, this is a most unfortunate development. It has arisen from the tendency of some co-operatives to engage education and extension personnel who have inadequate education. There is no substitute for skilled instructors trained in teaching.

It is not axiomatic that democratic control in a co-operative requires that ordinary members (i.e. not themselves part of the leadership structure) be consulted when the co-operative wishes to make a management decision. Good

co-operatives will provide an information flow to the membership and will try in many ways to keep members abreast of possible changes. But when decisions are to be made they must be made by those held responsible; in all Canadian co-operatives that decision maker must be the board of directors. Directors must make decisions based on their own judgement; if their members do not agree they have the option of finding other directors next time round. That is what democratic control means. But the fact that some co-operatives have tried to include others than directors in the decision-making process has added to their problems and given an opportunity for critics to claim some kind of authority for their rebellious views.

3. Limited Interest on Share Capital

The ICA said "share capital should only receive a strictly limited rate of interest if any". By and large this principle does not create problems in Canada. But because many co-operatives offer no return on share capital, their members tend to view co-operatives which do as being at fault.

This tendency is especially evident in expressions of disagreement and sometimes disdain against United Grain Growers by some farmer members of other prairie co-operatives. The practice by UGG, Western Canada's original farmer co-operative, to pay returns on share capital has led some to scoff whenever the subject comes up. But the fact is that the UGG performance is quite acceptable and arises out of an historical situation which too few have taken the trouble to learn about.

4. Return of Surplus of Savings to Members

The ICA says that "surplus or savings, if any, arising out of the operations of a society belong to the members of that

society and should be distributed in such a manner as would avoid one member gaining at the expense of others".

Canadian co-operatives were organized with this provision clearly spelled out. But as they sought to meet changing conditions some found mounting pressures to establish depreciation and other reserves to help meet costs of expansion and change. The majority of members accepted this kind of move which consequently reduced the cash return they received by way of patronage but others did not. The problem arises because too few co-operatives have taken the time and care to persuade the critics that this course of action would benefit them in the long run.

As financial requirements have become more demanding for members of co-operatives, especially those on Canadian farms, many members have come to reject the withholding of co-operative earnings and say they want a cash dividend now. I believe co-operatives could deal with this subject better than some do. They might even consider paying out earnings as cash dividends and borrowing back from members at long-term rates whatever funds are necessary to meet expansion. I learned in my earlier economics training that money has a price which needs to be taken into account; if a co-operative retains earnings for expansion from its members it could well consider paying the members the going rate of return on that money.

5. Education of Members, Officers, Employees and the Public

The ICA says "all co-operative societies should make provision for the education of their members, officers and employees and of the general public in the principles and techniques of co-operation, both economic and democratic".

Many Canadian co-operatives have education and extension departments and spend considerable funds on the subject, but overall I must say the results are not very encouraging. As I have already suggested, few co-operatives engage adequately trained education-alists; some have little formal training beyond grade school. As a consequence, co-operative membership and the general public pay less attention to co-operative educational material than the subject deserves.

In the last 25 years little scholarly work has been done by anyone in Canada on topics about "co-operative principles and techniques". It is my view that many co-operatives are afraid to turn scholars loose on these fascinating subjects without reserving the right to decide whether or how much of the result will be published. No respected scholar will accept restrictions of that kind.

6. Co-operation Among Co-operatives

As its sixth principle, the ICA says "all co-operative organizations in order to best serve the interests of their members and their communities should actively co-operate in every practical way with other co-operatives at local, national and international levels".

Canadian co-operatives do co-operate with one another and there are some significant results. For example, the Co-operators Insurance Group is the child of a large number of co-operating co-operatives. But overall results have been less than some members wish. Some provinces established provincial co-operative unions some years ago to provide a common ground for inter co-operative action; their success was limited. Saskatchewan, for example, created a research committee to provide direction and I served on that committee for several years. We did our best to push the provincial co-operative union into joint action of one kind and another, but

failed almost totally to inspire development. It could have been the fault of the individuals who served that committee, but I believe the fault lay more in the very limited acceptance among co-operative leaders that there really was a need for joint action among themselves.

Some practices of the original Rochdale Pioneers have not survived to become a modern-day principle, mainly because the world in which the original co-operative was founded has changed. For example, there is little need any longer to require trade only in pure goods or the pursuit of honest weights and measures. In both instances the state has been persuaded in most jurisdictions to enact legislation and public regulations for the conduct of trade. Or at least so many of us believe.

More than nine million consumers and primary producers have membership in one or more Canadian co-operative and thereby have created a wonderful opportunity to influence the Canadian economy in many ways. The largest multiple-line insurance group in Canada is a co-operative. So is the major grain handling company, and co-operatives have significant influence in livestock and fish marketing, fertilizer manufacture and money handling through Credit Unions and Trust companies, to name only a few.

With this kind of expanding activity in the economy some co-operative members have become vocally distressed at the course their co-operative takes. This is partly because co-operative members are not well informed about the problems of their co-operative. It is also because some leaders and managers serve members of their co-operative less well than they might.

Perhaps this brief review of some of the shortfalls will provide a basis for careful re-examination of our real objectives in the family of Canadian co-operatives.

Sharing Decreasing Employment Opportunities in Industrialized Countries: Alternatives

By A.A. MacDonald*

The general purpose of this paper is to focus attention on alternative programmes which could be employed to guarantee an equitable distribution of job opportunities among the work force of industrialized countries. The specific purpose is to analyse the potential of the workers co-operative system as a specific alternative. For this purpose, the paper is divided into the following sections:

- employment trends in OECD countries;
- alternative employment generation policies;
- workers' co-operatives: structure and procedures;
- workers' co-operatives: potential and limitations.

Employment Trends in OECD Countries

The basic thesis of this section is that employment opportunities in industrialized countries have been decreasing relative to the size of the existing labour force over the past two decades, and that this decline will continue into the foreseeable future. Consequently, unemployment will be a continuing and

increasing problem in OECD countries while the present economic system remains in place.

According to the Third Annual Report of the OECD on the Employment Outlook, 1985¹, total OECD unemployment had risen to 31.5 million by 1985 from 10.3 million in 1970. (Only Iceland has escaped this rising trend in unemployment). This rise has occurred in the face of modest increases both in Gross Domestic Product (GDP) rates and job opportunities within all OECD countries and especially within the U.S. It is important to note according to the Report that this unemployment phenomenon is not just a recent occurrence. It has shown a strong upward trend in many OECD countries over the three industrial cycles since 1969. One of the most disturbing aspects of this rising unemployment is that it is increasingly concentrated among the long term unemployed and among the youth. Long term unemployment is emerging as a social trap from which escape is increasingly difficult because those caught therein do not possess the appropriate occupational skills, they are generally located in economically depressed areas, and they are socially tainted with the stigma of long term unemployment. The most serious aspect of this phenomenon is that the share of youth in long-term unemployment has risen from 31.0 to 37.5 percent over the 1979-84 time period.

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The above-noted increase in unemployment does not mean that no new jobs have been generated during the same period. Indeed in the U.S. there has been a significant increase in job opportunities over the 1982-85 period.

It should be noted, however, that 70 percent of this increase was accounted for by the service sector and only 15 percent by the manufacturing sector.

Within the OECD countries, generally, the most noticeable trend is the relative growth in part-time employment as opposed to full-time employment since 1973. Actually, full time employment has declined in most OECD countries including Ireland. The OECD Report on Employment Prospects notes specifically that the structural shift to the services' sector favoured expansion of part-time employment. But these part-time jobs provide the worker with lower wage levels, fewer job benefits and less job stability. From the firm's perspective however, it reduces labour costs significantly.

As noted previously, these changes did not come about all of a sudden; they have been in process for the past 15-20 years. Over this same period, and even before it, public policy makers have attempted several alternative policy approaches to increasing employment opportunities. These will now be reviewed in broad detail.

Alternative Employment Generation Policies

Policies to increase employment can be classified into demand side and supply-side economic programs. The demand-side economic programs attempt to manipulate the demand for products by increasing or decreasing the supply of money available to the consumer. Followers of Keynes believe that increased

disposable income will result in increased demand for products, which in turn will result in increased production activities, which will result in increased employment. Because it will contribute to increased income, it will also, according to the Monetarists, contribute to inflation. Therefore, the response of the latter is to restrict the money supply which will result in higher interest rates, lower demand and higher unemployment. In most OECD countries, the Monetarists have taken over from the Keynesians within the past 10 years.

For the supply-side policy makers, the debate has focused on manipulating factor inputs including labour force skills, managerial skills, technology and capital. Add to this, programs to improve physical infrastructure and access to markets. For high unemployment areas, the debate has tended to focus on the choice between capital intensive high technology industrialization, and labour intensive technology industrialization. Alvin TOFFLER,² in his book, *The Third Wave*, does not see much potential in either alternative for generating the employment needed for the millions of jobless workers in the world labour market. Actually, he believes that intermediate technology may even retard groups which are already disadvantaged. He comes to the conclusion that "perhaps what is needed for most people is part-time employment for wages, possibly combined with some transfer payments plus policies to make prosumption more effective" ("prosumption refers to production for his own needs by the consumer").

The OECD Report examines two alternative approaches to job creation which have been given serious consideration in the last five years, namely, the provision of concessionary financing to small firms, and the relegation of wage levels to the supply of occupational skills.³ The report warns that relegating

wage levels to demand for skills will have little impact on employment levels since labour costs have not been a significant factor in employment since 1982. With regard to the support of small firms, the Report argues that the provision of venture capital to new or start-up firms will have more positive effect on employment levels than general tax concessions to small firms. It would appear that some OECD countries have taken cognizance of this advice in promoting their local Employment Initiatives schemes (ILEs).

According to the OECD Report: *Creating Jobs at the Local Level*⁴ certain types of small enterprises initiated under the ILE scheme hold potential for employing significant numbers of people. For example, during the 1978-83 period, the number employed in workers' co-operatives has nearly doubled in the EEC from 290,000 to 540,000 workers, and the number of co-ops has grown from 6,500 to 13,900. In Italy, as a unique case, the number of newly organized workers' co-operatives has risen from 320 for 1970 to 2,148 for 1979.

There can be little doubt that there is not any one policy which can address the rising unemployment problem of industrialized countries. The most we can hope for is improvement resulting from a combination of institutional changes, distributive public policies, and versatility in the structure of business enterprise. The institutional change must include reform in the system of allocating job opportunities within society. The simple credentialist system which by itself allocates jobs independently of human need and very often, independently of job specifications, must be reformed. As well, there must be change in the cultural expectations, legal and social systems which protect the employed ingroup against the

unemployed outgroup regardless of human need, job performance or the long term good of the larger society. To some extent, perhaps, the job market will have to take on some of the characteristics of the commodity markets. For instance, in the international market for sugar, the question today is not who can produce it most efficiently (more than enough producers are producing efficiently) but who has the right to share in supplying it (quota system). At the national level of most OECD countries, the same question applies to dairy products. Therefore, for the long term future, in the process of job allocation, the question will become who has the right to share in performing the job, rather than simply who can perform it most effectively. In the modern day, we tend to reject this system of job allocation because of its connections with political patronage, nepotism and other unfair forms of allocation. We may, however, be forced to institutionalize some form of it as part of the legitimate job allocation process. In certain Indian States, for instance, construction projects up to a certain value are reserved for Labourers' co-operatives.⁵

The membership of these co-ops consists of the landless and the lower social strata who would normally be excluded from an open competitive process. As well, in the manufacturing sector, the production of specified low-cost items is reserved for smaller firms. In the Western countries, the concept of "affirmative action" has a closely similar purpose.

The combination of institutional change and distributive public policies does not demand any one form of enterprise or firm; however, because the situation does demand a system for the equitable sharing of opportunities and benefits, the unique structure of the co-operative system lends itself well to the challenge. Given proper management,

an established system of financial and social audit, and the support of an apex organization, the workers' co-operative system can out-perform other systems on the basis of efficient performance and equitable distribution of opportunities and benefits.

Workers' Co-operatives: Structures and Procedures

Since it is a basic contention of this paper that workers' co-operatives can perform a constructive role in alleviating the unemployment problem, this section will review their basic structure and the procedures required to establish them.

A. Structure and Functions of Workers' Co-operatives

A worker co-operative is, according to David ELLERMAN, of the Industrial Co-operative Association:

"a company in which the members are all and only the people who work in the company. The workers hold the basic ownership or membership rights which consist of: (1) voting rights to elect the board of directors which, in turn, appoints the management or staff; and (2) the rights to the profits or net income of the company. Each member has an equal vote in accordance with the democratic principle of one person — one vote. The net income which could be positive or negative is shared among the members according to some agreed-upon formula, such as equally per dollar of pay or equally per hour of work. In a workers' co-operative, the membership rights (voting and net income) are non-transferable personal rights which are assigned to the people working in the company because they work there"

In the workers' co-ops, shares are owned by the members. Such shares give members the right of membership. However, the shares do not constitute the value of the company. This value is included, according to ELLERMAN, in the internal capital account which carries the worth of the company. This value is built up from the net earnings of the company. Each member contributes 70 percent of his/her net earnings to this account as retained earnings. On dissolution or departure of the member, the members receive their rightful share of this account. The remaining 30 percent of net earnings is directed to collective projects pursued by the co-op or its larger community.

The preceding definition describes the ideal form of a workers' co-operative. In actual practice, there can be many variations on this structure. In a consultation on workers' co-operatives held at the Coady International Institute in 1982, four types of workers' co-ops were identified: (1) capitalist-type co-ops in which control is based on one member-one vote, share equity held only by members, but net earnings are allocated to shares of members, and assets are divided among members on liquidation of the co-op. (2) co-ownership co-ops in which control is based on the one member — one vote principle, shares are owned only by the members, net earnings are allocated to shares on a limited basis, to members' internal accounts in proportion to work or service, and to indivisible co-op reserves, and assets are distributed among members upon liquidation. (3) common ownership co-ops in which control is based on one member — one vote, only nominal share equity is held by the members (investment and operating capital from external sources), net earnings are allocated to indivisible reserves, and assets are distributed to a third party on liquidation. (4) social

ownership co-ops in which control of the firms day-to-day operations is based on one member — one vote, equity is provided and owned by a third party, net earnings are allocated to the third party equity holder, and the assets become the property of the equity holder on liquidation.

The objectives of workers' co-operatives will have some influence on the type of structure adopted by a co-operative. According to the Consultation Report, the functional objectives of workers' co-operatives may include: (a) creation of new employment; (b) salvaging of existing jobs; (c) improving the quality of existing jobs; (d) reforming the larger job market system; and (e) sharing existing job opportunities.⁷

B. Organization and Management of Workers' Co-operatives

The Consultation on workers' co-ops focused on four levels of procedures which are necessary for the development of workers' co-ops. These include procedures for the promotion, organization, management and environment control of co-ops. Limitations of space here will not permit detailing these procedures; however, several guiding principles will be treated briefly.

1. Promotional Procedures

Promotional procedures for workers' co-ops should begin with the need and aspirations of a particular target group. The co-op system should not be presented as a ready-made solution. Normally, a particular target group should have some pre-co-op form of organization so that they can assess their situation in a systematic manner and devise solutions for it.

2. Organizational Procedures

Recruitment and selection procedures for membership are crucial to the

success of the co-op. Criteria should include appropriate occupational skills, homogeneity of status, commitment to co-operation, honesty, team spirit, leadership and positive expectations for the co-op. The community leadership structure should not normally be reproducing the co-op. A pre-co-op organization should be employed to set the stage for the formal co-op. Even although venture capital is necessary from external sources, the members should be required to invest in the business enterprises. Finally, the Consultation agreed that co-op bye-laws should compensate for the inadequacy of public legislation. Generally, bye-laws should regulate selection and election procedures, decision-making, ownership of assets, allocation of earnings and liquidation procedures.

3. Management Procedures

One of the most important considerations for the management of co-operatives is the desirability of adhering to the principle of subsidiarity, that is, all management decisions should be taken at the appropriate level of the firm. Most new co-op ventures prefer a system in which staff functions are rotated; however, this may not be possible in highly specialized situations. In the more recent co-operative ventures there is a great deal of emphasis on member participation. Nevertheless, decisions on details should be handled by committees rather than the general membership. Also, the board or management committee should not be inundated with problems which can well be handled at the management or committee level. While need for the financial audit is taken for granted, the need for a social audit of the co-operative is seldom recognized. As a result, co-operatives lose sight of their social purpose. Moreover, management and other committees perform slovenly, the artic-

ulate and the elite take over decision-making, and the co-op members most in need receive the poorest service. Here, apex co-operatives have a significant role to play.

4. External Control Procedures

Generally, it was recognized by the Consultation that primary co-op units must develop external linkages which will enable them to achieve some control over the institutional environment with which they interact. Linkages must be established with supply and marketing agencies as well as with training, financial and government agencies. The various forms of apex co-operatives provide the primary unit with service opportunities which will be very useful to it.

Workers' Co-operatives: Potential and Limitation

This section will employ leading questions in order to focus on the potential and limitations of workers' co-operatives for helping to solve the unemployment problem in industrialized countries.

Discussion Questions

- Are there any signs on the horizon which would indicate that the unemployment predictions made by OECD, TOFFLER and others may be misleading?
- Which public policies have been most successful in reducing unemployment during the past three decades in industrialized countries? Could any of these be effective in reducing the current or the predicted unemployment?

- In the current unemployment situation, is the sharing or allocation of jobs on a basis of equity a realistic expectation?
- Which structural features of workers' co-ops would make them relatively more effective than other private or public enterprises in solving the unemployment problem.
- Is it realistic to expect that a firm which is democratically controlled by its workers can adhere to the discipline necessary for productive efficiency?
- Since voting power in a co-op is unrelated to the number of shares owned, does this principle militate against capital formation for the enterprise?
- Must the membership of a workers' co-op be economically homogeneous?

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Youth and Co-operation

by Dante Cracogna *

What is Youth?

Despite the many times the subject has been discussed, the problem which inevitably arises when talking about youth is the question: What is youth? And furthermore, which youth?

It is obvious that such questions arise because there is no general agreement as to what, exactly, is meant when one is talking about youth. There are several meanings which change with the course of time, but which must be accurately defined in order to reach an understanding. Otherwise one could well be talking about something totally different from what is referred to under the same name by others.

A chronological criterion would seem to be the easiest way of solving the problem. Youth would simply be understood to mean those, for example, between the ages of 15 and 25, or between 20 and 40, etc. But the inadequacy of this criterion for resolving the issue is well known. Things were not the same in Roman times, or in the Middle Ages, as they are now. Nor does youth mean the same thing in Canada and in tropical Africa, or in a city and a small country hamlet. Genetic, biological, environmental, psychological and cultural aspects have all influenced the concepts of youth.

This obvious disparity raises the point as to whether it is legitimate to talk about "one" youth or "the" youth, or whether on the contrary one should talk about

the many different groups of youth, defining them according to place, time, circumstances, etc. This way out would certainly complicate, as well as solve, the problem. Indeed, the existence of many different groups of youth means that the number of theoretical attempts to describe and understand "youth" tends to increase, and yet some group or other will always be excluded from any specified grouping.

In today's world, youth could also be defined as a market for the sale of specified products or ideologies. This idea, which has unfortunately been exploited by modern communication technology, humiliates young people without their even suspecting what is happening; and yet, they are persuaded to believe that they are being respected and helped to progress.

According to UNESCO, "Young people are those which society considers as such." This definition does not bring us any closer to solving the problem, since it applies differently to each particular society. Perhaps we could say that youth is the crucial period signalled by crisis and change. It is an essentially transitory stage which cannot be defined by itself but rather in relation to the periods of childhood and adulthood between which it occurs. Accompanying it are complex changes: biological, sociological, cultural, etc.

Youth and its Environment

If it is difficult to arrive at a concept of youth which is valid for all times and places, there are even more problems

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when one seeks to distinguish characteristics shared, for example, by a fifteen-year old Swedish girl, and a girl of the same age from Saudi Arabia, Guatemala or Russia. A diagnosis of youth in the contemporary world shows that it is practically impossible to reduce it to general terms. While youth in Third World countries forms a human group which is steadily on the increase, is undernourished, largely uneducated, and struggling to find work, in the industrialized countries youth forms a group which is decreasing in number, has few nutritional problems, and has a comparatively high standard of education which continually extends the period spent as a young person before embarking upon adult life. On the other hand, children of under-developed areas seldom receive training and know no transition between childhood and adulthood. Someone who has to earn a living at twelve years of age, or even earlier, stops being a child and abruptly becomes adult — even in the middle of puberty — while the 25-year old student, supported by his parents or the State, is still psychologically and sociologically a young person even though physically an adult. (Perhaps here we should quote the words of Sartre: "La jeunesse est un phénomène bourgeois.")

As well as the different environments which define youth, there are also definite problems as regards each particular case. Young people from the rural environment, which make up the majority, experience situations typical of their own environment, but have very little in common with the young people of their own age who live in the cities, even in the same country (whether developed or under-developed, although in the latter case the differences tend to be more obvious). Hence the superficiality of generalizations which fail to mention such differences

yet claim to reduce irreconcilable situations to a single pattern. Certainly, such defective thinking can have disastrous consequences.

It would seem that each environment produces a distinct type of youth, and that knowledge of the characteristics and limitations of the situation in which the young people find themselves is necessary to help us define and understand them.

Youth and Time

It is often said that, in former times, youth was less rebellious and more responsible than it is today. Was youth really different? Or is it that the environmental characteristics have changed, or that the standards by which they are judged have altered?

It would seem, on the face of it, that youth has always been the same throughout the course of history. Personal experience suggests that the principal features which characterize that crucial period remain more or less constant, except for fluctuations produced by changes within society as a whole, such as war or internal conflict. Nevertheless, in general, youth keeps pace with society, adapting to its transformations without any essential change in itself.

Nevertheless, there have been periods in history in which there seemed to be no youth, periods in which entry into adult life occurred abruptly, without any transition or prior initiation ceremony. This explains the existence of 15-year old soldiers, and scholars who were still adolescent.

In some ways, this situation still exists today in those regions where children have to start work at an early age, either helping their parents, which happens in under-developed rural areas, or having to find a means of supporting them-

selves by migrating to urban centres in search of work.

In contrast to this phenomenon of eras 'without youth', we are today witnessing a period in which there is continually 'more youth' — not only numerically as populations increase but also as a result of the present phenomenon of the prolongation of youth. The lengthening of the period of youth is particularly remarkable in the industrial countries, mainly because of scientific and technological progress which requires an ever longer period of training, apprenticeship and adjustment. As a result, adults tend to remain longer in their jobs and in leading positions (gerontocracy) and there is a growing 'minority' of young people who are dependent and undergoing extended periods of training.

In this way, the age limits which define youth are extended until it is impossible to classify youth within a rigid 'time framework'.

The Ideals of Youth and Co-operation

A worldwide enquiry carried out by UNESCO several years ago, succeeded in identifying certain values as aspirations shared by all young people. Significantly, these values have much in common with those emphasized by Co-operative philosophy and practice, such as: social and economic justice, peace, participation, the importance of the individual, solidarity, dialogue, responsibility. At the same time the international organizations, starting with the UN General Assembly, emphasized the importance of the participation of youth in co-operatives.

This coincidence could easily lead to the belief that youth membership of the Co-operative Movement should be widespread and spontaneous. But on

the contrary, reality shows that it does not usually happen like that. One could ask why young people do not join, when they both share similar ideals. Answers vary, but perhaps the most obvious one is that young people do not join the Co-operative Movement simply because they do not know about it. In the Regional Seminar on Youth and Co-operatives held in Kuala Lumpur in 1983, the Co-operative Principles were said to "have an enormous appeal to most young people and for these reasons, co-operatives have considerable potential for satisfying youth aspirations and contributing to their own development and that of the nation." But the question remains: Do young people know about the Co-operative Principles?

Furthermore one might ask: What do co-operatives offer young people? What do they offer them directly to satisfy their immediate demands? What do they offer in the long term to ensure that young people will continue to support the movement? The Co-operative Principles, though attractive, are not enough in themselves to attract and retain young people as members, particularly where, on the one hand, important needs remain unsatisfied, and on the other, the powerful lure of competition and profit seems to offer more definite and concrete incentives than the somewhat abstract nature of solidarity and co-operation.

Concrete Action

The question as to how to attract young people to the Movement has no universal answer since, although the aspirations shared by all youth do, to a large extent, coincide with the Co-operative Principles, circumstances differ in, for example, the Western, Third, and Socialist countries.

So to answer this question it is necessary first to make an appropriate analysis of the position of youth and the conditions of their environment in order to devise an appropriate method of arousing young people's interest. The choice of suitable methods that will not be confused with those used for political or purely economic purposes, is urgently needed if fruitful action is to ensue. One must avoid falling into the trap of superficially bolstering young people's natural rebelliousness and desire for change, without offering them viable and concrete alternatives, since the ensuing frustration could have grave consequences.

In the so-called Third World countries, there is a disturbing number of urgent problems: starvation, shortage of housing, low standards of hygiene, lack of education, etc. It is obvious that the solution to all these problems lies well beyond the means of the Co-operative Movement because of their complexity and size. Nor would it be possible to try to deal with all of them at the same time. Thus it is of utmost importance to start with the problem that appears to be at the root of many of the others: unemployment, which is recognized by the ILO as being greater than 40% in the developing countries.

Unemployment in these countries cannot be regarded as part of the present economic situation, since the continual increase in population, the lack of economic expansion — even recession — are all endemic conditions. Hence, action aimed solely at alleviating hunger, or raising the standard of education, or building more accommodation, is clearly inadequate and fails to resolve the basic problem because it only scratches the surface. On the other hand, the creation of more jobs could help to meet some of the other needs.

Co-operatives, which are not primarily concerned with profits, and

which can rely on the support of government and other social sectors, are able to create jobs by means of activities which do not require a great deal of investment, and can also do this without being under an obligation to obtain high returns on capital. The use of labour-intensive techniques, emphasized by the ICA in its Policy for Co-operative development, in addition to bringing in revenue, can contribute also to the provision of industrial goods and reduction of internal migration.

In the developed countries, although the current unemployment rate is worrying, the basic problems facing youth are different. Young people are confronted with the need for a longer education, the need to occupy their considerable spare time adequately, the need to play an effective part in political, social and cultural life, and to have access to means of implementation which personalize these areas. It is obvious that in all this there can be a bond with the youth of the Third World, which it is important to cultivate; thus, in seeking to satisfy their own aspirations, the youth of the industrialized countries may become aware of a new dimension of solidarity which could give them immense satisfaction. While possible solutions to the needs of youth in the developed world may appear more diverse than in developing countries, and to have no common denominator, nevertheless they are within easier reach and, thanks to the media, are more generally known and receive greater attention.

In both cases, active participation in democratic life is an objective that the Co-operatives can help to achieve, especially in the developing countries where political as well as economic life frequently remains underdeveloped and where, as yet, it is obvious that vast sectors of the population are deprived of political power. In such cases the Co-

operatives can become the means of providing democratic training for their members, at the same time helping to create the conditions necessary for the effective operation of political democracy.

Co-operative Education

It is clear from what has been said that informing young people about Co-operation is the first requirement for any sort of activity one tries to undertake. And it must be realized that very little is being done in this specific area.

The first step is, therefore, to make youth the prime target for the spreading of co-operative ideas in order to make them aware of the similarities between the co-operative working hypotheses and their own aspirations. After that initial motivation, further concrete action will have to be undertaken.

Although the existence and expansion of a general education system will certainly be important in helping to spread Co-operation, this must still be done where such a system is lacking. Otherwise support by young people for co-operatives could be delayed indefinitely. It is also important to bear in mind that education has been accused of maintaining the "status quo" rather than being an agent of change.

It must be made clear that 'Co-operative education' in the broad sense intended here, is understood to mean a great deal more than simply teaching, and is not confined to 'formal' education using the traditional procedures. It particularly involves so-called 'informal' education and the use of unconventional means, including co-operative activities as such. This is usually called education 'through' co-operation, to distinguish it from education 'for' Co-operation. While one cannot dispense



Education "through" Co-operation — on-the-job training provides a valuable addition to formal education

with formal education completely because it offers inspiration and the theoretical backing, informal education usually builds up a following more easily because it is more lively, participative, and accessible. In any case it should be borne in mind that "There are no hard and fast rules for teaching mankind... Democratic institutions receive their vitality and inspiration from an ideal — free men in a free society — and this is the goal for which we must strive, while wisely adapting to conditions as they change."

One form of educational activity which has aroused enthusiasm in some countries is the teaching of Co-operation in primary and secondary schools. In some cases this teaching is complemented by the formation of school co-operatives; in others, these co-operatives exist on their own.

The teaching of Co-operation in schools has the advantage of reaching the whole of the school population at a favourable moment, when they are developing socially and intellectually, and thus of being carried forward into the future life of each individual, and into society as a whole. But the development of such education requires that the teachers not only know their subject, but are capable of conveying it as a genuine and desirable pattern of social conduct.

School co-operatives have the advantage of enabling the pupils to put Co-operation into practice, so that it becomes more than mere information and is transformed into concrete achievements. It is interesting to bear in mind the longstanding French experience in this respect, and the Symposium held at UNESCO headquarters in 1979, with the participation of the ICA, made some useful recommendations and offered guidance on organization and material. In the United States the University Co-operatives also provide valuable experience. Besides the

immediate objective of benefiting young people, school co-operatives provide experience which can be carried forward into the future and serve as the basis of a new conception of the economy and of society. They lay the foundations of a new social understanding, without discrimination, and thus unite the ideals of youth with the principles of Co-operation.

Co-operative Youth

When talking about youth in relation to Co-operation, it is again necessary to ask: Which youth? The usual reply is that one is referring to those 'outside' the movement, and to those who must be persuaded to join it. However, a part of the membership of the Co-operatives falls within the definition of youth. In addition, a lot of young people are employed by co-operatives. Both these groups should be taken into account when discussing the subject, so that it can be considered without bias. To do otherwise is to ignore a large sector which is already within the movement, and whose problems and aspirations could well be overlooked in the effort to attract other young people to the movement.

For success to be achieved in this area, it will be necessary to overcome the preoccupation with labour and trade union aspects in the case of employees, and with formal democracy in the case of members. One must never lose sight of the objective, which is to bring both groups closer together, making them aware of their respective roles, with full knowledge of Co-operation and a responsible part to play in the life of the movement. For each group, the methods used will be those which best suit the type of co-operative in question. In the case of employees, perhaps one of the most relevant aspects to bear in

mind will be training in both the professional and the social field. When dealing with young members, they will need to be motivated to assume a more active and decisive role within a real, living democracy, including easier access to management and other posts of responsibility. Dr. Laidlaw, although he did not specifically refer to youth in his statement at the 27th ICA Congress, clearly emphasized its importance when discussing the training of the future leaders of the Co-operative Movement, with regard to co-operative education and the role of women.

Combined Action

The promotion of youth to its full development, by means of encouraging its concern and cultivating its genuine values, is not a task that the Co-operative Movement can complete on its own. Nor is it solely the Movement's concern. It is a question of a much bigger and more comprehensive undertaking which involves efforts by other organizations and other sectors in society. Co-ordinated and harmonized

action can help to achieve this, avoiding fragmentation of effort and producing greater results.

It goes without saying that different organizations have their own specific objectives, and have developed the methods which best suit their particular type of organization. But all share common goals which justify and require joint action. Governments, through their ministries and specialist organizations, the various churches and religious organizations, schools and universities, the trade unions, recreational, cultural and sports bodies, as well as co-operatives, all have a specific and complementary role to play. There is much room for a co-operative effort between the many agencies concerned, so as to avoid competition and areas of conflict between them. Each can support the others, and express a dynamic whole directed towards common aims.

The mistake of calling into question the unity of young people leads to misunderstandings and weakens the efforts made to help them to achieve their aspirations, including Co-operation. Also here, in order to be effective, a truly co-operative attitude is needed.

Co-operative Foundations in Developing Societies: Problems and Prospects

by Dr. Musa S. Khalidi*

Introduction

Current co-operative literature reveals a wide recognition in Western societies (European and North American) that co-operative associations are formal structures in which members participate voluntarily. The characteristic basis of co-operation in this context is its spontaneity as a people's movement in which government plays no role. It is also interesting to note that most developing societies today are actively promoting co-operation, and particularly agricultural co-operatives, due to the predominance of the population engaged in farming, and the age-old problem of indebtedness in rural areas. The various forms of co-operative enterprise, starting with agricultural credit, supplies and marketing, have emerged in response to the initiative of governments, not people. There is, therefore, the dilemma of official promotion of this particular form of voluntary organization, which has specific contributions to make by the very fact of being called voluntary — such as continuous training of a large number of people in democratic values, encouragement of

self-help, and the modification of traditional community structures.

However, waiting for such voluntary organizations to spring up spontaneously means ignoring dire needs which no contemporary government of a developing society can overlook. Thus the immediate purpose is not just to set up the voluntary character of a rural co-operative per se, but to achieve the more immediate and tangible objective of economic development through the utilization of the co-operative form. It is inevitable, therefore, that this type of organization owes its existence to the support of the state; managed or influenced by a government apparatus, it can scarcely be called initially a voluntary organization.

Having drawn attention to such a basic difference in the conditions under which co-operatives emerge, the purpose of this paper is to articulate the procedural problems and prospects of sound co-operative practice in developing countries. Although the attempt at such a broad topic may be impaired by detailed data and specific supportive, empirical studies, the discussion will be approached on the strength of observations and impressions obtained by close field experience and study of co-operatives over many years in both Third World and western nations.

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Most developing countries expect that a new form of social organization will emerge from agriculture and small-scale industrial development to ensure equality in treatment and the development of new skills in industry. The greatest impediment to development nowadays is that the small farmer is being expected and encouraged to achieve what large-scale land owners have failed to do in the past. Most governments in developing societies are incapable of directly extending their services to small individual farmers, as this is financially, organizationally, and numerically an impossible task. It is difficult for the relatively isolated farmer to reach government services provided in central locations. Therefore, the promotion of a co-operative form of organization seems most suited for such purposes. For example, a farmer in need of a loan, who may be a small free-holder of fragmented and subdivided land, is better served by a local money-lender rather than having to travel to an urban centre, procure his land title deeds for a number of plots, and submit these as a surety for a small loan which he may anyway be refused because he is already encumbered with debts. All of this requires heavier efforts and costs even if the individual farmer has learned all the modern communication skills. The author has observed in traditional village structures, the relative insulation of individuals, or groups of individuals, who are reluctant to show marked changes in their behaviour, lest they be singled out as disrupting the already existing patterns of relations.

Impediments to Democratic Development

Inherent in the environment in which co-operatives are initiated and function, are problems of poverty and illiteracy of

the rural masses. Hence, financial support has to come from an external source, usually the State. The State can, therefore, claim a legitimate right to supervise the working of the co-operative movement.

Initially, traditional leadership, which the government needs to reach the masses, may raise objections, but it cannot long resist pressure from members to accept such supervision, as the need for seasonal and other forms of credit are great. In submitting to the wish of the group, the traditional leaders often utilize their legitimized traditional roles and end up in management positions in the new institution which ensures that vested interests are not undermined.

The State, represented normally by a department of co-operative development, can claim the need for control to prevent nepotism and abuse of funds, and when abuse does take place, it can restrict the co-operatives' freedom of action. In such circumstances, the co-operative may degenerate into a mere credit agency. The advantage of this for government is that it deals with one credit agency as a corporate body, rather than with individuals. On the other hand, there is the problem that village co-operatives are closely-knit affairs, where most of the members are directly or indirectly related to all of the other members. It is, therefore, difficult for a co-operative to refuse membership to someone, even though he/she may not be credit-worthy or of good character, since refusing such a person may disturb the pre-existing network of kinship relationships. And this is precisely where a local money-lender cum trader has learned his lesson well.

The local co-operative committee, represented by traditional leadership, realizes this problem and tries to get the government official to be the one to issue the refusal. Being caught in the

middle, the official often lets them join anyway, as he has nothing to lose in the transaction.

Problems of Integration

A co-operative initiated at the local village level may remain limited in its functions to one single purpose, such as the supply of seasonal and short-term credit, since it can only draw its support from a small membership seeking maximum credit, sometimes by adopting unlimited collective liability. But sooner or later such an organization finds that its activities do not require more than a few meetings per year for planning the credit needs of members. Much of the decision-making is related to apportioning credit among members with such allocations being arranged between the local board or co-operative committee and the department official. This does little to change the traditional authority structure at village level into a democratic procedure. When general meetings of members occur, time is spent on procedural activities such as record keeping or financial transactions (loans or repayments), leaving little time for the exchange of co-operative ideas or the discussion of problems of general interest to members.

For a government to be relieved of direct involvement in, or responsibility for, banking or other activities of local co-operatives, a demand is normally made for these to be transferred to a central, co-operatively owned, organization. This intensifies the strain on relations, especially for local boards, since they have to deal with two types of co-operative influence: one legal, represented by a government official, and the other financial, represented by the official of the central organization.

Under these circumstances, the managerial skills at the local and central

levels become the most critical of all factors. The traditional leadership structure inhibits the spontaneous emergence of able local leadership. Traditional leaders strive to exploit their new positions in co-operatives for their economic and political ends. Concurrently the problem of preserving status remains, sometimes acutely so. The following case exemplifies this situation.

A Thrift and Credit co-operative was established in one of the villages in Jordan. The local board composed of traditional leadership was willing, with guidance, to institute a supervised credit programme for a viable sheep breeding project, where each member would study his potential, and decide the amount of sound credit needed to raise sheep economically. Instead of providing a cash loan, it was decided unanimously that the co-operative would purchase sheep on a wholesale basis, and then distribute them to members according to their individual plans. A number of members, however, clandestinely bought more sheep than their individual plans called for. The reasons for doing so were analysed by the American Friends' Service Committee as follows:

"This was not done to willfully deviate from the plan, but to preserve their social position. It might be explained in this way: suppose we take two neighbours (A and B) before any loan was made. Let us say farmer "A" had 10 sheep and farmer "B" had none. After farm plans were made for both, and their situation studied, it was adjudged that a loan would be made to farmer "A" to purchase 10 additional sheep, and a loan would be made to farmer "B" to purchase 20 sheep. Farmers "A" and "B" both now have 20 sheep, so farmer "A" no longer enjoys a higher status than "B", because visibly they both have the

same wealth. In defence of his status farmer "A" goes into additional debt to buy 20 sheep instead of the agreed upon 10, so that he will maintain a 10 sheep edge over his neighbour, and thus maintain his relative status position. This actually happened in a number of cases"

In addition to disrupting the local power structure, the need to centralize activities in the areas of banking, supplies and marketing, generates a new power structure which is accorded to local co-operative leadership at the central level. Representatives of local co-operatives become members of the general body of central co-operative organizations, of whom a number ascend in a short period of time to relatively powerful and prestigious positions at the central urban level. If such leadership is not properly guided by honest management, an abuse in management and funds is likely to occur. However, assuming that the most capable of village leadership undertake such positions, this represents a new emerging power structure, which increases its demands from the State. When such demands are felt, an invitation is made for other State agencies to enter the administration of co-operatives, and this entails further types of control.

In the initial stages of development, it should be realized that democratic controls at the local and central levels of organization are almost absent. But the challenges to the introduction of a democratic system generate concern at all levels, and new internal and external problems evolve. When we look, for example, at the local level entering more complex operations (such as a movement from credit to supply and marketing), the traditional leadership finds itself incapable of dealing with a more complex order and gradually gives way to a more capable membership which can cope with the emerging problems of organization.

In discussions on the place and potential of co-operatives in developing societies, emphasis was laid on the working of agricultural co-operation for production. Experience has shown that the emergence of consumer co-operatives is extremely difficult. The factors which militate against their introduction are many. Basically, however, there is a need to improve rural incomes and study the buying habits of rural people, and eventually establish a large number of small shops. This implies a large number of small purchases by a fairly small and fixed clientele in each locality which must be as near the village as possible. Economically, co-operative stores cannot exist as small individual units and the integration of these small units is far more difficult than the simpler forms of co-operative business, such as credit or bulk supplies.

Even more difficult, perhaps, is the problem of cash purchases which require some type of advance credit to accord with the consumer co-operative requirement of cash trading.

Conclusion

An analysis of co-operatives in developing countries shows that the economic strength of a co-operative cannot be dissociated from the personal loyalty of its voluntary and enlightened members.

In developing countries, the voluntary character of co-operation emerges with difficulty but, even if it is initiated from the top, it still facilitates the democratization of traditional structures.

The changing socio-economic situation of members, and the social setting with which their co-operatives have to deal, can bring about a conflict between the need to protect their economic interests and the maintenance of the

democratic ideals called for in co-operatives. Although the reasons are different, one can conclude that co-operatives in developing nations face the same dilemmas as co-operatives in Western countries. They need to become viable businesses and at the same time remain democratic. A rural co-operative in the Third World, needless to say, has the potential to become increasingly democratic only when co-operative education and training is decentralized. This is exemplified by the experience of the Co-operative Institute in Jordan which launched, from 1968-70, a series of co-operative training programmes for senior co-operative personnel, who undertook to train field workers. These field workers then held training sessions at the district levels, for co-operative village leaders who, in turn, instructed co-operative members in their respective villages. Evaluations by participants attest to the success of these training efforts.

At present, it appears that the view of co-operators regarding the goals of the movement differs depending on their position in the local community, and within the co-operative structure. It seems that unless it is realized that

changing social structures require changing definitions and practices, and that a constant dialogue is maintained among co-operative educators, directors, staff, and members, the inherent contradictions will widen and undermine the uniqueness and position of co-operatives.

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Risque, Revenus et Coopératives

par Pierre Mevellec et Michel Belley*

Dans la rationalité coopérative, le concept de risque doit-il remplacer celui d'altruisme afin que soit mise en évidence l'efficacité des entreprises coopératives?

« Répondre aux aspirations des sympathisants et militants qui jugent leur activité selon un rapport coût/satisfactions constitue aujourd'hui un formidable défi lancé aux dirigeants des organisations à but non lucratif », notait J.P. Flipo dans un article récent. Cette contrainte de gestion s'exprime plus brutalement dans les assemblées générales des coopératives et des mutuelles sous la forme: « On veut bien être solidaires, mais on veut savoir combien cela nous coûte. »

Ce changement d'attitude des adhérents a conduit certains à envisager la disparition des coopératives. Paradoxalement, nous pensons que cette éventualité n'interviendra que si les coopératives continuent à être gérées de la même manière que les entreprises ordinaires au lieu de promouvoir une gestion différenciée utilisant des instruments conformes aux objectifs coopératifs. Nous montrerons ci-après que c'est en accroissant la coopération plutôt que

l'individualisme dans les instruments de gestion que les coopératives d'aujourd'hui peuvent justifier leur activité économique sans pour autant remettre leur idéal en cause.

Après avoir brièvement rappelé le cadre de gestion des coopératives, nous envisagerons ce que l'analyse du risque peut apporter à la gestion financière de ces organisations.

La coopérative, une organisation différente

L'organisation coopérative est une association libre d'agents économiques en vue d'atteindre un objectif. Elle gère une entreprise qui permet de réaliser à plusieurs et à moindre frais ce qui n'est pas à la portée d'un individu isolé. Son caractère coopératif se reconnaît à ses statuts et principes: Porte ouverte, contrôle démocratique, rémunération limitée du capital investi, répartition des excédents entre les membres en fonction de leurs activités coopératives, réinvestissement désintéressé de l'actif net, intercoopération, éducation spécifique.

Quatre de ces sept règles ont trait à la gestion financière. Or, force est de constater que ces contraintes très particulières n'ont donné lieu à aucun développement, ni en théorie, ni en matière d'outils spécifiques de gestion financière. Les responsables coopératifs se sont contentés d'emprunter les instruments des entreprises ordinaires. Les dangers de ce transfert ne sont apparus que lorsque les membres ont commencé à analyser

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leur adhésion non plus seulement en termes moraux et sociaux, mais également selon des critères économiques.

On s'aperçut alors que les outils de gestion traditionnels n'étaient pas adaptés aux besoins coopératifs sur trois plans: inadéquation aux objectifs (non recherche d'un profit d'entreprise, service aux adhérents); à la structure (bipolaire dans la coopérative et unipolaire dans la firme) et au champ d'activité (mixte dans la coopérative, exclusivement commercial dans l'entreprise ordinaire). Pour surmonter ces inadéquations, précisons les objectifs et les structures des coopératives.

Nous prendrons comme exemple les coopératives d'entrepreneurs individuels (agriculteurs, artisans). L'organisa-

tion coopérative est complexe au sens de la théorie des systèmes. C'est à la fois un groupement de personnes et une entreprise. Toute vision qui ne retiendrait qu'un seul de ces pôles ne serait que partielle. Or, malheureusement, les travaux de gestion concentrent leur intérêt sur le pôle entreprise et les travaux de sociologie traitent plus volontiers de l'aspect associatif, oubliant les contraintes inhérentes à la gestion d'une entreprise. Ces deux approches ont l'inconvénient de mettre l'accent sur ce qui permet d'assimiler l'un ou l'autre des deux pôles à des phénomènes connus, laissant dans l'ombre ce qui, à notre avis, fait la spécificité de la gestion coopérative, c'est-à-dire la zone où se règlent les relations entre adhérents et coopérative.

LE CHAMP DE LA GESTION COOPÉRATIVE

ASSOCIATION
(Adhérents)

+

ETABLISSEMENT
COOPERATIF

COOPERATIVE

Des sphères de gestion aux logiques différenciées

Dans les deux sphères externes la situation est analogue à ce que nous connaissons en matière de gestion des entreprises ordinaires. Par contre dans la sphère interne, la situation est radicalement différente. Les transactions entre adhérents et entreprise ne relèvent plus des mécanismes de marché. Il s'agit de transactions internes, l'entreprise coopérative ayant pour obligation d'absorber

la production des adhérents ou de leur fournir les matières premières nécessaires.

Nous nous trouvons devant une structure qui rappelle celle des centres de profit de la firme. Mais ici le schéma est inversé. C'est l'entreprise coopérative elle-même qui est le centre de profit dépendant. Elle doit contribuer à la réalisation des objectifs des adhérents. La définition de règles applicables dans ce contexte inhabituel est rendue encore

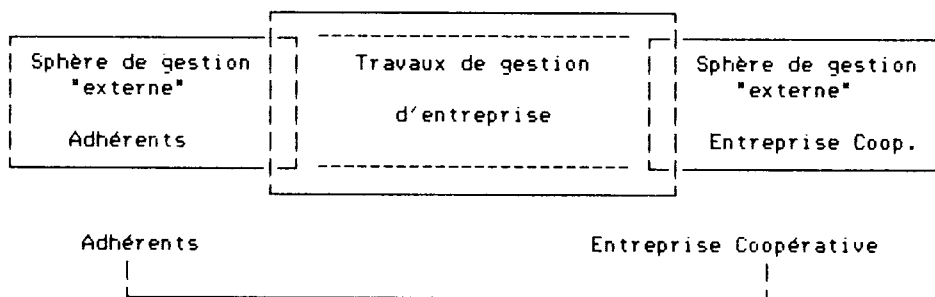
plus délicate à cause de l'absence d'un système d'information réciproque entre l'entreprise et ses membres. Cette absence nous permet d'affirmer que l'entreprise coopérative n'est actuellement qu'en devenir. Ce n'est que si un système d'information cohérent par rapport à la structure pouvait être mis en place, que nous verrions se former enfin de véritables coopératives. Si ce système d'information ne peut se développer, les deux pôles se rendront de plus en plus indépendants l'un de l'autre, rejoignant ainsi les modèles d'organisation dominants de leur milieu.



► Examinons maintenant quelles sont les relations financières entre adhérents et entreprise afin de préciser notre modèle de fonctionnement de la sphère interne. Nous démontrerons ensuite quel rôle le risque peut jouer pour rendre économiquement attractive l'adhésion à une structure coopérative.

Les travaux de gestion d'entreprise couvrent le domaine externe « entreprise coopérative » et les travaux sur les choix individuels, le domaine externe « adhérents ». Il nous reste à examiner les mécanismes d'ajustement entre les deux pôles dans la sphère interne de gestion :

LES SPHÈRES DE LA GESTION DE L'ORGANISATION COOPÉRATIVE



La structure reconnue, quels objectifs y sont poursuivis? En nous basant sur les motifs invoqués lors des adhésions et sur le discours coopératif, nous retiendrons deux objectifs chez le coopérateur: le meilleur revenu possible et le plus régulièrement possible (donc la minimisation du risque); et deux objectifs du côté de la coopérative: servir les adhérents et durer. La réalisation de tels objectifs implique que l'organisation dispose d'un maximum de fonds propres consolidés, donc les obtienne des deux

sphères externes précédemment définis. Pour qu'il en soit ainsi il faut que les prix de vente des marchandises produites soient le plus élevés possible ou au moins que ceux des matières premières soient les plus bas. Il faut en outre que le coût de fonctionnement de la coopérative soit le plus faible possible.

Le champ d'action défini, les objectifs ainsi repérés, il reste à étudier les mécanismes de régulation internes qui doivent remplacer la confrontation avec le marché.

Modèle financier et variables de régulation interne

Le rapport rentabilité/risque et le partage du résultat entre réserves et dividendes constituent les variables principales de la gestion financière envisagée par des actionnaires. Ces variables n'ont pas la même incidence sur la conduite de la gestion financière d'une entreprise coopérative. La rentabilité recherchée par l'adhérent l'est à son niveau et non à celui de l'entreprise. L'affectation du résultat est prédéterminée étant donné l'intérêt limité sur les parts sociales. Quant au risque, il n'est significatif qu'au niveau de la coopérative, pas à celui de l'entreprise, comme nous le verrons plus loin.

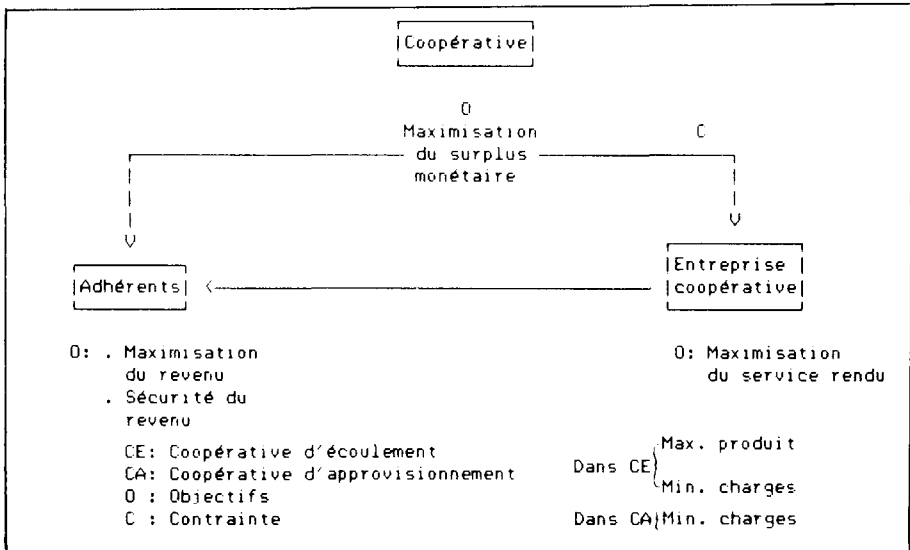
Il faut donc découvrir les variables propres aux coopératives afin de mettre au point les instruments nécessaires à la gestion de la sphère interne. Le moyen le plus simple consiste à repérer l'en-

semble des relations financières qui déterminent le fonctionnement de cette sphère.

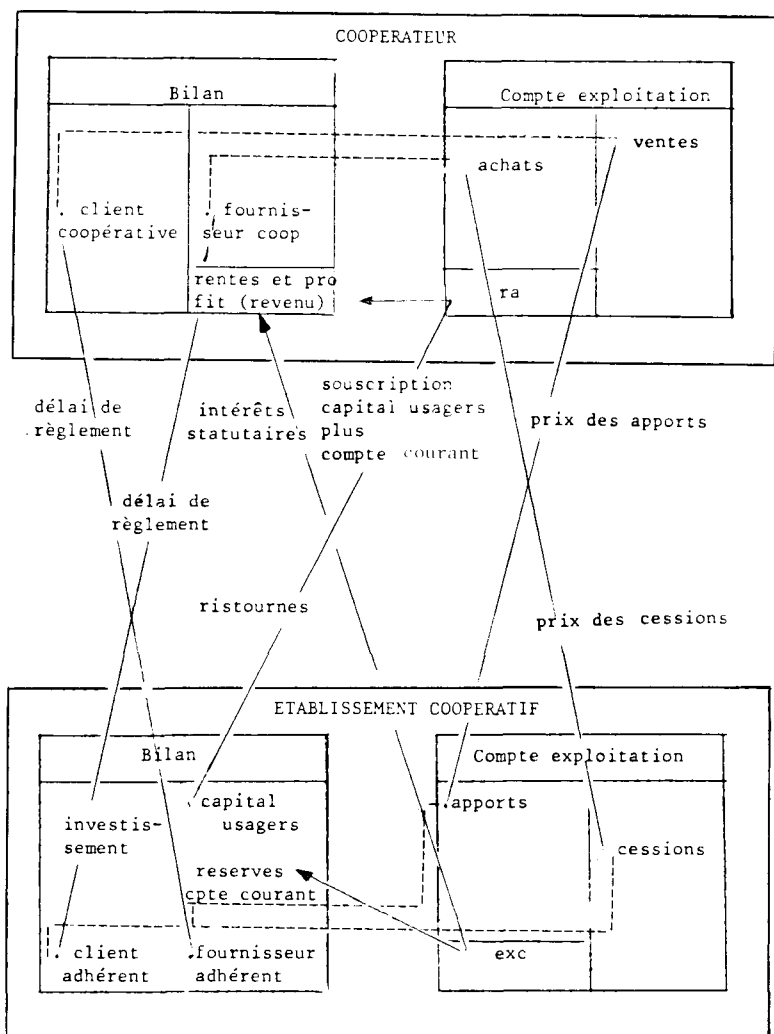
Voyons le cas d'une coopérative agricole. Six variables à incidence financière sont susceptibles de participer à la définition de régulateurs financiers: la valeur des apports ou des cessions, les délais de règlement, la souscription de parts de capital social pour le financement de l'entreprise, le niveau intérêt statutaire sur le capital social, les proportions du résultat affectées aux réserves, le montant des ristournes et/ou celui des compléments de prix.

Avant de commenter en détail ces variables, constatons que le système financier coopératif tel que nous l'étudions est un système, fermé sur lui-même, où toutes les variables sont interdépendantes à des degrés divers. Le choix d'une valeur influe sur le choix des autres. Il importe donc d'étudier le rapport hiérarchique le plus favorable entre ces valeurs.

STRUCTURE DES OBJECTIFS DANS L'ORGANISATION COOPÉRATIVE



LIAISONS FINANCIÈRES DANS L'ORGANISATION COOPÉRATIVE



Il est aisé de voir que la variable principale de régulation va être le prix de cession ou d'apport, que nous appellerons d'une manière générale le Prix de Cession Coopératif (PCC)*. Les raisons qui militent pour ce choix inhabituel en matière de gestion financière sont nombreuses.

En premier lieu, il faut rappeler que toutes les études de motivations réali-

* Coût des transactions entre le coopérateur et sa coopérative (Revenu du coopérateur dans une coopérative de production et coût des marchandises pour le coopérateur dans une coopérative de consommation).

La discussion qui suit présume que les adhérents et les gestionnaires de l'entreprise coopérative se comportent rationnellement dans leurs relations avec l'environnement. Nous n'aborderons de ce fait que la gestion de la sphère interne.

sées auprès des coopérateurs font apparaître comme première raison de l'adhésion le prix payé. C'est en effet par l'intégration du PCC dans sa gestion que l'adhérent va déterminer le résultat de son activité, c'est-à-dire son objectif de revenu. Même si des correctifs peuvent intervenir pour ajuster ce revenu, il ne s'agira que d'éléments marginaux. Nous tenons donc dans le PCC la première variable de régulation de la sphère interne. En second lieu, il faut souligner que le PCC est la variable qui permet le plus facilement, et le plus fréquemment, la comparaison avec les organisations concurrentes de l'environnement, environnement qui constitue une contrainte permanente pour la gestion de la sphère interne. Si à moyen terme le PCC devient moins intéressant pour l'adhérent que le choix du marché, le fonctionnement et peut-être même l'existence de la coopérative seraient remis en cause par les adhérents.

Le PCC est à la fois une variable d'ajustement à court terme et une variable stratégique car elle conditionne les possibilités de développement de la coopérative à moyen terme.

Lorsque le prix de cession interne est fixé, une grande partie de l'indétermination du système financier est levée. En particulier, nous pouvons revenir à des critères de gestion plus traditionnels tant au niveau de l'adhérent que de l'entreprise. Dans cette dernière, nous avons la possibilité de calculer la valeur ajoutée. Il serait souhaitable de l'appeler « valeur retenue », car il s'agit de la fraction de la valeur ajoutée consolidée qui a été retenue dans l'entreprise coopérative du fait du niveau de PCC.

Puis, de proche en proche, nous obtenons l'excédent brut d'exploitation, et enfin le résultat net.

Signalons que le PCC peut être ajusté périodiquement ou en fin d'exercice, avant le calcul du résultat, par un complément de prix.

Dans ce cas, le résultat net est destiné uniquement à l'intérêt statutaire et à l'autofinancement de l'entreprise. Le complément de prix joue le même rôle que la ristourne mais n'a pas le même statut fiscal. S'il n'y a pas eu de complément de prix, et si le résultat est supérieur à ce qui est escompté par les dirigeants de la coopérative, une fraction de ce résultat pourra être répartie sous forme de ristournes. Celles-ci étant proportionnelles à l'activité de chacun et non au capital souscrit, nous pouvons dire qu'elles sont fixées à l'unité d'activité, c'est-à-dire qu'elles viennent modifier le PCC de la même manière que le complément de prix.

Cela signifie que si nous voulons comparer deux coopératives, l'une utilisant le complément de prix, l'autre la ristourne, il faudra corriger la « valeur retenue » de la seconde en incluant la ristourne au PCC de manière à ce que les résultats soient comparables entre eux ; et, dans une certaine mesure, comparables aux résultats des entreprises capitalistes.

De ce qui précède, nous déduisons que la ristourne qui tient une place très importante dans le discours coopératif n'est en réalité qu'une variable de troisième ordre en terme de régulation financière.

Ce premier bloc de trois variables règle le problème du partage de la rentabilité consolidée entre l'adhérent et l'entreprise coopérative.

Reste à envisager le problème des besoins de financement et de liquidité.

Une solution limite consisterait à organiser toutes les transactions internes au comptant ; laissant ainsi le soin à chacun des deux pôles de négocier avec l'environnement, le financement de ses besoins de financement. Cette situation préconisée par les « Equitables Pionniers de Rochdale » ne correspond plus aux pratiques actuelles. Il existe en réalité un besoin de financement consolidé au

niveau de la coopérative; le problème est sa répartition entre les deux pôles de manière à ce que la solution soit la plus satisfaisante pour chacun. Pour opérer cette répartition, nous disposons de plusieurs variables d'actions. Celle qui est susceptible d'avoir l'effet maximal est constituée par le délai de règlement des transactions entre l'adhérent et l'entreprise coopérative.

Ce ou ces délais fixés, nous en déduisons les besoins de financement du cycle d'exploitation au niveau de chacun des pôles.

Le plus logique est ensuite de prendre en compte les possibilités de financement à terme auprès de l'environnement, de chacun des pôles.

Nous en déduisons les besoins en capitaux propres. Ces besoins seront couverts, dans l'entreprise coopérative, par l'augmentation du capital social et par la mise en réserve de l'excédent de gestion. Comme la plupart du temps les augmentations de capital social sont réalisées par capitalisation, soit des compléments de prix, soit des ristournes, soit des intérêts statutaires, nous sommes ramenés au problème de la tarification.

Les besoins en capitaux de l'adhérent seront également influencés par la capacité d'autofinancement, c'est-à-dire le PCC.

Tout repose en définitive sur le PCC. Tant que celui-ci reste au moins aussi intéressant que le prix de marché, les cinq autres variables conservent tout leur intérêt car elles permettent effectivement de mettre en œuvre une stratégie financière sur la base d'un développement coordonné des deux pôles. Pour qu'un tel PCC soit obtenu, il faut que la sphère de « gestion externe de l'entreprise coopérative » soit au moins aussi efficace que les entreprises concurrentes. Dans l'hypothèse inverse, toute capitalisation deviendrait difficile, et l'on verrait rapidement les structures finan-

cières des deux pôles se détériorer dangereusement.

Il est donc possible d'affirmer pour conclure en ce point que la variable principale de régulation des flux financiers caractéristiques de la sphère de gestion interne est le PCC. On trouve ensuite le délai de règlement des transactions. Enfin, l'effort de capitalisation détermine les ristournes ou le complément de prix. Ce dernier pouvant être modulé par une politique de réserve, expression en général, d'une contrainte fixée par le partenaire bancaire. S'il reste encore des disponibilités, on envisagera le paiement de l'intérêt statutaire.

Les deux variables principales, dans la coopérative comme dans la firme capitaliste, sont fixées dans des conditions d'informations imparfaites. Elles sont, de ce fait, risquées. Or, nous l'avons souligné au début de cette recherche, l'un des objectifs des coopérateurs est la recherche d'un revenu régulier, donc d'un moindre risque. Il nous faut examiner quelles politiques peuvent être développées en ce sens au sein de la sphère interne de gestion.

Le prix de cession coopératif support de l'analyse rentabilité/risque

La solidarité entre les coopérateurs a été et reste l'un des facteurs avancés pour expliquer la formation et le développement des organisations coopératives. Jusqu'à présent, cette solidarité, essentielle au niveau du discours, et diversement interprétée dans les faits, ne s'exprimait pas clairement au niveau financier. Cela faisait partie des éléments affectifs de la vie coopérative. Elle semblait se justifier par « l'humanisme » des coopératives par opposition à la loi de la jungle appliquée dans les organisations capitalistes.

Cette approche sentimentale n'est plus suffisante. De fait, les coopérateurs

occidentaux sont aujourd'hui des agents économiques majeurs et généralement bien intégrés à leur environnement capitaliste. A ce titre, ils sont imprégnés du rationalisme économique ambiant et soumettent une fraction de plus en plus large de leurs décisions (surtout s'il s'agit d'entrepreneurs individuels) au verdict du calcul économique. A ce titre, leur adhésion à la structure coopérative et l'acceptation de ses règles de fonctionnement doivent être passées à l'aune de la rationalité financière.

Parmi les approches possibles, celle en termes de gestion du risque nous paraît pertinente, même si la transposition des hypothèses inhérentes aux modèles (1) récemment développés en ce domaine engendre quelques difficultés, comme elle en pose aussi lorsqu'on étudie les firmes capitalistes. Tout entrepreneur individuel peut choisir d'adhérer ou de ne pas adhérer à la coopérative si cette dernière n'est pas en situation de monopole.

La plus importante des nombreuses difficultés à résoudre tient à la nature même des deux types d'organisations.

Dans la coopérative, l'adhésion se traduit par un double lien : souscription de capital social et apport d'activité. Dans la firme capitaliste, seul l'apport de capital est à prendre en compte.

Il faudrait donc comparer d'un côté une rentabilité composite pour le coopérateur à une rentabilité simple pour l'actionnaire, sans oublier l'avantage dû à l'existence des réserves coopératives, impartageables. Les hypothèses que nous serions conduits à envisager pour réaliser ce travail seraient telles que la démonstration perdrait tout réalisme.

(1) On fait référence ici aux modèles de Markowitz et de Sharpe, Lintner, Mossin (MEDAF).

Appelons : P_c le prix coopératif
 bP_c la fraction capitalisée
 P_m le prix hors de la coopérative.

Le problème sera donc abordé différemment si l'on admet l'hypothèse très largement vérifiée dans les faits que l'effort de capitalisation demandé à l'adhérent est réalisé à partir des ristournes, des compléments de prix et le cas échéant des intérêts statutaires.

Comme par ailleurs nous avons indiqué qu'en temps ordinaire le PCC, *effectivement* payé à l'adhérent, c'est-à-dire hors ristournes et compléments de prix capitalisés, ne pourrait le mettre en position défavorable vis-à-vis de la concurrence, nous pouvons prendre comme seule base, pour notre étude, les prix.

L'adhérent perçoit P_c (1-b) et le non-adhérent P_m . La rentabilité de l'activité de nos entrepreneurs individuels, toutes choses égales par ailleurs, est seulement fonction des prix pour un même niveau de production.

Mais ce prix n'est pas stable ; il faut prendre en compte le risque lié à ce prix.

Soit σ_c^2 et σ_m^2 les variances associées à $E(P_c)$ et à $E(P_m)$ espérance mathématique des deux catégories de prix. Si P_c est fixé au jour le jour de manière définitive, avec prélèvement de bP_c et sous réserve que l'on respecte toujours :

$$E [P_c (1-b)] \geq E (P_m)$$

Nous découvrons que rentabilité et risque seront identiques que l'on soit adhérent ou non à la coopérative. L'avantage irait néanmoins à la coopérative car en fin d'engagement le coopérateur se verrait remboursé le capital qu'il avait souscrit $E (bP_c)$. Ce supplément de rentabilité étant théoriquement égal à la rentabilité de son investissement en tant qu'actionnaire.

Si l'engagement est de longue durée et la capitalisation faible, ce sera un argument de peu de poids.

Limitation du risque pour l'adhérent

Ce n'est donc que par une politique de réduction du risque que la coopérative peut faire apparaître un avantage sensible en sa faveur.

Cette réduction du risque est obtenue par l'abandon de la tarification au jour le jour et son remplacement par des prix de période.

Prenons le cas extrême. La coopérative fixe un prix unique de campagne. Ce prix devient certain, donc sans risque. Si $P_c (1-b) \geq E(P_m)$, l'adhésion est avantageuse car à rentabilité égale, le coopérateur a éliminé le risque.

S'il n'y a pas de prix de campagne mais simplement des prix de période (X^*) (facturation sur la base du prix moyen de la semaine ou du mois), l'avantage subsiste.

Il est aisé de démontrer que si l'on remplace n variable x par k variable x^* , $E(x)$ reste égal à $E(x^*)$ tandis que $\delta_x^2 > \delta_{x^*}^2$.

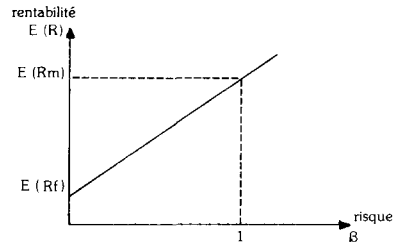
Nous pouvons en conclure que chaque fois que la coopérative se constitue en filtre entre le marché et l'adhérent en ayant une politique de tarification autonome, et sous réserve d'une efficacité moyenne égale à celle de ses concurrents, elle procure un avantage à ses adhérents.

Cette conclusion renforce également l'intérêt des relations exclusives adhérent-coopérative. En effet, toute diversification des transactions de l'adhérent entre la coopérative et un concurrent non coopératif aboutira à une augmentation du risque sans modification de la rentabilité. La clause de l'exclusivité qui est mal supportée par certains adhérents est en réalité une condition de réalisation de l'efficacité coopérative, tant pour l'entreprise (garantie des volumes de transaction) que pour l'adhérent (minimisation du risque).

Cette première analyse qui se réfère au risque global peut sembler trop rustique au lecteur averti. Celui-ci sait que ce risque se décompose en un risque systématique et un risque spécifique. Comme on peut par une diversification de ses actifs éliminer le risque spécifique, il est logique de penser que le marché ne le rémunère pas. Il faudrait donc l'éliminer de notre démonstration et réexaminer si l'adhésion à la coopérative reste avantageuse.

Si cette nouvelle approche du risque est transposable dans le champ coopératif, l'agent doit guider le choix de son établissement (firme coopérative ou non) en tenant compte de la rentabilité et du risque systématique que son choix lui procurera. En fait, il choisira l'un ou l'autre selon que la rentabilité qu'il en escompte est plus ou moins grande que la rentabilité théorique de son choix.

Cette rentabilité théorique s'exprime par la relation :



$$E(R) = R_f + \beta (E(R_m) - R_f) + E_i$$

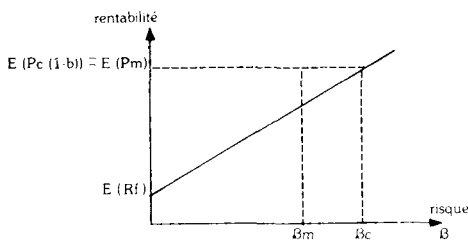
- R_f = Résultat sans risque
- β = sensibilité de la firme aux fluctuations du marché
- $E(R_m)$ = espérance mathématique de la firme

Sur le marché en équilibre, les actifs financiers doivent s'aligner sur cette droite. En théorie, l'ajustement est instantané car tous les agents sont supposés parfaitement informés et réagissent immédiatement à cette information.

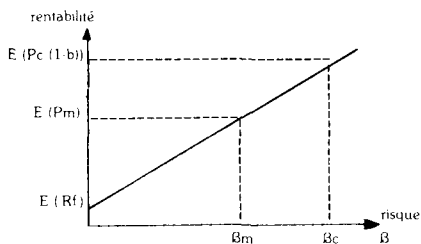
Notre agent doit comparer β_c ($E(P_c(1-b) - R_f)$) à β_m ($E(P_m - R_f)$). Comme par hypothèse, nous avons toujours $E(P_c(1-b) - R_f) > E(P_m - R_f)$, le choix va dépendre de la valeur du coefficient β qui traduit la sensibilité de la firme aux fluctuations du marché.

Seule l'observation des comportements permet de pencher en faveur de l'un ou l'autre des établissements.

Diverses études empiriques ont montré que les entreprises coopératives sont caractérisées par une plus grande sensibilité aux fluctuations du marché que les firmes capitalistes. La structure coopérative reste le prolongement de l'activité du coopérateur avant d'être une structure autonome entre l'adhérent et le marché. Le coefficient β_c est donc supérieur au coefficient β_m . La situation de notre agent peut alors être représentée par le schéma suivant :



Une telle configuration est en contradiction avec le modèle du marché. En effet, aucun agent n'accepterait de supporter un risque plus grand β_c , pour une rentabilité équivalente. Nous sommes donc conduits à penser que compte tenu de l'histoire déjà longue de la concurrence entre les deux types d'organisation en présence, des arbitrages ont été faits et que la situation réelle est traduite par le schéma suivant :



Ce qui signifie que la rentabilité du choix coopératif est supérieure à la rentabilité du choix de la firme capitaliste. Cela n'est pas en contradiction avec l'hypothèse qui nous a guidé jusqu'à présent. $E(P_m) \geq E(P_c(1-b))$ car nous ne retenons dans notre mesure de la rentabilité que la variable PCC. Or, l'adhérent bénéficie d'un complément de rentabilité sous forme d'accumulation de capital social ainsi que d'une garantie plus grande quant à la pérennité de ses relations avec l'établissement qu'il a choisi (la coopérative ne peut l'exclure, sauf manquement grave aux règles du fonctionnement).

Bien que sur le plan théorique, l'extension du modèle de marché au champ coopératif pose beaucoup de problèmes, compte tenu du nombre d'hypothèses que l'on doit abandonner, ce modèle tend tout de même à valider le choix coopératif comme solution du point de vue du coopérateur usager ($E(P_c(1-b))$) doublé du coopérateur investisseur $E(bP_c)$.

Rentabilité, liquidité, risque dans l'entreprise coopérative

La politique de tarification autonome que nous venons de décrire n'est pas sans influence sur la situation de l'entreprise coopérative. Aussi, terminerons-nous cette étude par l'analyse du risque

économique de l'entreprise coopérative en nous appuyant successivement sur l'excédent de gestion et sur le flux de trésorerie d'exploitation.

Le rendement économique de l'entreprise coopérative pourrait être estimé par l'excédent d'exploitation comme dans les firmes de droit commun. Mais nous lui préférons la notion d'autofinancement, compte tenu de ce que l'on sait de la tarification coopérative. Cette dernière s'établit de manière à laisser dans l'entreprise coopérative l'autofinancement désiré (ajustement du PCC par le complément de prix et/ou de ristourne).

Si le mode de tarification que nous avons décrit est appliqué strictement, l'autofinancement devient autonome par rapport au marché et son risque sera nul. Le risque du marché est donc supporté par l'adhérent par le biais du PCC. En l'absence de procédure d'écrêtage sous forme de prix de période le risque du marché serait intégralement ramené à l'adhérent ($\beta_c = 1$). Par contre, la pratique des prix de période, sans réduire le risque global à supporter, le répartit de manière plus égalitaire entre les adhérents. Le risque individuel s'en trouve réduit. L'adhésion permet bien une gestion solidaire des risques sans aggraver le risque économique de l'entreprise coopérative. Nous pouvons affiner cette analyse en étudiant de manière plus précise la variance et l'espérance mathématique de l'autofinancement.

AUTO:	autofinancement
CA:	chiffre d'affaires de l'entreprise coopérative sur le marché (coop. d'écoulement)
FF:	frais de fonctionnement de l'entreprise coopérative, considérés comme frais à court terme

PCC:	prix de cession coopératif
E (autof.):	$E(CA) - E(PCC) - E(FF)$ comme les frais de fonctionnement sont, par leur nature, fixes, alors
E (autof)	$= E(CA) - E(Pc) - FF$
V (autof)	$= v(CA - FF - Pc)$
V (autof)	$= v(CA - Pc)$
V (autof)	$= v(CA) + v(Pc) - 2 cov(CA, Pc)$

Or, en raison de la transparence de la structure coopérative, la co-variance entre CA et Pc sera forte et donc la variance de l'autofinancement faible. Si $\beta = 1$, nous retrouvons $V(AUTO) = 0$. En admettant par ailleurs que E(CA) soit identique pour l'entreprise coopérative et pour la firme privée (efficacité identique des deux structures nous en déduisons que l'écart des espérances mathématiques d'autofinancement est égal à l'écart des espérances mathématiques de prix E(Pm), E(Pc).

Comme à moyen terme $E(Pc(1-b)) \geq E(Pm)$, nous pouvons conclure que la structure coopérative aboutit pour une espérance mathématique de gain identique à réduire le risque global de l'entreprise. Cette réduction est obtenue par le transfert du risque vers les adhérents, lesquels se répartissent solidairement ce risque en pratiquant des prix de période.

Le risque d'entreprise, dans la coopérative, c'est aussi le risque de liquidité. Nous avons souligné l'importance de la variable délai de paiement dans la gestion financière de sphère interne. Cette variable, toute chose égale par ailleurs, va déterminer les risques de liquidité que devra supporter l'entreprise coopérative. Nous pouvons approcher ce risque de liquidité à travers la notion de flux de trésorerie d'exploitation. Celui-ci est obtenu en faisant la différence entre l'autofinancement et la variation des besoins de financement du cycle d'exploitation.

FTEX = AUTOF - Δ BFR

Calculons la variance de ce flux de trésorerie d'exploitation:

$$V(\text{FTEX}) = (\text{AUTOF}) + v(\Delta\text{BFR}) - 2\text{COV}(\text{AUTOF}, \Delta\text{BFR})$$

Comme l'entreprise coopérative transfère l'ensemble du risque du marché sur ses adhérents, il est vraisemblable qu'en période de basse conjoncture ces derniers vont en contrepartie demander à leur organisation de couvrir leurs besoins de financement. Nous devrions constater de ce fait une co-variance négative entre Δ BFR et AUTOF. Cela nous conduit à affirmer que d'une manière générale le risque de liquidité de l'entreprise coopérative est supérieur à son risque de rendement économique. Cette augmentation du risque dans l'entreprise coopérative trouve sa contrepartie dans une réduction du risque de liquidité chez les adhérents. Cette augmentation du risque de liquidité peut être interprétée comme le prix à payer par l'entreprise coopérative pour la réduction de son risque économique.

Nous pouvons également considérer ce transfert de risque comme l'expression d'un mécanisme de solidarité diachronique. Il permet en effet aux adhérents d'étaler dans le temps leur propre risque en obtenant de l'entreprise coopérative un financement par le biais d'une variation du délai de règlement des transactions internes.

La coopérative peut rechercher un abaissement de ce risque de liquidité. Celui-ci ne peut être obtenu que par une diminution de la co-variance négative entre AUTO et Δ BFR.

Cette diminution sera sensible si la corrélation entre les variations de BFR des adhérents est elle-même faible. Comme les conditions d'exploitation dans une aire géographique restreinte sont généralement les mêmes, cette faible corrélation dans l'évolution des BFR ne peut se concevoir que si l'activité des

adhérents est diversifiée. C'est-à-dire si la coopérative est polyvalente il sera alors possible de faire jouer un mécanisme de solidarité synchronique limitant globalement le risque de liquidité de l'entreprise coopérative tout en contribuant à réduire le risque de liquidité de la catégorie d'adhérents momentanément en difficulté.

Cet avantage de la polyvalence se traduit en retour sur la rentabilité sous deux formes. En premier lieu, l'effort d'autofinancement requis de chaque catégorie d'adhérents sera diminué pour un même niveau de risque de liquidité, améliorant ainsi le PCC (par réduction de b). En second lieu, on constatera, toujours pour un même niveau de liquidité, une baisse des frais financiers de l'entreprise coopérative, ce qui est une seconde source d'amélioration du PCC.

Conclusion: vers une nouvelle légitimité coopérative

Les organisations coopératives ont été l'un des moyens d'intégration de maintien dans le système dominant de producteurs en voie de marginalisation ou d'exclusion. Ce rôle socio-économique, joué à une époque où les garanties sociales étaient faibles, se traduisait par un discours solidaire et humaniste. Depuis deux décennies, les pouvoirs publics ont achevé la mise en place des mécanismes de protection de toutes les catégories professionnelles, les organisations socio-économiques existantes doivent donc s'assurer une nouvelle légitimité en se référant aux seuls arguments économiques, lesquels sont devenus les seules références de leurs adhérents.

Il nous semble que globalement les organisations coopératives répondent concrètement aux attentes de leurs adhérents, mais l'absence de modèle théorique de référence continue de faire peser sur elles un risque: celui de l'assi-

milation pure et simple à l'univers de la firme ordinaire. Si elles veulent subsister, les coopératives doivent affirmer leurs spécificités et non les abandonner dans le but d'apparaître attractives. La gestion collective et formalisée du risque offre aux coopératives un moyen de se différencier des firmes ordinaires. Sans renier la solidarité humaniste d'hier, la réduction diachronique (prix de période) et synchronique (transfert de liquidité d'une activité à l'autre) des risques de rendement et de liquidité offre aux organisations coopératives une base nouvelle pour asseoir leur légitimité économique.

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RÉSUMÉS

MEVELLEC AND BELLEY

RISKS REVENUES AND CO-OPERATIVES – The cost-satisfaction ratio is gradually replacing idealism as an incentive for cooperators. Cooperatives are not able to cope with this new situation because the management systems they use, derived, as they are, from capitalistic undertakings, do not take account of cooperative objectives, structures or spheres of activity. Traditionally, business and sociology have always been disassociated. In cooperatives, however, they go hand-in-hand. It is because of this classic disassociation that cooperatives have ended up identifying with their environment rather than building upon their own particular speciality, which is management of the very area of conflict where the two spheres clash.

In a cost-satisfaction ratio it is the cost of the transaction between cooperator and cooperative which prevails, or such is the current practice on the ordinary market, but the safety factor must also be taken into account. This is very important for cooperators, particularly in the sphere of agricultural and industrial production. The cost of the transaction is, therefore, the most important variable. It has a massive impact on all the other variables which then, but only then, can be defined according to traditional methods of management. The authors' thesis can be mathematically proved. The mathematical process cannot be summarised but, in essence, it demonstrates that a cooperative should be the sole provider of its members and that this is the prerequisite of venture management, which speculates for the benefit of its members. In conclusion, since the government set up the social welfare structure we know today, the only way of making the idea of cooperative participation attractive, apart from economic incentive, is to refer to venture management.

MEVELLEC/BELLEY

RISIKO, EINNAHMEN, GENOSSENSCHAFTEN – Was die Motivation der Genossenschafter betrifft, tritt an die Stelle des Idealismus mehr und mehr die Relation zwischen Kosten und Bedarfsdeckung. Auf diese neue Situation sind die Genossenschaften nicht vorbereitet; denn die von ihnen angewandten Managementtechniken, die sie von den kapitalistischen Unternehmen übernommen haben, tragen den Zielen, Strukturen und Tätigkeitsfeldern der Genossenschaften nicht Rechnung. Nach herrschender Schulmeinung klaffen Business und Soziologie nach wir vor auseinander, wohingegen sie in den Genossenschaften eine Verbindung eingehen. Unter dem Eindruck dieser theoretischen Dichotomie identifizieren sich die Genossenschaften schliesslich mit ihrer Umwelt, anstatt ihre Eigenart zu vertiefen, die doch gerade in der Art des Umgangs mit einem Bereich, in dem sich die beiden Gebiete überlagern, begründet ist.

In der Kosten-Bedarfsdeckungs-Relation ist der Kostenaspekt, im Vergleich mit dem des übrigen Marktes, für die Transaktion zwischen Genosse und Genossenschaft massgebend, doch ist auch der Sicherheitsfaktor zu berücksichtigen, dem die Genossenschafter insbesondere in der landwirtschaftlichen und in der Industrieproduktion starke Bedeutung beimessen. Damit sind die Kosten dieser Transaktion die wichtigste Variable. Sie beeinflussen nachhaltig alle anderen Variablen, die dann, aber auch erst dann, anhand der herkömmlichen Instrumente der Betriebsplanung bestimmt werden können. Die Autoren untermauern ihre Position durch mathematische Berechnungen, die hier nicht wiedergegeben werden können. Daraus geht unter anderem hervor, dass die Genossenschaft ausschliesslicher Lieferant ihrer Mitglieder sein sollte. Das ist die Voraussetzung einer für alle profitablen Risikoverteilung. Zusammenfassend ist zu sagen, dass es seit Einführung der sozialen Sicherung durch den Staat letztlich risikopolitische Überlegungen sind, die - neben wirtschaftlichen Kriterien - einen Anreiz zur Beteiligung an einer Genossenschaft bieten.

RIESGO, INGRESOS Y COOPERATIVAS - La relación costo/satisfacción está remplazando progresivamente el idealismo en las motivaciones de los cooperadores. Las cooperativas no están preparadas a esta nueva situación ya que los sistemas de gestión que utilizan, no toman en consideración ni los objetivos, ni las estructuras, ni el campo de actividad de las cooperativas. Según la posición académica, negocios y sociología están siempre disociados mientras que en las cooperativas se encuentran unidos. Es esta disociación académica lo que hace que las cooperativas acaben por identificarse más bien a su medio que a profundizar su originalidad que se encuentra en la manera de administrar el espacio donde los dos sectores interfieren.

En una relación costo/satisfacción, lo que importa es el costo de la transacción entre el cooperador y la cooperativa sí se le compara al que existe en el mercado ordinario, pero se debe tomar en cuenta el factor de seguridad que es muy importante para los cooperadores, particularmente en el área de la producción agrícola o industrial por ejemplo. Se comprueba entonces que la variable más importante de esta transacción es el costo. Este va contribuir a influenciar de manera masiva todas las otras variables que podrán ser definidas - a partir de ese momento solamente - según los métodos de gestión tradicionales. Una demostración matemática difícil de resumir aquí, confirma la opción de los autores. Se nota en particular que la cooperativa debe ser la proveedora exclusiva de sus socios. Esta es la condición para que todos beneficien de una gestión de riesgo. En conclusión, desde que el gobierno perfeccionó los mecanismos de protección social que se conocen, son sólo los que están relacionados con la gestión de riesgo que pueden lograr que la participación a una cooperativa sea interesante.



Book Reviews

Co-operative Principles – Today and Tomorrow

by **W. P. Watkins**

Holyoake Books, Co-operative Union Ltd., Manchester, 1986, A5, 168 pp.
Price: £4.95 (£5.50 including p. & p.)

If not unique, it is certainly very rare to find co-operative experience of 77 years, both in the field and in education, accumulated in one individual. This is the case with W.P. Watkins, the author of this book on co-operative principles. W.P. Watkins has served as Director of the International Co-operative Alliance (1952-1963) and, among other writings, he is the author of its history for the period 1895-1970. He is certainly one of the most suitable persons to discuss and elaborate co-operative principles, as he also was the rapporteur of the ICA Commission for the Reformulation of Co-operative Principles which presented its report in the Vienna Congress (1966). The time of publication of this book is most opportune following the resolution of the latest ICA Congress (Hamburg, October 1984) to set-up a Committee for the reformulation of co-operative principles.

In this work, W.P. Watkins does not attempt to rephrase or change the wording of the principles adopted in 1966, but goes deep into the re-examination of their nature by making clear distinction between principles and practices and discussing whether the various practices comply with or diverge from the principles. The set of seven principles he proposes differs substan-

tially from both previous (1937 and 1966) formulations. The proposed principles are:

1. Association or Unity
2. Economy
3. Democracy
4. Equity
5. Liberty
6. Responsibility or Function
7. Education

To read Mr. Watkins' book is first of all a joy of the mind. The unparalleled facility with which he goes around the globe with examples, the ability to bridge ideas of ancient and modern times and to weave them into the ideas of co-operation; and the continuous reference to the various co-operative categories; makes one secure in the certainty that the essence of all kinds of co-operative flowers has been carefully selected and presented in a clear and coherent manner by a true believer in the international character of co-operation.

It seems that the time is ripe for a re-examination of the formulation of the principles, not to change the essence but to clear confusion. Today, it is not enough to have the principles and the essence of co-operation clear in the heads of some specialists in the field.

They should be clearly written down as reference for laymen, policy makers and courts alike. It should be realized that co-operative movements everywhere require clear-cut formulations and adequate interpretations to defend themselves against direct or indirect attack from outside the movement.

It must be recognized that any formulation of the co-operative principles is bound to meet objections of one sort or another. Different philosophies have embraced the co-operative idea and fitted it to their own procrustean bed. Thus, it will not be an easy task for the ICA to adopt a new formulation as the maintenance of its unity is of equal importance.

The seven principles proposed by W.P. Watkins correspond to the 'general ideas' of H.H. Munkner's formulation, in which he classifies his eleven principles. For practical purposes, it is not advisable to create a further distinction into general ideas and principles. What the student of co-operation and the co-operator needs is a meaningful title for each principle. An analysis of each individual principle should subsequently give details, the variations accepted in practice, and the limits beyond which the co-operative character is lost. In this respect, one feels some weaknesses in the titles of the principles proposed by W.P. Watkins. In his effort to give single-word formulations, it cannot be said that some of the words chosen to express principles represent by themselves concrete ideas. The principle of 'economy', for example, cannot be readily linked with the content, while a formulation like 'non-profit operation' corresponds only partly with the content given by Watkins. A better term should also be found for 'responsibility or function'.

It is probably opportune to say that the terms 'profit' and 'dividend', which are used in the book in several instances

relating to co-operatives, should have been replaced by 'surplus' and 'refund', which better indicate their specific nature in co-operatives. An effort should continuously be made to establish the latter terms in co-operative terminology.

A great number of issues, arising out of co-operative practice are treated by Mr. Watkins and guidance is provided for their proper interpretation. However the issue of the distribution of reserves upon the dissolution of a co-operative for which Prof. P. Lambert made repeated references, both in the *Annals of Public and Co-operative Economy* (1966, Nos. 2 and 3) and in his speech at the 1966 Congress, deserves further discussion under the principle of equity.

Also the question of multiple (weighted) voting in primary societies, such as agricultural production co-operatives, where the members put their land into co-operative use, should be treated by an authority of Mr. Watkin's calibre. The fact that weighted voting is already practised in several countries constitutes sufficient reason for the author to do so. Of course, as he expressly states in his preface, it is not necessary to say everything in order to say anything. And he says a precious lot.

The grandeur of W.P. Watkin's exposition lies in his deep philosophical and truly international and comprehensive approach to co-operation. He sees the unlimited possibilities of co-operation — horizontally and vertically — and the ideals that co-operation should aim at. His message to co-operators is to stick to the essence of co-operation, to remove any barriers and to co-operate at all levels if they want the co-operative idea to serve them. Where co-operative ideals take precedence over other ones, the seed sown by Mr. Watkins will have fallen on fertile land.

What seems certain is that this work of knowledge and wisdom of W.P. Watkins will be studied and referred to again and again. It should best serve its pur-

pose if it is translated into other languages to benefit the wide audience of co-operators all over the world.

C.L. Papageorgiou

The Italian Co-operative Movement A portrait of the Lega Nazionale delle Cooperative e Mutue

by John Earl

Published by Allen & Unwin, November 1986, 216 × 138 mm, Hardback 256 pp.
Price: £ 25.00

Few countries have been more written about than Italy; its art, history and economic and social development. But one sphere has been neglected — the co-operative movement, which is now one hundred years old, and which plays an important part in economic and social life. Its six million members are to be found in sectors as varied as housing and public works, retailing, farming, industry, informatics, social insurance, tourism and the theatre. Co-operatives take on multi-million dollar contracts for public works in the Third World. Leaders of the movement look on themselves as a third sector of the Italian economy, alongside private enterprise and public ownership.

This book takes the reader — whether the specialist or the person generally interested in Italy's present and future — on a journey through this virtually uncharted territory. It should be required reading for anyone wishing to form an overall picture of Italy today.

The focus is on the left-wing League (the Lega Nazionale delle Cooperative e Mutue) whose centenary fell in 1986, though briefer accounts are given of the other movements. After a short survey

of the movement's origins and development, the reader is taken on a voyage of discovery of some of the more significant co-operatives, both successful and experimental, in different parts of the country. The book ends with an examination of the prospects for co-operation in the future.

Here the scope is wider than Italy alone. The co-operative formula evokes growing interest as a defence against recession in industrial society, as an antidote to unemployment in Western Europe, and as a signpost for development in the Third World. The book shows that Co-operation in Italy is not an outmoded nineteenth-century formula, but works, and is preparing to meet the post industrial challenge. It will stimulate discussion of the relevance of the formula elsewhere.

The author, who has travelled widely as a foreign correspondent, has lived in Italy for more than twenty years. He became interested in this little-known aspect of Italian life and its relevance for other countries, while writing on business and economic topics for the London Times.

Making Change? Learning from Europe's Consumer Co-operatives

by the Ralph Nader Task Force on Consumer Co-operatives,

Centre for Study of Responsive Law, P.O. Box 19367, Washington, D.C. USA, 1986, 256 pp.

This publication reports on visits to major European co-operatives by researchers for the Ralph Nader Task Force. They interviewed managers, members, and suppliers of co-operatives; read co-operative literature; and observed co-operatives in action in England, West Germany, Denmark, Sweden, Switzerland, and Norway. (Updates on France, Italy and the United States are also included in the publication.) As a result, the task force asks the question: Are consumers ready for co-operatives?

In an introduction, Mr. Nader notes that while co-operatives are formed by consumers to promote their interests as consumers, membership loyalty may fade as the co-operative grows and the gap between management and membership grows. He says the answer is not just to exhort membership to participate in their co-operative, because there is "too widespread an array of moribund or stagnant situations in the co-operative economy simply to rely on this past practice".

He adds: "there is a hard reality that transcends exhortation — namely that the future of a consumer co-operative economy requires a deeply understood vision of what a future economy can be like so that the world's consumers can build and enjoy when they band together. Co-operative founders and managers cannot be given the prospects of limitless personal enrichment that is offered and often realized by corporate profit firms. The co-operative equivalent of enrichment is a desire to generate community self-reliance, abolish pov-

erty, enhance economic justice by shaping the delivery of housing, food, transportation, energy, health, finance, insurance, and a host of other products and services in a benign environment."

Mr. Nader acknowledges, however, that existing co-operatives whatever their deficiencies, have worked to insinuate benignity into the business environments: "Without the present and potential checkmating function of co-operative, these (for-profit) businesses might be tempted to gouge more, cartelize more and be less price-and-quality sensitive."

He says two horizons present themselves to co-operatives: "One is for co-operative sub-economies to emerge that provide such a network of multiple benefits affecting the bulk of consumer purchases that membership becomes much more likely. The other is for co-operative institutions to strive for a comprehensive plan to transform the political economy away from waste, inefficiency, hazard, environmental damage and multi-national corporate control toward an organized, informed, consumer-driven political economy. It would be a transition from nuclear power to solar energy, from junk food to nutritious food, from corporatized medicine to co-operative preventive medicine, from massive waste of land and water to a consumer economy, from government for sale to governments for citizens." He also admits that a cultural expansion of popular interest in "consumer know how and consumer power is a prerequisite for this redirection."

The Centre for Study of Responsive Law says the task force conclusions, while troubling, may stir those active in co-ops to re-think how consumer co-ops can be enriched. Consumer co-operators in many parts of the world are

doing just that and were doing so long before the Nader Task Force discovered consumer co-operatives. Nevertheless the task force analyses provide additional perspectives they may choose to consider in their search for enrichment.
(source: CUC news Service)

Putting People First: Sociological Variables in Rural Development

edited by Michael M. Cernea,

Published by Oxford University Press for the World Bank, 444 pages;
price: \$24.95.

This book discusses several culturally sensitive approaches to the preparation, planning and implementation of rural development projects. It emphasizes the importance of analysing the social organization of rural populations and their modes of production, and provides models for using such analyses in the design of agricultural programmes, irrigation systems, livestock and forestry development projects, land settlement programmes, rural roads networks and similar efforts.

Sociological methodologies for operational development activities are discussed in detail, together with procedures for evaluating the social impact of projects and for rapid collection of social data in the field.

The difficulties met when rural development projects do not "put people first", and the strengths and weaknesses of development interventions are considered, with many examples drawn from World Bank assisted projects in different countries.

The criticism of existing limitations in project preparation is combined with sociological guidelines and practical recommendations on how to increase the participation of local people in development programmes and facilitate the creation of grass-roots organizations.

Among the sociologists, anthropologists and development experts who have contributed to this volume are Benjamin U. Bagadion, Michael M. Cernea, Robert Chambers, Cynthia C. Cook, E. Walter Coward, JR., Neville Dyson-Hudson, David M. Freeman, Frances F. Korten, Conrad Phillip Kottak, Max. L. Lowdermilk, Raymond Noronha, Richard B. Pollnac, Thayer Scudder, John S. Spears and Norman T. Uphoff.

This publication will be of interest to sociologists, economists, social anthropologists, development practitioners, project planners, agriculturalists, foresters, irrigation engineers, and students of social change.

Investment & Finance in Agricultural Service Co-operatives

by T. Turtianinen and J.D. Von Pischke.

A4 173 pp. Price: £7.15 from World Bank Publications P.O. Box 37525, Washington, D.C. 20013, USA.

Co-operatives are organized and operated on the basis of co-operative principles, which provide objectives and methods of operation that distinguish co-operatives from other organizations. As a consequence, the analysis of co-operative finance and the evaluation of co-operatives' commercial performance require approaches that differ somewhat from those applied to other types of enterprise. A distinguishing feature of these analytical criteria that is brought out in this paper is that the primary emphasis is not necessarily on profitability as a measure of performance. Rather, a variety of measures, both financial and non financial, is usually preferred.

Co-operative practice and tradition have often ignored techniques of investment analysis that are now widely used elsewhere to rank investment alternatives and to contribute to investment decisions. However, the application of standard measures of project worth, as proposed in this paper, is entirely consistent with co-operative objectives and could help to refine co-operative decision making.

Co-operative principles impose certain operating and financing constraints, which may place co-operatives at a disadvantage relative to other forms of commercial enterprise. Financial aspects of these constraints are explored in this paper. However, co-operatives are capable of providing services that others may not be able to offer successfully, and efficient co-operatives have the potential of doing so at a relatively low cost. Co-operatives may also serve

a clientele that is not commercially interesting to others. This makes co-operatives a potentially attractive form for organizing a wide range of developmental activities. Co-operation remains vulnerable, however, to inflated expectations and, consequently, to being overburdened by governments and other sources of assistance eager to expand co-operatives' functions.

Although the performance of co-operatives in developing countries is often less than impressive, official attitudes towards them continue to be generally favourable.

Co-operatives' principles, practices, and legal basis involve performance criteria and a financial structure different from those commonly applied to private companies or state enterprises. Appropriate analytical tools are essential for fair and judicious treatment of co-operatives in project evaluation, and for their effective management.

This paper relates the financial analysis of co-operatives to their objectives, highlights special features of the finances of agricultural service co-operatives and proposes appropriate analytical tools.

It will be of particular interest to people involved in planning and implementing co-operative projects in or for developing countries, including staffs of co-operative organizations, agriculture departments or ministries, official and non-governmental organizations, and project staff in financing agencies who prepare and appraise co-operative projects.

HORACE PLUNKETT: Co-operation and Politics, An Irish Biography

by Trevor West

Colin Smythe 1986, 300 pages. Available from the Plunkett Foundation, 31 St. Giles, Oxford, OX1 3LF. Price: £13.50

Horace Plunkett (1854–1932) was the leading reformer of Ireland's principle industry. From landowning stock, after an Eton and Oxford education and ten years ranching experience in the American Middle West, he started his work in 1889 at a critical time for Irish agriculture. The old landlord system was breaking down. Irish tenant farmers were in the process of becoming the owners of their land but they had no scientific education or business training and were faced with increasing competition on the British market from the United States and the well organized agricultural industry on the continent.

Plunkett set off by advocating the co-operative ideal which had proved so beneficial in raising the living standards of the English working man. He soon found that, owing to Laval's invention of the mechanical cream separator and steam powered churn, the Irish dairy industry was poised for expansion and that the model to follow was that of Denmark.

After much initial discouragement from the press and politicians and suspicion from the farming community, his idea caught on to such an extent that by 1894 a central body, the Irish Agricultural Organization Society (IAOS), had been formed with Plunkett at its head, to co-ordinate the co-operative effort in Irish agriculture.

He soon went one step further in a letter to the papers in August 1895, suggesting that, since home rule was then in abeyance, Irish politicians of all parties should combine with businessmen to press for a Department of Agriculture for

Ireland. The instant response, the formation of the Recess Committee (which sat during the parliamentary recess of 1895/6) led to the establishment of the Irish Department of Agriculture and Technical Instruction in 1900 with Plunkett in charge.

Plunkett also made many enemies. He had entered parliament as a reforming unionist in 1892 and had consistently followed a middle course, but nevertheless he managed to offend almost everyone in Irish politics as his record shows: he was driven out of parliament by the unionists in 1900; he was forced out of office in the Department of Agriculture by the nationalists in 1907; he was denounced by Sir Edward Carson in 1919; and he was burnt out by the republicans during the Civil War in 1923.

Starting life as a moderate unionist believing that the Irish people were unfit for home rule, his own efforts had proved that, in a major sphere of economic activity, the Irish were capable of managing their own affairs. Thus, for purely pragmatic reasons, his opinions changed and, by 1911, he was for home rule for Ireland within the Empire.

The purpose of the book is to trace this process, and to examine the factors which influenced him to make such a complete change in stance. Plunkett's political career spanned the critical period in Irish history from the fall of Parnell to the Easter Rising, the Anglo-Irish Treaty and the Civil War. As a social reformer rather than a politician his efforts have been overlooked. He deserves to be recognized as one of the architects of modern Ireland.

Co-operatives in Third World Development, Workshops on Basic Issues and Case Studies

by Charles G. Enriquez

Published by Coady International Institute, Saint Francis Xavier University, Antigonish, N.S. Canada, 1986 404 pp.

This book is intended to provide students of co-operatives with a wide range of material relating to current co-operative issues, case studies, and developments with special reference to Third World country situations. It presents 12 workshop packages with extensive reading material from published books, reviews, and articles dealing with selected topics. The packages are so structured as to give students an opportunity to focus attention

on specific aspects of the topic under discussion. The topics include co-operative economics, co-operative action for disadvantaged groups, indigenous approaches and constraints for co-operative development, rural poverty, co-operative settlements and group farming, worker co-operatives, co-operatives and labour unions, co-operative insurance, and the role of governments in co-operative development.

(source: CUC news Service)

Structure and Functions of Co-operatives, a Textbook in Co-operative Studies

by Charles G. Enriquez

Published by Coady International Institute, Saint Francis Xavier University, Antigonish, N.S. Canada, 1986, 236 pp.

This textbook deals with co-operative studies not only from an academic standpoint but also from a professional perspective. "The material in it deals with the basics of co-operative experience as it has grown over the years from Rochdale to the world at large with special reference to developing countries", notes the author, a veteran of several years' experience with co-operatives in Europe, North America, Africa and Asia. The book is presented in two parts. The 18 lessons of the first part deal with basic co-operative principles and practices with an emphasis on organizational methods and management techniques; the

second part provides basic information about major international co-operative organizations that work for co-operative development.

The Centre for Study of Responsive Law says the task force conclusions, while troubling, may stir those active in co-ops to re-think how consumer co-ops can be enriched. Consumer co-operators in many parts of the world are doing just that and were doing so long before the Nader Task Force discovered consumer co-operatives. Nevertheless the task force analyses provide additional perspectives they may choose to consider in their search for enrichment.

(source: CUC news Service)

Co-operatives Today **Selected Essays from Various Fields of Co-operative** **Activities**

Published by the International Co-operative Alliance (ICA), Geneva Switzerland in 1986, 541 pp. Price: S.Fr. 60.— incl. p. & p.

At the 28th ICA Congress held in Hamburg in 1984, Congress delegates passed a resolution on co-operative research, recognizing "that adequate research is vital to generate co-operative knowledge and progress".

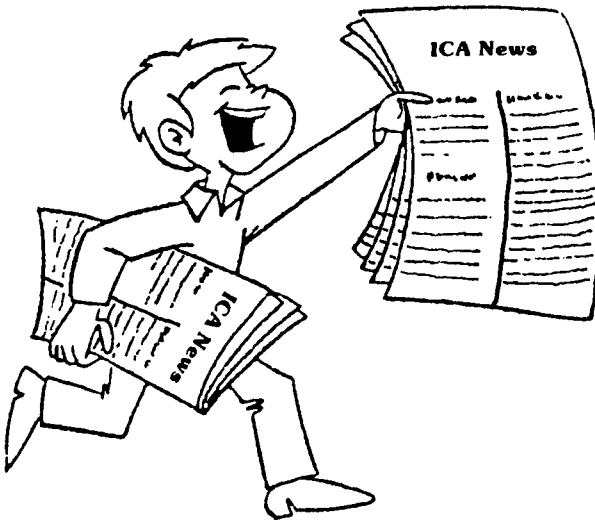
In the spirit of that resolution, ICA, with the active help of Dr. Laurinkari from the University of Helsinki, undertook to compile a book concerned with the principal questions related to various fields within the co-operative movement. That is how this book was born.

Thirty researchers responded positively to the request to write an article on subjects s/he thought relevant to co-operatives. Practically, all fields of co-operative activity have been embraced, allowing a closer insight into the concerns and questions co-operatives are faced with today.

The World is changing, so are co-operatives we need to understand the change, if we are to cope with it. This is the purpose of this book.

Lajos Varadi

Coming Shortly "ICA News"



Next Issue February 1987

The CLEAR / Plunkett Partnership Help Develop a Library in Bangladesh

Bangladesh has a population of over 100 million people in an area half the size of the U.K. 75% of all employment is in agriculture which provides 57% of the GNP. Crops are mainly rice, but also include wheat, pulses, tobacco, oilseed, sugarcane, vegetables, jute and tea. 75% of the population are illiterate.

Tiny fragmented farms, flooding, a rural power structure, the high cost of land, credit, seed, fertilizer and pesticides impede production and keep the people in poverty. To improve the livelihood of the farmer and therefore of the economy, the Government has a strategy to provide farmers with water control and irrigation, credit, supplies and marketing and to strengthen support institutions. This strategy is being developed by promoting the co-operative system and is laying great emphasis on continuous training of both trainers and trainees.

To this end, and as part of the Second Integrated Rural Development Programme which is co-financed by the World Bank, a project funded by the British Government Overseas Development Administration (ODA) is being run by the CLEAR/Plunkett Partnership to improve the training organized by the Bangladesh Rural Development trainers and field development officers. The Board has its own Rural Development Training Institute in the north-west of Bangladesh at Sylhet and the team of

management and training specialists has been developing new courses with the trainers they are training by means of highly effective participative methods. To support the training programmes a library is being built and ODA is providing funds to equip the library with a core of specially selected books on co-operatives, management, training and extension techniques.

The Plunkett Foundation's Librarian, Elise Bayley, has been in Bangladesh for a month advising on the equipment needed, planning its layout, and ascertaining the requirements of the library's future readers through interviews with training specialists, tutors, rural development officers in the village "upajillas" (district councils) and also members of some co-operatives. Many other libraries in Bangladesh were also visited to study their holding and stock control systems and to explore sources of supply and the availability of library training in Bangladesh.

Once the library is built and equipped appropriate books will be selected, many of which will be purchased in the U.K. and shipped to Bangladesh. The collection of specialized and up-to-date material, shelved, catalogued and controlled in designated premises will form a nucleus on which a library with real potential in the field of training could be developed.

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This publication is also available in MICROFORM. For information and purchase apply directly to XEROX-UNIVERSITY MICROFILMS, 300 North Zeeb Road, Ann Arbor, Michigan 48106, USA.

The Review of International Co-operation is also available in Spanish from Intercoop Editora Cooperativa Ltda., Moreno 1733/41, 1093 Buenos Aires, Argentina.

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