

**Year Book
of
Agricultural
Co-operation
1981**



ICA Library
058:334:630
MCK-Y
ICA 02351

MPN 562

ICA 02351

Year Book of Agricultural Co-operation 1981

058:334:638



21570 (006)



ICA Library



ICA 02351

© The Plunkett Foundation 1982

isbn 0 85042 0466

issn 0142-498X

Typed by Debbie Sawyer and
printed by Parchment (Oxford) Ltd

YEAR BOOK OF
AGRICULTURAL CO-OPERATION

1981

THE PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES
31 St. Giles, Oxford, OX1 3LF. England

Director C.E. McKone

and

THE INTERNATIONAL CO-OPERATIVE ALLIANCE
11 Upper Grosvenor Street, London, W1X 9PA

Director A.E. Saenger

Editors

J. Elise Bayley
C.E. McKone

Contributors

Graham Alder	Nicholas John Mahoney
Torben Bager	Richard Gerald Morgan
Anne McLean Bullen	Peter Oakley
Simon Chick	Lidia Sciama
Maurice Colbert	Keith Sutton
H. Van Gucht and J. Voet	Ian Swinney
J.M. Gunadasa	M.S. Tidala
Jennifer A. Heney	R.J.G. Wells
Basil Loveridge	Trevor West
C.E. McKone	

The views expressed in this book are those of the contributors, and are not necessarily those of the Plunkett Foundation for Co-operative Studies or the International Co-operative Alliance

THE INTERNATIONAL CO-OPERATIVE ALLIANCE

EXECUTIVE COMMITTEE

- R. Kerinec, (France) President
- A. Smirnov, (U.S.S.R.) Vice President
- P. Sjøiland, (Norway) Vice President
- Y. Daneau, Confédération des Caisses Populaires et
Economie Desjardins du Quebec, Canada
- S. Fujita, Central Union of Agricultural Co-operatives,
Japan
- R. Heikkilä, Suomen Osuuskauppojen Keskusliitto, Finland
- J. Kaminski, Supreme Co-operative Council, Poland
- F.L. Lair, Universal Cooperatives, Inc. U.S.A.
- V. Magnani, Lega Nazionale delle Co-operative e Mutue,
Italy
- Lars Marcus, Kooperativ Forbundet, Sweden
- M. Marik, Ústřední Rada Družstev, Czechoslovakia
- J.J. Musundi, Kenya National Federation of Co-operatives
Limited
- O. Paulig, Bund deutscher Konsumgenossenschaften,
Federal Republic of Germany
- A.E. Rauter, Konsum Österreich GmbH
- B.S. Vishwanathan, National Co-operative Union of India
- H.W. Whitehead, Co-operative Insurance Society,
United Kingdom

THE PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES

T R U S T E E S

J.A.E. Morley, M.B.E., Chairman
N. Wood, C.B.E., Vice Chairman

P. Bolam, Barclays Bank Limited
J.P.J. Coles, Thames Valley Eggs Limited
J.S. Cross, C.B.E., Agricultural Co-operation
and Marketing Services Limited
Professor G. Davidovic, Canada
Dr. M. Digby, C.B.E., Newbury
P.R. Dodds, Central Council for Agricultural and
Horticultural Co-operation
Sir Roger Falk, O.B.E., London
J. Fotheringham, O.B.E., North Eastern Farmers Limited
D. Gunn, Scottish Agricultural Organisation Society Limited
Dr. R. Houlton, Co-operative College
Professor G. Houston, University of Glasgow
Dr. A.J. van Hulle, Belgische Boerenbond
P. Kelly, Dublin
Professor Ann K.S. Lambton, Northumberland
A.R. Manson, Buchan Meat Producers Limited
J.A. Markham, Potato Marketing Board
J. McCarrick, Irish Co-operative Organisation Society Limited
W. Morgan, London
Professor Dr. Hans-H. Munkner, University of Marburg
Chief G.A. Onogoruwa, Co-operative Bank Limited, Nigeria
I.L. Price, South Herefordshire Agricultural Co-operative
Society Limited
G.D. Robinson, Southern Counties Agricultural Trading
Society Limited
W. Ross, Ulster Agricultural Organisation Society Limited
Dr. S.K. Saxena, Canada
M.H. Soper, O.B.E., Oxford
B.J. SurrIDGE, C.M.G., O.B.E., Hove
R.V.N. Surtees, Federation of Agricultural Co-operatives
(U.K.) Limited
J. Upson, National Farmers' Union
Professor H.T. Williams, Welsh Agricultural Organisation
Society Limited
R.E. Williams, Milk Marketing Board
W.E. Wilson, Agricultural Co-operation and Marketing
Services Limited

C O N T E N T S

	Page
Foreword	iii
Editorial	1
Horace Plunkett's Social Philosophy by Trevor West	7
United Kingdom Co-operative Law - Freedom of Choice or Confusion? by Ian Swinney	15
Measures to Retain the Co-operative Character of Danish Producer Co-operatives by Torben Bager ..	25
Co-operative Marketing of Livestock and Meat in the U.K. by Simon Chick	33
Livestock and Meat Co-operatives in the Republic of Ireland by Maurice Colbert	39
Co-operation in the French Livestock and Meat Sector by Anne McLean Bullen	47
General Review of Cattle and Pig Production in Belgium by H. Van Gucht in collaboration with J. Voet	63
The Structure of the Co-operative Organisation for the Marketing of Livestock and Meat in Sweden by M.S. Tidala	79
Livestock Marketing Co-operatives in Botswana's Growth Economy by Richard Gerald Morgan	83
Agricultural Credit and Development - "A Farm's- Eye View" by Jennifer A. Heney	101
Promoting Industrial Co-operatives by Nicholas John Mahoney	113

	Page
The Promotion of Housing Co-operatives in Africa by Graham Alder	141
Co-operatives in Zimbabwe by Basil Loveridge ..	155
Agricultural Co-operatives in Algeria by Keith Sutton	169
Agricultural Co-operation in Sri Lanka by J.M. Gunadasa	191
Malaysian Agricultural Co-operatives in the 1980s by R.J.G. Wells	213
Fisherwomen and Group Development in N.E. Brazil by Peter Oakley	229
The Problems of Co-operation Among Burano's Lace-Makers by Lidia Sciama	245
Cumulative Indexes to Year Books of Agricultural Co-operation 1927 - 81. 1. Subject Index	255
Cumulative Indexes to Year Books of Agricultural Co-operation 1927 - 81. 2. Country Index	275
Index to Year Book 1981	285

FOREWORD

The *Year Book of Agricultural Co-operation* has been published by the Plunkett Foundation for Co-operative Studies since 1927. Its purpose is to provide a continuous review of agricultural co-operative development throughout the world from a wide range of view points by publishing articles on countries at regular intervals, on particular aspects of co-operation when these are innovatory or of topical interest; and by debating or interpreting questions of co-operative principles and philosophy. Articles are normally invited from authors representing variously academic, government, grass-roots and outside points of view, on the basis of an annual editorial plan. However, unsolicited articles will also be considered.

Intending contributors should note that articles should conform with the general policy of the *Year Book*, presenting an informed analysis of recent developments backed by factual statements and figures. (Historical references and descriptive background should be kept to a minimum). The purpose of the article should be clearly stated at the beginning and the author should develop the contribution by comparisons, critical comments or recommendations. All articles must be original and accompanied by a statement that they will not be published elsewhere; and they should not exceed 5,000 words and cannot be accepted later than June of the year of publication. Two copies of the manuscript should be submitted in English or French, typed in double spacing, with the full name of the author, his position and the name of the organisation with which he is associated. Articles are accepted for publication on the understanding that they may be subjected to editorial revision.

EDITORIAL

Previous editorials in this *Year Book* have drawn attention to the role of agricultural co-operatives as farmers' organisations with considerable potential for providing the necessary stimulus and incentives for agricultural production. The way in which this can be achieved varies considerably from East to West and from the developed to the less developed countries. A series of articles on livestock and meat production in this edition of the *Year Book* provides striking examples of the ways in which co-operative forms of organisation can stimulate production, raise farmers' incomes and provide high quality products at favourable prices to meet current consumer needs.

The production and marketing systems described include a high degree of vertical integration together with significant savings of energy on such items as transport and distribution. Integrated co-operative management systems and the conservation and use of energy are both subjects which are of key interest in relation to the problems of food production in Africa and other parts of the less developed world.

According to the latest figures from FAO, 26 countries in Africa are importing various forms of cereal crops to meet basic staple food needs. Expenditure on basic food requirements competes with foreign exchange needed for essential inputs of oil and energy based products. It cannot be denied that the agricultural production, marketing and pricing policies in many countries has failed to produce the necessary stimulus required to either maintain existing agricultural production or indeed expand it to meet the increasing needs of current population growth. The resultant gap between food production and food requirements has resulted in the increasing importation of basic foods leading to foreign exchange problems compounded by price fluctuations and reduced demand for many exportable, foreign exchange-earning commodities.

A number of governments faced with these problems have acknowledged the shortcomings of their policies and are taking a fresh look at ways in which small farmers co-operatives can become involved in planned production, storage and processing to add value, coupled with some involvement in marketing the products to the final consumer. In the last decade many of the co-operative structures in Europe and elsewhere have focused on this method of stimulating production and ensuring a fair return to the primary producer. Whilst it would be irresponsible to suggest that these systems can be successfully transplanted into parts of Africa and other developing countries, there is some merit in examining more closely the principles involved in these systems. Even allowing for the uncertainties of climate there are vast areas in Africa where the full agricultural potential has not been exploited or has not realised its full food producing capacity.

The constraints to agricultural production are now seen not as technical but as human resource problems associated with inappropriate management systems coupled with a lack of motivation and incentives for production. In most cases these problems are largely self-inflicted by governments that opt for cheap food for urban populations and maximum margins on exportable agricultural commodities in preference to support for rural development and agricultural production. There is an urgent need for international aid agencies to recognise these constraints to production, and divert resources from conventional technical systems and focus more closely on ways in which countries can be assisted to overcome structural problems in agricultural production. This could be done by mobilising human resources and in such a way as to allow people to participate freely in the decision-making processes of production and marketing. The main thrust of existing co-operative development programmes focuses on the teaching of management skills, which is undoubtedly essential but has tended to neglect the provision of training and education on co-operative management systems and structures. The neglect of this area has been based on the assumption that governments have an absolute right to create their own policies. This is indisputable but does not preclude aid agencies offering specific advice and guidance based on world-wide experience of successful agricultural production systems through co-operative structures.

An initiative has been taken by FAO, supported by other agencies like the German Foundation for International Development, The International Co-operative Alliance and the Plunkett Foundation for Co-operative Studies, in the organisation and support of training seminars at regional and national level which focus on the importance of appropriate management systems for small farmers co-operatives. These seminars are designed for co-operative leaders, co-operative trainers and development planners, indeed all those responsible for co-operative development. The aim is to examine in some detail the ways in which small farmers can work together in co-operative structures designed to stimulate production, raise farm incomes and meet the need of the ever-growing population.

1981 has been a year in which energy problems of the less developed countries were examined in some detail at the UN Conference on New and Renewable Sources of Energy in Nairobi during August. Shortage of energy can be a serious constraint to agricultural production in less developed rural areas. A close examination of the livestock production and marketing systems described in the articles in this *Year Book* show that in many cases the benefits to farmers have resulted from savings of energy through more efficient or rational systems of transport and distribution. The profitability and indeed the viability of many of these systems depends entirely on the economics of energy saving. The economies of scale, the group marketing arrangements and the bulk buying opportunities all derive their benefits from a reduction in energy usage.

Co-operatives therefore have a vital role to play in promoting the conservation and use of energy, particularly the exploitation of new and renewable sources of energy. Established co-operatives in the industrialised countries can plan new developments on the basis of efficient use of minimum energy requirements. Existing energy use can be reviewed and energy budgets drawn up for centralised co-operative activities with perhaps the provision of energy advisers who could examine the individual members' energy use and requirements.

In the developing countries co-operatives and rural groups can be encouraged to make use of new and renewable sources of energy such as solar, wind and water power; co-operatively organised production and marketing of charcoal and fuel woodlots also offer opportunities for conserving and using available energy in the most efficient way. Co-operative structures and organisations seem therefore to be ideal focal points for programmes designed to conserve and utilise energy efficiently. This is particularly important in the less developed countries where energy use is so closely related to agricultural production and rural development.

C. E. McKone

HORACE PLUNKETT'S SOCIAL PHILOSOPHY

by

Trevor West*

"Better business, better farming, better living", the slogan adopted by Horace Plunkett for his co-operative movement owed as much to his connection with America as it did to his knowledge of the primitive state of Irish agriculture when he started on his co-operative crusade in 1889.

Plunkett read history in Oxford graduating in 1878. He must have been exposed to the social and economic theories then gaining ground in England (for he had started a co-operative store for his father's tenants in Dunsany) but in later life he constantly bemoaned his failure to make proper use of his educational opportunities. Threatened with tuberculosis on coming down from Oxford he chose to spend the next ten years ranching in Wyoming. American business methods, the competition which American agricultural exports would provide for European farmers, and the expansive American way of life left an indelible impression on Plunkett. His interest in the United States led to fruitful contact with Theodore Roosevelt and to the establishment of the President's Country Life Commission which drew up a blue-print for the regeneration of American rural life.

It was in the remote Mid West that he dreamt of his campaign for co-operation.

"For some years I led a rather lonely life thinking out the ways I would try to be useful in Ireland. A political career did not then commend itself to me a business life in America convinces a man that politics are by no means the only useful, or indeed the most edifying, of a nation's activities. And so my mind turned towards certain simple economic schemes....".¹

Irish farming was at a crossroads, faced on the one hand with the long-term benefit of tenant ownership but on the other with the increasing competition for its main market in Britain from Continental and American interests. The following extract from his biography illustrates the many parallels between Irish agriculture in 1889 and farming in developing countries today.

Trinity College, Dublin

"The Irish peasant was emerging slowly from the pit of the famine years and from successive bad harvests of the middle eighties. The drain of population to America, deplorable to those who wanted to see a compact, self-conscious Irish nation, had relieved the worst pressure of population on the land, and with the newly won security of tenure came, for the first time, the opportunity to farm more carefully, to save and improve. But it was not enough to have liberated the peasant from the grasping or unscrupulous landlord. Steamships and railways had opened the American continent and food from overseas was competing with Irish produce in the English market. The cattle trade was fairly prosperous but it was for the rich graziers of Meath rather than for the little dairy farms of the south and west. Irish butter, made by primitive methods on the farm, passed haphazard through fairs and village grocers to the dealers in the ports and, after crude blending, reached the English market in no state to compete with the best product of other countries. The Irish egg, untested and ungraded, was a form of small change, passing over the counter in payment for flour or porter or even postage stamps. The Irish peasant, strengthened in his dealings with his landlord, was helpless in the hands of traders with a world market at call".²

The ideas which had been running through Plunkett's mind required considerable development before they could be put into practice. As it turned out he and his pioneering associates made a number of false starts and several changes in direction before, somewhat fortuitously, stumbling on the key to the Irish co-operative problem. In an ad-hoc fashion a co-operative store and bakery were opened in Doneraile, Co. Cork. They stuttered on without conspicuous success for a few years with the backing of the co-operative movement in Britain. But British co-operatives were consumer-based and this did not meet the needs of the Irish farmer.

In some scanty autobiographical notes made at the end of his career Plunkett, in a section entitled "From Dreameries to Creameries", wrote:

"When Fr. Tom, Monteagle, RAA, and I were wondering how on earth we should deal with such a situation there arose a crisis which brought us back to earth".³

"There was a situation in the dairy industry with which no politicians, but only economic workers could adequately cope".⁴

The crisis resulted from the mechanisation of the dairy industry by the Scandinavian invention of the mechanical cream separator and steam-powered churn. By persuading farmers to combine to build their own creameries rather than form joint stock companies or allow this vital section of their industry to fall into the hands of middlemen, the co-operators got a foothold in Ireland. Based in the south-western counties of the Golden Vale the movement prospered and its tentacles quickly spread over the whole island.

Father Tom Finlay, a philosopher and economist was an influential member of Plunkett's team. His knowledge of the Raiffeisen system and the support of Henry W. Wolff and R. A. Yerburgh M.P. led to the establishment of agricultural banks (forerunners of the credit unions) in the poorer parts of the west of Ireland where the peasant farmers, unable to obtain credit except at exorbitant rates of interest, were constantly in debt. Plunkett, in 1928, acknowledged the vital role to be played in the co-operative system by "that marvellous device, the Raiffeisen Credit Society" recording that:

"This work taught me more about the possibilities of co-operative organisation for depressed rural communities than any other experience of my life."⁵

For various reasons (lack of an adequate inspection system and overdependence on government loans) this branch of the co-operative movement did not survive. But the success of the Irish Credit Union movement fifty years later vindicated Plunkett's belief in co-operative credit.

By 1894 the co-operative movement had grown large enough to warrant the formation of a co-ordinating body, the Irish Agricultural Organisation Society (IAOS). Plunkett entered Parliament (as a unionist) in 1892. This was a controversial step for the president of a avowedly non-political body to take. It was to cause him and his movement some embarrassment, for it meant that on certain issues he was forced to take sides. But Plunkett's aim was to use his political influence to forward his economic schemes and, skilfully using the co-operative enthusiasm which his movement had generated to gather support from all shades of political opinion he persuaded the government to establish a Department of Agriculture and Technical Instruction for Ireland (DATI) of which he was made the head. His study of European models had taught him

that self-help must be supplemented, but not supplanted, by state aid; thereby providing an explicit pointer to a cornerstone of modern community development. The first essential of progress lay in the application of scientific and commercial methods to agriculture and industry. The principal role for the state was to be an educational one.

A distinctive feature of the new Department (Plunkett called it his Irish Parliament) was the Council of Agriculture which drew representatives from each one of the local authorities. This emphasis on local involvement in decision-making was a marked innovation in 1900. Apart from agricultural education, which came naturally within its purview, the DATI took charge of technical instruction (vocational education) and, on account of the primitive nature of Irish educational administration, Plunkett found himself in charge of scientific education everywhere but in the universities. It was not an opportunity he would have turned down, for scientific innovation and educational reform were two of his principal aims and, in his mind, they were inextricably linked:

"Whenever I set out on a mental excursion into Irish political, sociological or economic questions, no matter where I start, I always come back to education as the condition precedent of all progress in Ireland".⁶

The DATI's task, as he saw it, was to put the benefits of modern science at the disposal of the Irish farmer. Co-operation was to be carried on under the auspices of the IAOS and these two organisations with complementary functions, but working in harmony, would be the twin agencies of agricultural progress. Prior to 1900 some scientific work such as milk testing and cereal breeding had been carried out in an ad-hoc fashion by the IAOS and the Royal Dublin Society. Now this work was to be done in style by the Department. Plunkett insisted on the appointment of scientific officers with the highest qualifications (even if this meant, as it often did, recruiting from outside Ireland). The educational services provided by the DATI had a strong practical bias. Rather than set up a whole chain of agricultural colleges (which he was pressed to do) he sent out a team of instructors to meet the farmers in the field and concentrated on building up institutions already in existence. An estate was purchased for the training of foresters and a vessel to survey Irish fishing grounds. Plunkett at once set up a statistics and

information branch in his Department. For the first time a complete picture began to emerge of the country's agricultural resources.

His educational programme was rounded off by the establishment of a Co-operative Reference Library in the IAOS headquarters in Dublin, the Plunkett House. The idea behind this project originated in the state of Wisconsin where Charles McCarthy, a close friend and collaborator of Plunkett's, had established a Legislative Reference Library to assist the state's legislators in their labours. The Carnegie Foundation provided financial support and the Plunkett House became a 'co-operative university' for Ireland's farmers and for the rest of the world.

"Better living" was the final component of his famous slogan and, as time went on, Plunkett devoted more and more of his attention to the regeneration of rural life. It was not enough to make the farmer prosperous and efficient; the amenities of the countryside must be improved to staunch the drain of population towards the town. Plunkett was always interested in women's rights - his first political article had been entitled 'The working of woman suffrage in Wyoming'. He was only too well aware of the unremitting drudgery and toil which were the lot of the farmer's wife. In 1910, in conjunction with some prominent lady co-operators he founded the United Irishwomen, summarising its aims as:

"firstly, to attend to women's business in the life of a community which no man, least of all an old batchelor like myself, can understand; secondly, to see that the farmers attend better to the business of their organisation and make them as helpful to women and the household as they are to men on the farm; and thirdly, for Irish women to take up their rightful part in the building up of a rural civilisation in Ireland".⁷

The United Irishwomen eventually became the Irish Countrywomen's Association which continues on its 'long and fruitful career of modest usefulness' to the present day. Plunkett had been responsible for starting the Agricultural Organisation Society as an English counterpart to the IAOS. During the period in which the AOS was active it was made the vehicle for the foundation of the Women's Institutes.

With the assistance of the Carnegie Trust Plunkett established village libraries all over Ireland. The wireless was a favourite invention; its possibilities for brightening up rural life immediately impressed him. Marconi's first broadcast press report from a vessel ten miles out in Dublin Bay was made under Plunkett's auspices. Home industries of all kinds were promoted, the *Irish Homestead* (the co-operative movement's weekly paper under the inspired editorship of George Russell - the poet "AE") became the most instructive and entertaining of agricultural periodicals. It was Plunkett's hope that the local co-operative society would become a social centre for the community and in 1901 he offered a £50 prize to the society which, within the past six months had done the most to make its parish a pleasant place to live in, and one from which no Irishman would wish to emigrate. The first recipient of the prize was the Dromahair Society situated in Co. Leitrim. The citation which was given with the award must have gladdened the donor's heart.

"Lectures were delivered on such subjects as poultry, horticulture, veterinary science, domestic economy, bee-keeping, electricity and elementary science, with magic lantern entertainments after every lecture. They encouraged the attendance at night schools by offering prizes. A domestic training school was opened for girls, at which the average attendance was 44. A carpentry class for boys was established at which there was an attendance of 20; at this class painting is also taught, and they hope soon to make household furniture. Over forty demonstration plots for seeds and manures were laid out. A poultry farm was set up for distributing eggs of best breeds to cottagers. A farmers' circulating library was established, and scores of books were sold as well at cost prices. Hundreds of fruit trees and flowering shrubs were distributed free to school children to encourage cottage gardening and good attendance at schools. A parish *feis ceoil* (music festival) was held, a concert and cinematograph exhibition. Two temperance societies were formed; a cattle show was held, and also spinning contests and athletic sports; loom and home spinning were revived together with horse-hair and fish-scale work; a stall was obtained at the Cork Exhibition for the display of cottage industries; a crusade was directed against badly-kept homesteads, hundreds of white and purple lilacs, laburnums, rose trees and other flowering shrubs were sold at cost price and others distributed free. Beautiful

oleographs (colour prints) were bought at wholesale prices and sold to replace the gaudy pictures usually seen. This is an amazing record of social activity in a poor country parish" 8

Plunkett was a social thinker rather than an economist. He believed that the morale-building qualities of co-operation were of more importance to the community than the economic benefits, and bewailed the necessity to emphasise the commercial success of his movement to counteract opposition from traders and politicians. His dreams of a co-operative commonwealth may never have been realised while, perhaps on account of Ireland's economic development, the impact of the co-operative movement today tends to be measured by commercial rather than social criteria. But Plunkett's thoughts, and their application to rural life were, in many respects, far ahead of his time. The co-operative ideals enshrined in his 'Irish policy' (as he liked to call it) are admirably summarised in a resolution passed in 1924 at the Wembley Conference on Agricultural Co-operation in the British Empire:

"That agricultural prosperity depends fundamentally upon the fulfilment of three conditions: 1) the application of scientific knowledge, under the guidance of the state, to the farming industry; 2) the voluntary organisation of farmers for business purposes on co-operative lines; and 3) a reconstruction of social life in the country with a view to removing the disparity between the respective attractions of the town and country".

REFERENCES

1. *Dublin Daily Express*, 21 March 1900.
2. Digby, Margaret. *Horace Plunkett, An Anglo-American-Irishman* p.50. Oxford, Basil Blackwell, 1949.
3. *Notebook*, Plunkett Papers, Plunkett Foundation.
4. Plunkett, Horace. *The Purpose of Rural Life Organisation*, Agricultural Economics Society. Oxford, 1928. p. 49.
5. *ibid.* p.50.
6. Pamphlet, Plunkett Foundation.

REFERENCES (ctd.)

7. President's address to the annual general meeting of the IAOS. 29 Nov 1910.
8. IAOS. *Annual Report 1901*. pp. 39-41.

UNITED KINGDOM CO-OPERATIVE LAW -
FREEDOM OF CHOICE OR CONFUSION?

by

Ian Swinney*

In most countries there is a co-operative societies' law giving a legal code - more or less complete - for the administration of co-operatives. There are one or two countries such as Denmark which have no special co-operative law at all. The United Kingdom and Eire, however, must be unique in providing what was intended as a co-operative societies' act and at the same time placing no obligation on co-operatives to use that act to the exclusion of alternative legal forms. Additionally other organisations which have no connection at all with co-operatives are permitted to register under the co-operative societies' act.

The co-operative act is the Industrial and Provident Societies Acts 1965-1978 but registration/incorporation may also be obtained under the Companies Acts 1948-1980. A co-operative that is not registered under either of these two alternatives would be a partnership or a voluntary association. A credit union must register under the Industrial and Provident Societies Act as amended by the Credit Union Act 1979 but apart from that a co-operative has freedom to choose between unregistered status and the two registered forms.

An unregistered co-operative will be, in most cases, a partnership and regulated by the common law codified into the Partnership Act 1890. Leaving aside differences between Scots and English law the co-operator-partner would have unrestricted powers to bind the firm - and hence his co-partners - in all matters within the scope of the partnership business and that regardless of the expressed wishes of the majority of his fellows.

* Faculty of Law, University of Glasgow

Each partner shares profits and losses and is liable without any limit for the debts of the firm, with a right of relief from his co-partners for excess. There are no required formalities to set up a partnership other than the agreement of the partners 'to carry on business with a view to profit' and the Partnership Act will provide the rest. In practical terms a fuller agreement is desirable since it is possible to modify some of the provisions of the Partnership Act.

A partnership is very much a relationship founded on trust and, allowing for the absence of an open commitment to co-operative principles, a small partnership in which all workers are partners - and vice-versa - and which follows the optional statutory prescription of equal rights and equal shares, is in fact very like a workers co-operative. On the other hand it could be said that the only difference between a workers co-operative and a conventional partnership is the presence, in the former, of the co-operative philosophy, for in legal essence they are the same.

It is conceivable that some forms of unregistered co-operative could be established which do not "carry on a business with a view to profit". Such an organisation could not be a partnership but instead a voluntary association. Such an association is regulated by its constitution on a contractual basis and there is no unlimited liability as that contract, between member and association, will regulate what that liability will be.

Notwithstanding the existence of the Industrial and Provident Societies Acts a co-operative that wishes to incorporate itself may choose between that legislation and the Companies Acts. Both alternatives give corporate status and limited liability (although it is possible to form an unlimited company).

The Industrial and Provident Societies Acts are often described as the United Kingdom Co-operative Act and, as has been explained, that is to a certain degree true. But if that is taken to mean that it is the proper law for all co-operatives it is quite misleading.

The first act was passed in 1852 as the result of Christian Socialist pressure to allow the setting up of industrial co-operatives by making changes to the Friendly Societies Acts¹ then in force, as the infant companies legislation was seen as providing a legal mechanism for the carrying out of major industrial projects. The legislation was completely reviewed in the 1870s by the Royal Commission on Friendly and Building Societies, and there were subsequent reviews in 1893/94 and 1964/65 on subsequent consolidations, as well as a report in 1901. These notwithstanding, the essential position was set by the Industrial and Provident Societies Act of 1876 and with one important exception has remained basically the same ever since. The legislation is overseen in operation by the Chief Registrar of Friendly Societies.

The exception was the introduction of what is now Section 1 of the 1965 Act, which requires that all registered societies carry on a business, industry or trade and be either bona fide co-operatives or, in view of the fact that its business is being conducted for the benefit of the community, there are special reasons why it should be so registered rather than under the Companies Acts².

The effect of this, when balanced against changes in the Friendly Societies Acts, was to exclude the further alternative for a co-operative to register as a friendly society but also to continue to allow non-co-operatives to be admitted to registration under the same legislation³. The extent to which that can happen is shown by the list of approved sponsoring bodies with model rules which includes not only co-operative organisations in the agricultural, industrial and housing areas but also, amongst others, the Royal British Legion, the National Society of Leisure Gardeners Ltd, and the Association of Conservative Clubs⁴.

There is neither statutory definition nor are there statutory guidelines in the 1965 Act and the Chief Registrar has issued a Practice Note showing the features necessary for such a co-operative⁵.

Stated briefly these are five in number, requiring that the business be conducted so as to benefit the members on the basis of their participation in it; control should be equal, not based on capital invested, which is instead to receive the minimum necessary rate of interest to retain it (rather than be distributed as dividend). Profits are to be shared equitably on some form of participation basis. There is to be no artificial restriction on membership.

The Chief Registrar is the sole judge of a prospective society's right to registration as the court's jurisdiction on the interpretation of the application of Section 1 is expressly excluded.

The Industrial and Provident Societies Acts follow the Friendly Societies Acts from which they developed in requiring Rules for the operation of the society to be approved by the Chief Registrar and registered by him. The precise content of those Rules is left to the founding members in the first instance and to the general meeting thereafter, subject only to approval and provision being made for certain prescribed matters including the conditions on which members are to be admitted; the appointment and powers of a committee of management; transferability and maximum holding of and return on shares as well as alteration procedures for the Rules. There is no statutory standard against which the proposed Rules are to be measured (save for an annual return, and audit requirement). All is again left to the discretion of the Chief Registrar. The 1965 Act does require a minimum number of members of seven and imposes a maximum individual shareholding of (currently) £10,000.

The Companies Acts on the other hand permit any two or more persons to register a company by lodging a Memorandum and Articles of Association in statutory form. There are virtually no constants in the content of those documents although commercial legal practice and the statutory compulsory procedures and members' safeguards combined with the existence of Table A (a model form of by-laws for a company limited by shares) make them virtually standard documents. The Registrar of Companies, in contrast with the Chief Registrar, is a controlling official with a duty to ensure formal compliance with the law and not (where relevant) to secure compliance with co-operative principles.

The Companies Acts offer three forms of incorporation - companies limited by share capital, or by guarantee, or unlimited companies. A share company can be public or private, but for practical purposes a co-operative is unlikely to qualify as the former.

A company limited by shares, like a society, confers membership by means of shareholding (making the two words synonymous) and, though that can be a nominal single share, it is thus provided with a mechanism for raising share capital. It is the nominal value of a member's shares that fixes the maximum limit of his liability. In a registered society it is possible to provide for the redemption of that capital by the society itself in the manner (and for the value) prescribed in the Rules. Under the Companies Act 1980 that is not possible for a company.

A guarantee company differs from a share company in that a member is liable only to contribute (the usually nominal) guarantee to the company if it is insolvent and in liquidation. There can be no share capital and if used for commercial purposes it has no mechanism for raising share as distinct from loan capital. Nonetheless, such a structure could be useful for housing co-operatives and other forms of essentially community enterprise⁶. Additionally, the Industrial Common Ownership Movement, an organisation devoted to the collective pattern of industrial co-operation, has drawn up a guarantee company co-operative constitution based on its society model rules to cater for the small co-operative with less than seven members.

The unlimited company is the original registered company which can, however, be excluded from further consideration; for the same cost it is possible to get limited liability and so only exceptional reasons make this alternative useful.

From the foregoing it will have been seen that the only fundamental difference between a co-operative company and a society is that the former needs only two members, has irredeemable capital if limited by shares, and is regulated by company law which does not have any regard for co-operative principles; whilst the latter has a commitment to those principles with provision for redeemable shares but requiring at least seven members. A society also nominally has a concessionary rate of corporation tax⁷.

Subject to that, there would appear to be no compelling constitutional reason (as distinct from taxation or other reasons) favouring a society as against a company when considering which format to adopt.

It is reasonably well-known that the consumer co-operative movement became the dominant factor in United Kingdom co-operation, industrial co-operatives being few and far between, although recently the agricultural sector has developed strongly. The consumer co-operative falls easily into the conventional business pattern of shareholder/members appointing a board/committee which uses the members' investment to operate a business for the ultimate benefit of the members (co-operative ideals and idealism being ignored!).

That being so, it is simple to take the common law principles developed in company case law and apply them also to the consumer co-operative in those cases where disputes or problems have arisen or where advice on particular matters is being sought, irrespective of whether the co-operative is a society or a company. That is because the agency/trust principles are the most likely to be relevant and are of universal application in such cases. Furthermore, the volume of case law in the company field - not to mention statutory reform - means that there is an extensive and up-to-date body of law available to the adviser.

The recognition of the "one man company" - notably in Lee v. Lees Air Farming⁸ - shows that the courts are capable of recognising the special case where the member, the director and the employee is the same person and of disentangling their respective rights and duties to themselves. And that is precisely the situation that exists in the industrial workers' co-operative. However, there is also the precedent of Ebrahimi v. Westbourne Galleries Ltd. where in a partnership company the Gordian knot of dispute was settled by liquidation, which is not necessarily the happiest solution to such a problem. The co-operative is to a certain extent an anomaly in the eyes of the law for whose needs there is little or no express provision.

The co-operative company will have the same principles of company law applied to it as any other company but for a society the combined absence of case law and statutory provision means that although the application of similar principles is likely it is not certain.

From the foregoing account it will have been seen that there are at least three practical alternatives for a prospective co-operative's founder members to consider. There are in reality only two essential choices. The first, is whether to seek corporate status and limited liability or not; the second, whether to choose redeemable share capital or not. Thereafter the exact form - partnership, society or company - will depend more on personal taste, ease of establishment and minimum formality rather than on the legal consequences.

In certain important areas - notably accounting and audit - company law has developed and continues to develop to meet changing needs. But the Industrial and Provident Societies Acts have remained static as a charming mid-Victorian relic. The most serious omission is the lack of a definition of '*bona fide* co-operative' which has rendered necessary the complex provisions for agricultural co-operatives in the Horticulture Act 1960, the Agricultural and Forestry Association Act 1962 and also the Restrictive Trade Practices Act 1976 and the Industrial Common Ownership Act 1976 - this last Act creating both 'common ownership enterprises' and also co-operative enterprises. Much reliance is placed on ministerial discretion.

It would be far more useful both from an administrative point of view and to encourage co-operative development to have a readily available co-operative societies act containing a definition of '*bona fide* co-operative' that can be used for all purposes as the standard against which a co-operative is to be assessed. The drafting of a precise definition would certainly be difficult but there are precedents within the Commonwealth¹⁰ itself quite apart from the existing Practice Note and the International Co-operative Alliance's six principles. Furthermore, a formula containing broad principles (perhaps supported by guidelines on the pattern adopted by the Unfair Contract Terms Act 1977) against which the registering authority can test any particular co-operative rules, should combine some degree of certainty with flexibility.

Suggestions for more exact formulation of the Industrial and Provident Societies Acts into a Co-operative Societies Act should perhaps be reserved until the Co-operative Development Agency's Legal Working Group publishes its report but the following points are immediately clear:

1. that there should be a co-operative societies act limited to *bona fide* co-operatives as defined in it;
2. that act should provide a statutory pattern for basic administration, general meetings, alteration of rules and by-laws, obligations of directors and members, accounting and audit;
3. that steps should be taken to ensure that the alternations to company law required by the EEC should be applied also to co-operatives to ensure that the current discrepancies in e.g. the *ultra vires* rule, the rule in *Turquand's case*, accounting, audit and reporting obligations, are eliminated and do not recur;
4. that such an act must make clear that, notwithstanding corporate status, the workers in an industrial workers' co-operative are really self-employed and a coherent policy laid down for salary/drawings/dividend/interest as a division of profit in relation to corporation and income tax as well as capital gains tax.

When the Companies No. 2 Bill becomes law one complication will disappear: clauses 41-53 of that bill will permit registered companies with share capital to redeem their shares. Broadly speaking the private company will be entitled to issue redeemable equity shares and to redeem them as well as to purchase already issued shares either from distributable profits or from capital provided; in each case certain safeguards as to solvency are met. This will remove at a stroke the great advantage of the society - its redeemable shares¹¹.

Furthermore, the Government in February 1981 issued a Green Paper, *A new form of incorporation for small firms*¹². For some time there has been disquiet about the large number of small undercapitalised private companies¹³ and the Green Paper reviews the situation and suggests a legal framework for the 'incorporated firm', taking special account of their size, management and financial needs.

It is suggested that the incorporated firm should have between two and ten members, all with the right to participate in management but who would have limited liability set, not at a possibly nominal amount, but at a realistic 'guarantee' figure coupled with all sums taken from the firm over the last two years before liquidation. Such a firm would be relieved of many of the somewhat unnecessary formalities now required of the private company, such as formal annual general meetings.

If such proposals are accepted and go ahead in substantially the form suggested in the Green Paper, the co-operative movement must be ready to press for legislation that will equip it with a modern, coherent and comprehensible legal code - not a multiplicity of choices between alternatives, none of which can be said to be wholly satisfactory. For only by so doing will the movement avoid having its constituent co-operatives forced into a legal pattern designed to assist a quite different organisation.

NOTES

1. It appears that the strange title 'industrial and provident society' stems from this background, where friendly societies were seen as being of two types: benevolent (i.e. charitable) and provident (i.e. mutual insurance/self help) - thus the title was to imply an industrial friendly society. Report of the Select Committee on the Provident Associations Fraud Prevention Bill 1847/8 (648) XV1 489.
2. This provision first appeared in slightly different form in the Prevention of Fraud (Investments) Act 1939 S10 which referred also to the improvement of the conditions and social well-being of the working-classes.
3. An additional peculiarity is that a registered society that is also a charity is exempt from registration under the Charities Act 1960.
4. Taken from the Chief Registrar's list of sponsoring organisations providing approved model rules - form F280.
5. See Chief Registrar's *Guidance Note on Registration of Societies* - form F517.

Notes (ctd.)

6. If unincorporated such an organisation would be an unincorporated association not a partnership.
7. Originally conferred by Finance Act 1972 S96(3) as amended by Finance Act 1974 (S10/3). However since 1979 the small companies rate of corporation tax (available to companies with profits below (currently) £80,000) has been the same 40% as is available to societies.
8. 1961 AC 12
9. 1973 AC 360
10. Cf SurrIDGE, B. J. and Digby, M. *A Manual of Co-operative Law and Practice*. Cambridge, 1967 (3rd ed) p. 132.
The Malta Co-operative Societies Act 1978 has such a general declaration of principles, coupled with vetting by a co-operatives board and the possible appeal to the minister - Ss11 and 20.
11. See also *Purchase by a Company of its Own Shares*, Cmnd 7944 or *Companies Purchasing their Own Shares* Fox 1981 JBL 271/5.
12. Cmnd 8171
13. Whincup. "Inequitable incorporation, an abuse of privilege" in *Company Lawyer*, 158, 1981/2, discusses this problem but without reference to the Green Paper.

MEASURES TO RETAIN THE CO-OPERATIVE CHARACTER OF
DANISH PRODUCER CO-OPERATIVES

by

Torben Bager*

Danish producer-co-operatives enjoy a fairly widespread reputation among co-operators, because they were among the first to be formed, and because they have gained dominant positions in the processing and marketing of agricultural products in Denmark. However, rapid changes of the co-operative sector and the agricultural structure in Denmark during the last decades have raised doubts about the viability of the nature of these co-operatives. At the end of this century there will probably only be one dominating, countrywide producer-co-operative left in each co-operative sector. It is therefore questionable whether such complex, remote, large-scale organisations can retain a co-operative character, or whether they will follow their own dynamics, mainly determined by the socio-economic context, and carried out by managing directors.

The Consequences of the Concentration Process

The background to the situation is primarily the rapid concentration process during the last decades that has changed the typical producer-co-operative from a locally based, small-scale unit into a large-scale unit, including many more members and covering larger geographical areas. The main reasons for this process are economies of scale and the need to lessen competition between both customers and suppliers. The main problem of the process has been to combine the interests of each independent producer co-operative with the interests of the whole co-operative sector. Local interests and the interest of many managers in the survival of "their" co-operative have often delayed the process, so during the last twenty years the dominating co-operative sectors - dairies and bacon factories - have suffered from too high a production capacity.

* Department of Co-operative Research, University Centre of South Jutland, Esbjerg.

It does seem, however, as if this problem is to some extent being solved by increasing centralisation. Hence, competition between co-operative suppliers has lessened in some sectors because the co-operative units now cover such large areas that the suppliers have no choice of outlet. For example, there is only one co-operative left in the poultry and egg sector which covers the whole country, and bacon factories now cover such large areas that most suppliers have no choice at all of outlet. Consequently in many areas, producers are compelled to become members of producer-co-operatives.

Although the concentration process has partly come about through the amalgamation of primary co-operatives, a result of the process is still more secondary co-operatives. Historically, secondary co-operatives were formed by primary co-operatives in order to process and market agricultural products. The need for such common enterprises has been increasing but another type of secondary co-operative is also becoming widespread, namely subsidiary companies affiliated either to primary co-operatives or common enterprises. The co-operative structure is consequently getting more complicated and thereby more incomprehensible for its members. Unless action is taken there is therefore a risk that secondary co-operatives will lose their co-operative character, simply because membership democracy is not working satisfactorily. Secondary co-operatives may gradually be transformed into kinds of self-governed business organisations following their own dynamics and developing along lines dictated by the managing directors. This may result in them engaging in activities which are not linked with the needs of the members, or keeping the surplus of the co-operative's business instead of channelling it back to the members.

The large size of present day co-operatives and the increasing importance of secondary co-operatives therefore poses a threat to the co-operative character. The concentration process has not yet reached its final stage, so the present serious situation could turn into a critical one before the end of this century, unless measures are taken to preserve the co-operative character.

Response to the Negative Consequences of the Concentration Process

Up to now very little has been done to counteract the negative consequences of the concentration process although it seems increasingly important to consider efficient measures in order to cope with the new situation. Measures that could be considered are:

1. Better qualifications of members and their representatives. The education system has been improved, but still the educational standards are far from satisfactory. Previously members could use knowledge gained on their own farms in their co-operative, but the large-scale character and highly complicated structures of contemporary co-operatives make higher qualifications necessary. Education makes demands on the time and resources of the members, and most of the young farmers are so busy and under such economic pressure that they have neither time nor finances to give to education. There is also a need for the co-operative directors to be trained in democratic management methods, as their education has usually been geared to private, capitalist enterprises.
2. Countervailing power for the members and their representatives. Managing directors of large-scale co-operatives normally seem to have a better level of information than committee members and furthermore they can use the staff to promote their views. A countervailing power therefore seems necessary in order to prevent a further increase in the power of the managing directors. The establishment of a member-department, whose staff should have direct access to the committee, could be considered. The member-department could organise member activities, supply committee members with information, statistics, etc., and act as an internal control body vis-a-vis the managing directors. An internal control of this sort would provide opportunities for discussion among members and their representatives on fundamental and future problems.

3. Decentralised organisational structures. In order to further member-interests members must be involved in the decision-making process at as many stages as possible. This can hardly be carried out if the organisational structures are hierarchical and rigid. It is therefore crucial for the large-scale co-operatives to consider decentralised, parallel structures, which enable participation by members at several levels. Decentralisation in some cases could also be advantageous from an economic point of view, as economies of scale are questionable in a number of areas.
4. More direct member-control of secondary co-operatives. Secondary co-operatives are controlled indirectly by the members so structures which enable a more direct member-control should therefore be considered.
5. Involvement of employees in the democratic life of large-scale co-operatives. Producer co-operatives seem to suffer from the same problems of disengagement by the employees as private enterprises, and their increasing size seems to increase the number of labour conflicts. It could therefore be advantageous for the producer-co-operatives to consider supplementary economic and organisational measures involving employees more in the day-to-day running of the co-operative.
6. Increased consumer insight and control. Some of the large co-operatives have an almost monopolistic position in the national market - a position likely to be strengthened. It seems likely therefore that both consumers and the state will demand more information and control. Producer-co-operatives should consequently consider how to increase consumer awareness and control in order to prevent compulsory measures.
7. Increased co-operation among co-operatives. As mentioned above, there has been an overcapacity in certain co-operative sectors during the last decade which will probably continue for a number of years to come unless co-operation between producer co-operatives is increased. Strengthening membership democracy and more decentralised organisation structures will probably further possibilities of co-operation among

co-operatives. But on the other hand the increasing gap between a few large-scale co-operatives and the bulk of small-scale co-operatives observed within some sectors, make this difficult.

The Impact of Structural Changes in Agriculture Itself on Producer-Co-operatives

The co-operative character is also threatened by structural changes within agriculture itself, leading to fewer, larger and more specialised farms. In some sectors agricultural production could now almost be termed an industrial activity rather than farming. This is particularly the case in the egg-sector, where the number of members has dropped from 6,500 in 1972 to 325 in 1979. Tensions between such a limited number of "egg-factories" tend to increase as their number decreases, and it is questionable whether such enterprises are genuine co-operatives. The gradual change from family farms to "factory farms" is therefore likely to affect both the character of the producer-co-operative and relations between members, when a certain level of development has been reached.

The structural changes of agriculture itself have also led to increased differentiation between small-scale producers and large-scale producers. Thus, in 1979 the 3.5% largest producers of pigs in Denmark supplied 30% of the total amount of pigs, compared to 22% in 1961. This undermines the homogenous structure which has been a solid basis for Danish producer co-operatives for almost a century, and it increases the claim by large-scale producers for more influence and economic advantages. Tensions between large and small-scale producers are therefore likely to increase: they now arise often when amalgamation of producer co-operatives is discussed, as large-scale producers, usually in its favour are often voted down by the many small-scale producers. From the point of view of many large-scale producers, voting according to turnover seems more reasonable than the one-man one-vote principle which may be difficult to retain if the differentiation process continues. The only way to prevent a large-scale farmers' "revolt" against the producer co-operatives may be to discuss combinations of the one-man one-vote principle and voting according to turnover. For instance the committee could be elected on a one-man one-vote basis, while other decisions could be taken on the basis of deliveries.

In fact, combinations of the two voting systems have already been introduced in Denmark: the number of representatives elected on to the boards in many large-scale co-operatives in Denmark is based on the amount of produce delivered. Each member of the supreme body of these co-operatives therefore represents the same amount of produce delivered, but not the same number of members.

Response to the Structural Changes Within Agriculture

The response of the producer-co-operatives must largely be defensive. The factors which cause the change are to a large extent beyond the control of the co-operatives as they relate to economies of scale within agriculture. Furthermore it has never been the intention of producer co-operatives that they should prevent differentiation by "taking from the rich and giving to the poor". They were formed to serve the collective interests of independent producers, who individually were supposed to pay for the services they received from the co-operative. The most aggressive measures they can take in this respect concern the use of co-operative principles within agriculture itself. In Denmark there is legal protection of family farms, and the merging of farms is limited. Company ownership is not allowed, although there are some cases in which companies have obtained a dispensation. The pressure for legalisation of company-ownership is likely to increase because of economies of scale, so future farming seems to some extent to be a choice between large-scale company farming and large-scale co-operative farming. Possible responses could be:

1. Modification of co-operatives structures in order to retain the large-scale producers as members. If the differentiation process among producers continues, certain organisational modifications might be considered in order to prevent a large-scale producers' "revolt" against the producer co-operatives. Voting according to turnover could be considered, though voting according to capital must be out of the question.

2. The existing producer-co-operatives could use their positions to prevent legislation of limited liability companies in agriculture, as these would enable expansion of the multi-national co-operation within agriculture, and in many cases they would probably look for alternative marketing and processing channels to the ones provided by producer-co-operatives.
3. The promotion of the legalisation and application of co-operative principles in agriculture itself. During recent years a few farms in Denmark have been established as co-operative farms, owned and managed collectively by the farmers. Such farms can make the same use of economies of scale as limited liability companies, but they are more likely to support the producer co-operatives.

The External Threat to Producer-Co-operatives

At present the main challenge to Danish producer-co-operatives is the internal undermining of the co-operative character, rather than the external threat from private enterprise in general, and multi-national corporations in particular. Danish producer-co-operatives have generally been able to hold their share of the market during the last decades, and in recent years it seems as if some of the multi-national corporations are losing interest in the Danish food industry. But although the threat from multi-nationals at present seems less, the situation could change as their position at world market level is too important to be ignored. Producer-co-operatives have been slow in realising the danger and therefore little has been done to meet the new threat. There are, for example, cases of co-operatives facing economic difficulties providing the possibilities of investments by multi-national corporations, although the dangers of such action should be obvious.

It seems imperative for producer-co-operatives to use the present, relaxed period to elaborate a common strategy towards the multi-national corporations, the main elements of which might be:

1. Sharpening of the co-operative profile, so that the difference between producer-co-operatives and multi-national corporations is made clear to the farmers.

To achieve this end producer-co-operatives should first offer better information, education, etc., and secondly initiate action, where possible illustrating their character and role.

2. Increased solidarity among producer-co-operatives, both within the different sectors and internationally. A crisis-fund to support producer-co-operatives, which are threatened by multi-national corporations could be established. But it is - as in the past - going to be very difficult to combine the conflicting interests within the co-operative movement. Co-operation among producer co-operatives in different sectors is particularly likely to face difficulties because of their single-purpose structure combined with increasing specialisation in agriculture. However, if membership democracy is strengthened, the common interests of the members should have a better chance of being promoted than if the actual power is in the hands of the managing directors, for whom co-operation with other co-operatives is normally a purely economic question.

CO-OPERATIVE MARKETING OF LIVESTOCK

AND MEAT IN THE U.K.

by

Simon Chick*

Livestock for slaughter, excluding poultry, accounted for 32% of the value of the total forecast output of U.K. farms in 1980, while the value of livestock products amounted to a further 24%. Many producers of livestock are limited in their farming options, as their land is often unsuited to arable cropping. This is particularly true of the large areas of marginal land in the western part of the country. In the light of these facts, it is hardly possible to exaggerate the importance of providing this sector of the agricultural industry with a marketing system which will enable it to realise its full potential.

However, before considering the marketing problem it will be necessary to say something about the structure of livestock production.

- a) Cattle and calves account for well over half the value of livestock for slaughter. The salient fact here is that about 70% of the beef produced is derived from the dairy herd, and is therefore a by-product which, though valuable, is considered by its producers as of secondary consequence compared with milk and milk products, which are the justification for the herd's existence. The U.K. is approximately 85% self-sufficient in beef and veal, the balance being made up of the surplus of imports over exports.

The marketing of cattle and calves for slaughter is fairly evenly divided between two main channels. The most recent figures available, which are for 1977, indicate that about 62% of cattle and calves for slaughter are sold at liveweight through traditional public auctions, the remainder being sold at deadweight

* Meat and Livestock Product Development Group of the Central Council of Agricultural and Horticultural Co-operation.

direct to abattoirs, mostly operated (though not always owned) by wholesalers. In beef and veal marketing, as in other farm products, there is a continuing tendency to concentrate throughput in a decreasing number of channels, and to move slaughterhouse operations away from inner cities, with all their attendant problems. More and more slaughterhouses undertake at least the preliminary cutting of meat. Only about 10% of all slaughterings are now carried out in local authority-owned premises. At the retail level, about 60% of meat is handled by specialist butchers and 40% by retail stores. Most supermarkets and chain stores still handle meat in a traditional manner, with carcasses being delivered and cut up on the premises. The expansion of trade through this channel may be held back by the short shelf life of fresh pre-packs, but the technological problems involved in pre-packing meat so as to retain its quality are by no means insuperable; if they could be overcome there could well be a radical change in marketing methods, with perhaps consequential effects on production.

- b) Sheep and lambs account for a relatively small percentage (14%) of total livestock value, though in many hill areas they are the principal if not the only crop. These hill areas produce store sheep which are brought to the lowlands for fattening and for crossing with lowland breeds. The U.K. is less than 60% self-sufficient in sheep meat, the balance consisting mainly of frozen New Zealand imports.

The pattern of marketing of sheep and lambs for slaughter is much the same as that for cattle and calves, except that the proportion sold liveweight is slightly higher, being about 67%; deadweight sales show little sign of supplanting the traditional live auctions.

- c) Pig production is closely related to the production of cereals, which account for some 70% of production costs. About three quarters of all the pigmeat produced comes from 15% of pig producers. The country is virtually self-sufficient so far as pork is concerned, but less than half so as regards bacon and ham.

The pattern of pig marketing is quite different from that of cattle or sheep. In the first place, substantial numbers are slaughtered in specialist slaughterhouses. Secondly, virtually all sales are on a deadweight basis, and are for the most part subject to a national carcass classification system. This does not operate in respect of other categories of meat.

General problems of marketing livestock for slaughter

Some of these problems have already been mentioned, such as that meat from dairy herd animals is secondary in value to the products obtained from them in their life time. The livestock producer suffers from being further removed from the ultimate market for his product than are most other agricultural producers: in time, because of the long period which must elapse (where cattle are concerned) between insemination and sale; in distance, because the product on the shop counter has undergone such a transformation, and has passed through so many hands, since he consigned the livestock which produced it to the market. The livestock producer has been, and in some respects still is, further insulated from the final market as a result of various government policies, which in the past used to guarantee prices, and at other times have interfered unpredictably with trading patterns, for political reasons. However, the impact of these problems varies according to the category of livestock concerned, and in general they are more easily surmountable where sheep and pigs are concerned than for cattle.

Co-operative marketing development

A unique opportunity for restructuring the marketing system for livestock and meat occurred in 1954, when meat was de-rationed. The opportunity was taken then to form a national company, the *Fatstock Marketing Corporation Limited*, under the auspices of the National Farmers' Union. Subsequently this was converted into a public company, *FMC Limited*, of which the Unions are still the majority shareholders. This company has a dominant role in the pork and bacon markets and has an important influence in other commodities as well. The establishment of this farmer-owned concern absorbed efforts and resources which might otherwise have gone into co-operative ventures. Exceptionally, however, a few enterprises were given a co-operative structure, and still exist today either as co-operatives in their own right or as slaughterhouses owned by co-operatives, North Devon Meat being a prime example.

Co-operative development of livestock and meat marketing in the United Kingdom is likely to proceed on a number of different fronts, as indicated in a strategy document *Livestock and Meat Marketing* produced by the Central Council in July 1971. The Council is able to grant-aid livestock marketing, but not livestock slaughtering, since slaughtering is regarded by the government as being an industrial, rather than agricultural, operation. (Red meat slaughterhouses have been eligible for grant, mainly to bring them up to EEC standards, but agricultural co-operatives have been given no special priority.) The main areas of co-operatives activity can be listed as follows:

Intermediate marketing. In addition to the final marketing of fatstock there is often an intermediate transaction between calf breeders and feeders, lamb producers and fatteners, weaner pig producers and rearers. In many of these transactions both parties are farmers, sometimes in the same locality. There is thus plenty of scope for co-operative enterprise, which avoids the health risks, the stress and some of the expense of auction transactions. Where buyers and sellers are geographically separated there are also transport savings which can be made. A number of co-operative marketing schemes of this kind have been successful and there are also a number of co-operatively owned auction marts, particularly in Scotland. A Central Council survey of 1975 (see *Farming Business*, Winter 1977) calculated that 12% of breeding and store cattle, 8% of store sheep and lambs, and 3% of weaner pigs were marketed through co-operative channels, but this can only be regarded as a very rough estimate, as no national figures of store stock sales are available for comparison.

Marketing of finished stock to abattoirs. In this case, as in the last, there is not much 'added value' which will enable a co-operative to cover its own expenses and pass on a premium to its members but, in a well managed co-operative, there should be enough. The skill required is that of selecting, grading and economically transporting stock, negotiating with the abattoir and, most important of all, using information derived from the outturn in the abattoir to help producers supply what the market really wants, in terms of conformation, fat content, freedom from bruising or other blemishes, etc.

Marketing of cull cows in dairy areas. This is a variant on the above, the co-operative specialising in a particular type of stock, one moreover which had previously been neglected and under valued, bulking supplies to a selected outlet, and realising an enhanced price for it. The establishment of cull cow co-operatives has put pressure on abattoirs to find new markets for this class of stock.

Livestock slaughtering and meat marketing. As already mentioned, there are a few co-operatives engaged in this. Their number is not likely to increase rapidly, with slaughtering capacity well in excess of requirements, continuing (though now less intense) competition from local authority abattoirs, low profit margins, and the very high capital investment required.

Meat and meat product marketing. The problem of heavy capital investment can be overcome by arranging for the slaughtering to be done under contract by the co-operative, which obtains supplies from its members, and organises the marketing of the meat produced from them. This too is a method which several co-operatives have adopted.

Livestock exports. In theory exporting would seem to provide a useful opportunity for co-operatives, but in practice political interventions resulting in the opening and closing of markets at short notice has made long term planning in this field very difficult.

The census of U.K. livestock and meat co-operatives already referred to, gave an estimate of market shares (1975) as Cattle 7%, Sheep 9%, Pigs 7-8%, with a total of 8%. Market shares have probably increased since then, but it is impossible to say to what extent.

Co-operative prospects

The foregoing description has made it clear that the main marketing problem where livestock is concerned is that of forging better communication links in the long chain from the primary producer to the ultimate consumer. This is a problem which co-operatives are particularly well equipped to tackle. The modesty of the results achieved so far is due as much to existing political and economic disincentives as to any lack of will on their part. Despite these disincentives a variety of initiatives have been taken, which are slowly making progress, and at last giving producers some say in the marketing

of a product which as hitherto been largely left to others, though it contributes so much to the agricultural industry's prosperity.

The major development by co-operatives has been to tackle this central problem of communicating down the distribution chain to the consumer. A number of co-operatives have been developing relationships with major retailing organisations and in some instances, co-operative breeders have joined with co-operative feeders and then with a co-operatively controlled abattoir to provide exactly the type of product required by the ultimate retailer. Furthermore, co-operatives have been entering into joint promotional activities with processors and retailers. It is these developments which are starting to lead the way in this difficult, but very important sector of the agricultural industry.

LIVESTOCK AND MEAT CO-OPERATIVES IN THE
REPUBLIC OF IRELAND

by

Maurice Colbert*

The co-operative movement in Ireland has grown out of centralisation in the manufacture of dairy products in the 1890's, as happened in a number of European countries (e.g. Scandinavia). The dairy co-operatives with their diversified activities continue to be the main focal point of the co-operative movement in Ireland

Table 1
Trading Figures (1979)

	Turnover £m	Assets £m
Dairy Co-ops	1,525	481
Livestock/Meat Co-ops	607	53
Others	177	78
Total	2,309	612

In addition to milk processing the dairy co-operatives have a National Marketing Federation (Bord Bainne) which handles all exports.

* Livestock Policy Division, Irish Co-operative Organisation Society

In contrast, co-operative activity in the livestock and meat sector has been a more recent development and has yet to achieve the overall impact and strength of the dairy movement.

The livestock industry in Ireland has traditionally been based on the export of live cattle, pigs and sheep to Britain. This trade was considerably helped by the dramatic decline in the population of Ireland after the Great Famine of 1845/47, which coincided with the Industrial Revolution and the development of the big population centres in England:

<u>Live Exports (1900)</u>	
Cattle	746,000
Sheep	867,000
Pigs	715,000
TOTAL HEAD:	<u>2,328,000</u>

The development of the fresh meat industry got underway with the achievement of national independence in 1921 and the subsequent introduction of the Agricultural Produce Act (Fresh Meat) 1930. Prior to that the outbreak of foot and mouth disease in the early 1900s resulted in the building of a number of bacon factories. The Wexford Bacon and Roscrea Bacon Co-operatives were set up in the 1909/1912 period, arising from the sending of an IAOS official to Denmark in 1895 to study the organisation of co-operative bacon factories there. In addition, Irish Co-operative Meat Ltd., based in Waterford, and the forerunner of the present Clover Meats Ltd., was set up in 1924.

The development of export abattoirs for the slaughter of cattle and sheep got off the ground in the 1950s with Government assistance, and from the mid 60s up to the present time exports of live cattle to Britain have declined fairly dramatically with the development of the meat industry:

Table 3
Exports to Britain

	1967	1980
Live Cattle	646,000	90,000
Beef (tons)	100,000	162,000

In the meantime the development of livestock auction marts got underway in the 1950s and farmers, through co-operatives, with local backing from the National Farmers' Association and advice from the Irish Agricultural Organisation Society, took a firm hold of the business.

The mart business continued to expand dramatically in the 1960s and 1970s and effectively replaced the old fair system. A significant development took place in 1969. In that particular year Cork Marts Ltd., with a total of nine mart centres, took a very substantial stake in the cattle slaughtering business through the acquisition of the privately controlled IMP Group with 35% of the national beef kill for export. This was achieved through the launching of a door-to-door canvass of farmers on a nationwide basis, which resulted in the collection of £3 million approximately from 30,000 farmers. This was a major break-through by co-operatives in the meat business and represented a 100% increase in the total share capital of the Irish co-operative movement over a period of ten weeks.

A further development in the pigmeat business was the setting up of Galtee Meats Ltd., a subsidiary of Mitchelstown Co-operative Creamery Ltd..

Present Position of Co-operatives in the Livestock and Meat Business

A total of forty co-operative mart organisations, operating seventy sales centres, achieved a turnover of £495 million in 1978. This accounts for the following livestock numbers:

Table 4

	Head m.
Adult Cattle	1.500
Sheep	1.000
Calves	0.250
Pigs	0.150

Co-operatives account for approximately 60% of the total mart business, and dominate the mart scene in the south, east and west of Ireland. Since 1978 numbers of adult cattle sold through marts have declined due to the operation of restrictions on cattle movements in an effort to eliminate both tuberculosis and brucellosis from the national herd.

Numbers of finished stock have been badly hit due to the absence of fatstock sales. Pig numbers sold through marts have shown a continuous decline since the 1960s due to the growth of bigger herds.

The experience of co-operatives in the meat business has been difficult due to the highly competitive nature and instability of the business, and also the adverse effects of the live export trade on meat factory operations.

Cattle	35%
Sheep	20%
Pigs	25%
Poultry	50%

* Approximate figures

In the case of beef and pig slaughterings the co-operative share of the business has declined in the 1970s. Turnover of the meat co-operatives reached £220 million in 1979.

Despite the fact that the co-operatives are major exporters of beef and lamb, in contrast with the dairy societies there is no centralised marketing effort.

Operational Practices: Pricing

The meat co-operatives, despite the fact that they have a total membership of 45,000 farmers with an investment of £16 million in members' equity, cannot claim to have a particular loyalty from their membership in the sale of finished stock. The pricing system based on grade and deadweight is common to all meat factories whether co-operative or private. Contracts with suppliers have proved unsuccessful, and end of the year bonuses are not a feature of co-operative business. On the other hand, co-operatives would claim to be price leaders, and farmers have reason to be grateful to the co-operatives for putting a floor on the market in glut situations as happened in 1974. In addition, the co-operatives have a reputation for honest trading and giving a fair deal to suppliers of stock. Equally the co-operatives have the bulk of the value-added products and are very substantial employers.

The co-operatives marts operate in a similar fashion to the privately controlled marts. They differ in the sense that the co-operatives generally operate on lower commission rates, and in a number of cases have diversified their activities in recent years to provide other services to their members

(e.g. farm requisites). At present the Irish Co-operative Organisation Society (ICOS) is giving some consideration to the steps which might be taken by co-operative marts to provide a wider range of services to members as producers, and not just as buyers and sellers of livestock on the day of a sale.

On the question of liveweight vis-a-vis deadweight sales there has been a significant swing to the latter system in the case of pigs, and more recently also in the case of cattle due to the disease restrictions introduced in 1978 and the decline of the live export trade to Britain. In the case of sheep the liveweight system remains dominant. In general there is considerable evidence that farmers with bigger numbers of stock are considering alternatives to the live auction system for the disposal of finished stock, and the smaller herd owners continue to find the mart system most convenient. A further consideration is the time spent in marts, and the bigger dairy farmers are putting a cost on this.

Co-operative Financing

In the case of the co-operative marts financing has never been a serious limiting factor.

Marts were set up originally with a combination of share-capital and borrowed finance, and subsequently generated their own surplus funds. This has enabled them to get involved in other related activities as in the case of the Cork Marts/IMP development.

In the case of the co-operative meat factories the situation has not been quite as satisfactory. Generally, the meat factories operate on very small margins, with very sizeable requirements for both fixed and working capital, considerable seasonality and fluctuations in slaughterings between years, and serious over-capacity in recent years. Generally, the meat business - particularly the beef sector, due to its export orientation - has been plagued by the EEC decision-making process, and the co-operatives with their higher proportion of value-added products have been particularly vulnerable. The profits tax exemptions enjoyed by co-operatives on certain trading activities have not particularly favoured co-operative meat factories due to the operation of export sales relief which is enjoyed by all factories in the business.

Co-ordination at Regional and National Levels

The ICOS has at all times been closely associated with the development of co-operative marts, and arising from the setting up of the National Co-operatives Marts Committee in 1970 marts have regular contact both at national and regional level. In addition, the Marts Committee which is based in Plunkett House, acts as the representative body for all co-operative marts.

In the case of the co-operative meat factories no similar committee structure exists due to the presence of other agencies representing all meat factories, both co-operative and private. However, the ICOS provides a number of management services to the meat co-operatives, individually. Due to the size of the meat co-operatives, and the fact that they are fewer in number, the question of regional contact does not arise.

Future Prospects

Co-operatives in the livestock, and meat business have been late to develop and cannot claim to have any magic formula for their future growth and development. As mentioned previously both the marts and the meat factories operate in a highly competitive environment where frequently short-term gain counts for more than long-term advantage. Because of the nature of the livestock industry with a significant speculative element co-operatives have great difficulty in concentrating resources in the development of the industry at farm level. This is in sharp contrast with the experience of the dairy co-operatives. In addition, the co-operative decision-making process, which is designed to achieve equity for all patrons, can be at a disadvantage in a cut-throat business such as the meat business. The evidence from recent years is that co-operative meat factories, operating in isolation from the mainstream of co-operative activity, have slipped back in terms of market share. The future of co-operatives in the meat business may depend on a suitable link-up with the more solidly-based and more stable dairy co-operatives. This type of development has taken place in the Normandy and Brittany regions of France and appears to have worked quite well.

As mentioned earlier the co-operative mart business has reached a plateau in terms of livestock numbers and the marts will have to give serious consideration to their future role in the livestock industry. In many respects co-operative marts are ideally suited to take on worthwhile projects for livestock producers at farm level in terms of contact with farmers and financial resources. In this regard the progress of group marketing both in France and in England is an interesting development that may have relevance to the Irish situation.

A major challenge facing livestock co-operatives in Ireland is to achieve greater harmonisation and integration between the mart and meat co-operatives. The solution again in this case may have to be found through the longer established dairy co-operatives.

CO-OPERATION IN THE FRENCH

LIVESTOCK AND MEAT SECTOR

by

Anne McLean Bullen*

As a result of membership of the European Economic Community in 1973, the UK has become more aware of how agriculture is organised in other member states, including the role of agricultural co-operation in both production and marketing. Instinctively British observers have tended to associate co-operation in agriculture with Denmark and The Netherlands rather more than with France and have looked upon the apparent strength of continental co-operation with some envy when comparing its organisation with co-operation in the UK. The philosophy toward agricultural co-operation, however, varies, not surprisingly, in response to circumstances and this can be clearly demonstrated by looking at the development of the movement in France. One suspects that any self-respecting Dane or Dutchman for whom the ideas of 'self-help' and free enterprise can be surprisingly well assimilated into the co-operative ideal, would regard the extent and scope of French government intervention in co-operation with considerable mistrust and scepticism.

The Background to Co-operative Development

The development of agricultural co-operation in France has occurred in certain sectors at a slower rate than in other countries, although in mutual assurance, banking, credit and finance - notably through the co-operative bank, *Crédit Agricole* - co-operation has been well established for many years. It is extremely difficult to divorce a discussion about co-operation in livestock and meat from a more comprehensive consideration of what co-operation means as a movement to a Frenchman, since this is what guides its development. Its origins in periods of difficult markets,

*. Centre for European Agricultural Studies, Wye College
(University of London)

depressed prices and incomes, inflation and peasant discontent are not unfamiliar. The turning point occurred in the late 1950's and early 1960's when rural discontent erupted first in Brittany and then in sympathy demonstrations elsewhere, about the lack of change and traditional rigidities in the agricultural system. This movement coincided with the young Gaullists' determination to evolve an economic plan for agriculture, which culminated in the first *Loi d'Orientation* of 1960, committing the government to tackling the problem of agricultural structure and marketing systems. From the beginning, therefore, the French government has always been involved with the agricultural co-operative movement, to which it takes an unusually realistic attitude. There are two main strands to the overall policy for the livestock and meat sector. The first is the need to plan livestock production structures that can service an efficient meat and meat products industry to replace the old public abattoirs and network of traditional, 'artisanal' type of butchers and meat retail outlets. The second strand of policy is concerned with the economic well-being of the farmer or '*paysan*' which one would translate literally into English as 'peasant' - a continental nomenclature applicable in several countries that is inappropriate in British farming, since the structure of enterprises has developed here on a larger scale. Added to these two problem areas, French policy makers have been faced with the difficulties associated with geographical size and extended communications. Nowhere more so than in France as one travels is one aware of differing regional characteristics and identities.

French Attitudes to Co-operation

The other characteristic that is peculiarly French when one looks at co-operative development, is the intellectual and logical nature of French thinking which can clearly link together agricultural policy with other financial and industrial elements of economic policy. It is no accident, for example, that *Crédit Agricole's* role and interests have gradually expanded out of pure farming into the financing of a wide range of agriculturally related industries and more general activities relevant to rural communities and regional development. Inevitably, therefore, co-operation is merely one policy tool that is used as a means to an end, especially as regards regional development.

In some ways, it would be uncharitable to view the French government's active intervention in the co-operative movement with distaste or to dismiss its role as undesirable, particularly in relation to the programme for the livestock and meat industry. The disappointing results of early co-operative endeavours which suffered from insufficient planning, inexperienced management and inadequacies of traditional co-operative structures have encouraged more imaginative and flexible solutions since the 1960's. The last fifteen to twenty years have been characterised by increasing government involvement to provide first the mechanisms and then the incentives to transform co-operation in the livestock-meat industry along a path of concentration, consolidation and planned expansion. There do not seem to have been many 'sacred cows' which have impeded this progress. Agricultural co-operation has now become industrialised where both specialisation and diversification (with varying degrees of success) have somehow been integrated into general operations in production and extended to all stages in the marketing and distribution chain. In the light of more recent developments, it is clear that co-operation is increasingly being regarded as an essential stage in the capitalisation of the agricultural industry, not least in the livestock-meat sector, with benefits being measured more from a utilitarian angle, more by the general macro-economic well-being of a region or the industry as a whole, than by the well-being of individual farmers. Certainly as far as British thinking is concerned, this line of thought has a revolutionary ring, since official UK literature on *agricultural co-operation* is still littered with platitudes about the necessity of increasing farmers' bargaining power and direct democratic control over their organisations. French literature is liberally scattered with similar theoretical beliefs, but the difference is that, in practice, they do not worry about them.

The Problems of Modernisation and Rationalised Development in Livestock and Meat

Until relatively recently, the French meat industry had *shown few signs of concentration into larger units or interest in sophisticated management or technology.* This is in part due to the slower build-up of pressure on suppliers from industrialised processing and retailing enterprises for

uniformity of quality and large scale quantities. When this pressure in France eventually became apparent, French buying chains had difficulty finding wholesaling enterprises to supply them and abattoirs themselves were less well-placed than their British counterparts, since they were having to deal with many more small suppliers to obtain the same number of suitable animals.

At the farm level, the small French livestock producer tended to be economically fenced in, using his own labour to operate a very small acreage, making it difficult to generate sufficient resources for expansion except by intensification, specialisation and co-operation.

The government in response to these problems, compounded by geographic dispersal has set about planning to modernise and develop the livestock-meat industry by a combination of enabling legislation and a wide spectrum of grant aid to provide the incentives. There have, of course, been failures as well as duplication of effort which has resulted in some confusion and wasteful competition. This, however, can perhaps be regarded as a feature of the 1970s. The 1980s by contrast are already showing signs of consolidation, with reductions in the number of small producer groups and co-operatives, together with more rational group planning linking together livestock production groups with their distribution and market outlets. One can certainly criticise previous efforts at merging co-operative and private enterprises in France insofar as there is evidence of government connivance in the past to 'buying in' private commercial acumen to improve the economic performance of ailing, co-operative conglomerates.

Current Economic Realities and Co-operation in the Livestock-Meat Industry

By about 1979 and throughout 1980, the French meat industry, in common with the meat industries in most other member states of the Community, was extremely unprofitable, particularly at the slaughtering and wholesaling stages. Generally speaking the problems were more serious in the beef and sheep sectors than in pigs, since it is less easy to diversify production into processed products. The low profitability in the industry resulted in poor investment performance and a shortage of new capital in both private and co-operative businesses. The solution has inevitably been logical; there has been dawning recognition that in

order to improve profitability private commercial businesses, which were rather worse off, should ally themselves with enterprises with co-operative statutes, which still enjoyed the benefits of government grant aid, largely channelled through *Crédit Agricole*, the co-operative bank. These injections of capital and other forms of grant aid boosted by increased confidence and equity capital have also been translated back to the farm level, with preferential treatment, loans and contracts reserved primarily for farmers who are members of recognised producer groups. The advent of the new socialist government in France suggests that there will be continued adherence to, and support for, the co-operative movement in all aspects of agricultural and rural life, since this accords with socialist principles of individual democracy and greater regional autonomy.

The Co-operative Framework

The flexibility of attitude and the unambiguous realism of government policy is also clearly apparent in the legal framework applicable to co-operatives, which is to British observers dauntingly complex. It was conceived and developed against a background of market instability in supply and price, with many small, disorganised farmers attempting to market produce through traditionally extended distribution networks, characterised more by entrepreneurial opportunism than by rational organisation. Thus the first *Loi d'Orientation* of 1960 and the *Loi Complémentaire d'Orientation Agricole* of 1962 provided for the necessary legislation to organise agricultural production and marketing, against a background of transition in related processing and distribution industries.

The type of producer group established in France depends upon how small livestock farmers view their relationships with their suppliers and their markets. They have always tended to be hedged about by large manufacturers of inputs including animal feed on the one hand, and by buyers, whether dealers or processors, usually larger than themselves, on the other. Producers have essentially two choices:

- either they can use the services of industry and commerce through groups which have a negotiating function to defend their interests;
- or they can replace industrialists and commercial agents by creating groups which extend producer control along the

marketing chain, appropriating any profits from functions performed.

This distinction between syndicate groups on the one side and co-operatives on the other is fundamental in France since it places on different sides of the fence some of the largest and most influential producer groups in the livestock-meat sector.

Alternative Legal Structures for Co-operatives and Producer Groups

There are a number of recognised legal structures available:

- a) Syndicates, which are informal, voluntary groups of farmers working together to defend their interests, but with little formal control over production; share capital is not usually involved.
- b) Associations are slightly more formal in that production can in theory be planned through delivery agreements and can be marketed under a group name. Only limited services and share capital to cover costs are usually involved.
- c) Co-operatives are the most formal type of producer organisation which originally could only trade with members to plan production contracts and marketing.
- d) SICA (*Syndicats d'Intérêt Collectif Agricole*), literally translated as Societies of Collective Agricultural Interest which are different insofar as they were set up to allow co-operation between both members and non-members in agriculture and commerce. In practice they tend to involve farmers and producer groups, dealers, slaughterers, processors and even retailers. Agricultural interests must retain majority control over the business, whatever form the society chooses (civil or commercial with varying degrees of limited liability). An important difference between true producer co-operatives and SICA is that the former are governed by the 'one man one vote principle' whereas in the latter votes are weighted in proportion to share capital and trading. Trading arising from the non-co-operative part of SICA business is subject to tax in the normal way.

Changes in Co-operative Law

As originally conceived, the *Loi d'Orientation* provided for three stages in the organisation of the market; the formation of producer groups, the establishment of regional economic committees (CEAs) covering individual products of which recognised producer groups would be members, and finally the powers of the CEAs to extend their control over production and marketing over all products in a given area of activity, subject to certain statutory safeguards.

It became apparent, however that success under this format would remain limited unless some sort of planned control over production was exercised at national level. In the livestock and meat sector, this took the form of contracts issued by the ONIBEV (*Office National Interprofessionnel du Bétail et de la Viande*), which not only committed producers and their groups to supplying specific quantities of stock at specific times, it also implied that buyers would be committed to taking up those supplies in known quantities on a regular basis. The practical effects however of such contracting arrangements were rather slow to become apparent in the livestock and meat sector.

Other changes in co-operative law have been designed to permit greater operational flexibility. SICA originally were only permitted to trade up to 30 per cent with non-agricultural interests, and this limit was raised to 50 per cent. Likewise, co-operatives originally restricted to 100 per cent trading with members only are now permitted to draw 20 per cent of their trading activity from non-members. The non-co-operative elements of trade in each case are subject to tax.

Official explanations maintain that the aim of the 1972 legal amendments was to improve the economic and financial position of livestock-meat SICA and co-operatives, but also in the law were included specific amendments regarding accounting, management and administration procedures, requiring greater reserves and the presentation of detailed balance sheets by qualified personnel. This suggests implicit acceptance of incompetence on the part of co-operative management, which was thus put under closer official scrutiny.

The range of different forms in French co-operative operations is extremely diverse and defies the neat categorisation outlined above and indeed, increasingly one is aware that the original co-operative nature of many enterprises may now be in dispute. Furthermore, co-operative legislation also covers the SMIA (*Sociétés Mixtes d'Intérêt Agricoles*) in which industrial and commercial interests may hold up to 70 per cent of the votes. Many of the bigger French livestock markets are now managed by mixed syndicates of this type.

Finance and French Co-operatives

After the legislation was established, the state instituted a programme of grant aid and incentives to encourage co-operative development. There are grants for the initial establishment of a producer group and for some managerial and specialist salaries over a period of three to five years (not unlike U.K. aids in this respect). Additionally groups which become 'recognised' are eligible for additional grants for investment in equipment (usually at slaughtering and processing stages) and for the establishment of price equalisation funds. Aid to recognised groups is derived from a number of official sources including *Crédit Agricole*, FORMA, ONIBEV, EEC sources (FEOGA) etc. Recognition criteria vary according to the type of activity a co-operative or other producer group is engaged in, whether at the livestock or meat end of the chain, but usually concerns a minimum numbers of members or animals under its control, minimum level of turnover, evidence of successful health, breeding and quality control programmes, evidence of reliable market outlets and efficient administration and accounting procedures.

Recognition, which is neither automatic nor guaranteed, is important, since only recognised groups have privileged access to government funds and preferential borrowing from *Crédit Agricole*, both as a group and for individual members who are eligible for special livestock loans. The essential point is that recognised groups must be seen to be effective in organising the market by regulating the quantities and improving the quality of the products for which they are responsible. Those groups which did not sufficiently respect production and marketing responsibilities laid upon them, being more concerned to modify their statutes merely to benefit from government funding, have forfeited their recognition status.

Perhaps the most interesting aspect of government attitudes to co-operative groups is that by restricting preferential funding (mainly through *Crédit Agricole*) to groups on specified conditions, it can encourage wider producer membership of groups and at the same time keep an account of the way in which state aid is spent. Farmers themselves are frequently eligible for ONIBEV contracts and higher levels of grant aid to improve livestock production if they are members of recognised groups. Further along the marketing chain, the tax advantages which accrue to the co-operative element of turnover in industrialised slaughtering and processing is an added advantage.

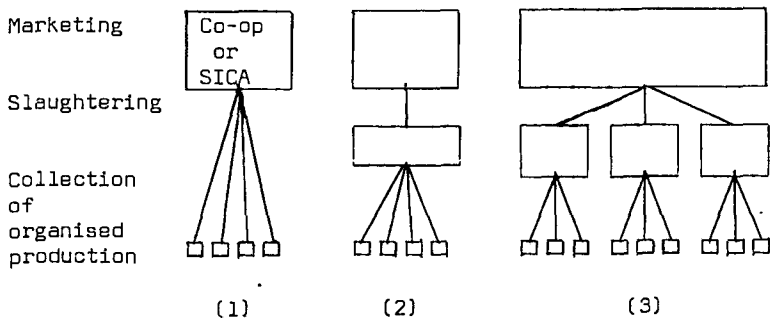
The Intervention of Co-operative Groups in Livestock Production and Marketing

The problem of whether a policy of vertical or horizontal integration is preferable for the co-operative sector has never been tidily resolved in France, particularly since there are outstanding examples of both success and failure for each policy. There are many SICA which never progress further than grouping together the production of their members and negotiating the first sale and which may be, furthermore, dependent on private sector services such as feed firms or dealers. This sort of symbiotic relationship can provide an avenue for expansion for a private company with producer groups eligible for preferential grant aid. The inherent weakness is that there is rarely any marketing strategy in this sort of arrangement, unless the producer group is attached to another commercial group.

By contrast, there are a number of specialised production and requisite co-operatives which are extremely successful and influential operating at one stage only, particularly where membership and livestock production is concentrated in a small, local area. In Brittany a number of pig groups (and one cattle group) instituted a system of selling via clock auctions, which in the mid-1970s were very successful, although subsequent events proved them somewhat vulnerable to concerted countervailing action by industrial abattoirs.

Co-operative 'industrialisation'

The large co-operative unions of producer groups, slaughtering concerns and private companies which have been built up over recent years have tended to acquire shares in specialist groups, setting up marketing and processing companies of their own to exert the greatest possible commercial influence in both the import-export trade as well as in domestic production and marketing. As the French livestock-meat industry enters the 1980s, the two largest and most powerful, diversified groups are *La Société Centrale Socopa* and *Bocaviande*, which is part of the *Groupe Normande*. Most of the structures tend to be SICA at the slaughtering and marketing stages, whereas they draw a significant proportion of their throughput from specialised livestock production co-operatives at the farm level. Diagrammatically, the organisational principles can be expressed as follows:



In a single stage group (1), the same enterprise organises livestock collection, slaughtering and marketing. In a more complex group (2) or (3), livestock collection can be undertaken either by a single organisation or by several organisations that are members of the same enterprise. Official recognition may be given either to specialised livestock production groups or indeed to 'collecting' or procurement member societies. The main reasons for the buying in of private capital are to assure livestock producers of more guaranteed outlets and to increase market power and the commercial flexibility large businesses require. In theory, the 'base' producer groups possess the majority of the

capital and therefore the power of decision over the marketing enterprises. In practice, of course (if only because of the disciplines imposed by the use of more sophisticated and industrial technology in slaughtering and processing plants), the commercial concerns achieve considerable independence and corporate status of their own.

The evolution of the two largest groups illustrates differences in thinking about the organisation of co-operative development. *La Société Centrale Socopa* at earlier stages in its expansion, appeared to be concerned to establish its influence at a national level. Insofar as it has enjoyed substantial state aid over the years, it is perhaps one of the most obvious expressions in practice of French government policy towards the meat industry, partly because it was envisaged that *Socopa* would take on a more aggressive role in penetrating the international livestock-meat trade. In order to redress perceived 'imbalances' in terms of trade, it was felt that 'an export instrument' was needed with an established overseas network to enable it to negotiate from a position of strength. At least one government paper exists which specifically links *Socopa* with this objective. Recent reorganisation of *Socopa* tends to confirm its strong interest in international trade.

By contrast, the expansion of *Bocaviande* was not linked specifically to such objectives. Whereas *Socopa* has tended to be more overtly capitalistic in behaviour, the *Groupe Normande*, on the other hand, seems to have retained a more genuinely co-operative outlook and has concentrated on regional development from a regional base. This too, is not inconsistent with government policy, since the French livestock-meat industry's natural pattern is one of regional marketing systems, linked at certain points. What is believed to be important is that at regional level there should be a very close link between the producer and the market and that 'poles' of development, in the shape of large, commercial and diversified groups, should be encouraged. *Bocaviande's* development therefore has concentrated on consolidated regional expansion first in its home region and latterly in neighbouring regions. In so doing, it has probably managed to avoid some of the more serious loyalty crises experienced by groups like *Socopa* since it has traditionally been closer to sources of supply. There is every indication that opinion may be swinging rather more towards the encouragement of solid, regional groupings, which will have

a capacity not only to balance out regional supply and demand, but also to 'export' meat supplies to other deficit areas in France.

The Co-operative Share of the Market

The most recent figures relate to 1978, but tend to be rather confusing to interpret since some groups classified as livestock groups are also involved in slaughtering, whereas the number of enterprises known to be involved in this activity does not include all their constituent, member producer groups. The following figures relate to 101 societies (co-operatives, SICA etc) involved in slaughtering; not surprisingly, in view of explicit state grant aid, their share has risen over the years:

<u>Co-operative Share of the Meat Market</u>				
	<u>1974</u>	<u>1976</u>	<u>1978</u>	<u>1979</u> ^(a)
	(%)	(%)	(%)	(%)
Cattle	26	30	30	30
Calves	17	23	26	26
Sheep	16	19	23	27
Pigs	18	23	29	34
Total	21	26	29	31
		(a)	provisional	

Source: FNCBV

In 1978/79, the co-operative groups handled over one million tonnes of meat. Since 1974, their share has grown particularly in pigs, but also in calves and sheep. In the beef sector, by contrast, the private trade has been able to maintain its share. The majority of the co-operative groups involved are SICA of one sort or another and in recent years their numbers have fallen with the smaller groups tending to amalgamate with larger ones. In 1978,

27 enterprises accounted for over 90 per cent of the tonnage handled. In view of the substantial government aid channelled into the co-operative sector, it may be surprising to note that co-operative groups still only have about one third of the total market. Co-operatives' influence, however, is also diffused through meat enterprises in the private sector through their shareholdings.

At the livestock end, producer groups have tended to consolidate their position in latter years compared with the strong expansion up to the early 1970s. In all cases, there has been a steady swing away from the more informal types of group towards co-operative statutes, since this legal form allows closer control and planning of group production and marketing and also gains the most benefit from government aid. In 1979/80, the choice of legal forms can be summarised as follows:

	<u>Number of groups</u>		
	<u>Pigs</u>	<u>Cattle</u>	<u>Sheep</u>
Associations	15	3	7
Syndicates	52	17	9
SICA	27	37	14
Co-operatives	109	129	68
Total	203	186	98

Source: FNCBV

Pig groups had over 31,000 members and controlled 62 per cent of the national herd in 1979; this share rose to 68 per cent in 1980. Membership of sheep groups, currently at over 10,000, continues to rise steadily in response to new injections of state aid and these groups controlled about two million ewes in 1980 - about 26 per cent of the national ewe flock.

In the cattle sector, co-operative development appears to have stabilised for the present, indeed some fall in membership has been recorded; 96,000 members in 1979 represented about 12-13 per cent of all farms with cattle in France, and groups controlled overall about 21 per cent of national production. In the specialised, intensive beef sector (*jeunes bovins*), however, groups controlled over half the national production. Between them cattle co-operatives had about half a million head on ONIBEV contracts. Veal calves were handled by 113 of the cattle groups of which 43 produced over 90 per cent of all co-operative production which in turn represents about 70 per cent of national production.

Current government policy is seeking to encourage further co-operative penetration of the market in cull cows. This is seen as being particularly important in the context of controlling national market supplies of beef, since cows represent between 60 and 70 per cent of all slaughterings. Not surprisingly, co-operatives have found it easiest to increase their control of production and market share in specialised enterprises which carry the most risk, namely pigs, veal and intensive beef.

Conclusions

It is difficult not to be impressed with the attitude taken towards co-operation in France, particularly in the livestock-meat sector; it tends to be realistic rather than idealistic, preferring to assess developments from the standpoint of the public interest and regional benefits rather than from the ultimate standpoint of the individual farmer. It is, moreover, relatively unlikely that any farmer will be any worse off as a result of co-operation, although one could certainly dispute in certain instances that he will be any better off.

Faced with an industry that tends to be intransigent towards change, it was entirely logical that the French government should make co-operation the chosen instrument for effecting structural change and improving the organisation and planning of market production. Regarded in this light, it could be said that using recognised co-operative groups as bankers for the payment of grant aid to instigate desired changes is nothing short of inspired, since it also

enables (in theory) the State to keep strict accounts of how public finance is being spent.

Such a policy is, however, not immune from failure since the plan is only as effective as the administrators and co-operative managers who implement it. The quality of co-operative management has exhibited shortcomings in the past which has led to the suspicion that private commerce has been called in on more than one occasion to take over unprofitable groups. The tensions within French co-operation are easily recognisable anywhere. A French co-operative manager once said, "in some cases producer interests have been relegated to an aside; we must keep producers somehow at the centre of operational planning and what is the balance between social and economic planning? Co-operative administrators may become isolated and the objectives may not be common to all members. It is a difficult choice between restricting the freedom of a co-operative member and retaining the commercial outlook of free enterprise".

Perhaps one of the most interesting characteristics of continental agricultural co-operation, and specifically in livestock and meat, is its willingness and ability under varying degrees of government support and encouragement to ally itself with private enterprise and capital. In France such groupings have become key growth points in the development of a sophisticated and technological livestock-meat industry.

REFERENCES

1. Fédération Nationale de la Co-opération Bétail et Viande, *Activité des SICA et Co-opératives d'Abbatage et de Commercialisation: Résultats 1978*. FNCBV, Paris, December 1979.
 - *Analyse des Groupements de Producteurs de Bovins: Année 1979*. FNCBV, Paris, February 1981.
 - *Analyse des Groupements de Producteurs Ovin; Année 1979-80*. FNCBV, Paris, March 1981.
 - *Situation des Groupements de Producteurs de Porcs en 1979-80*. FNCBV, Paris, February 1981.

REFERENCES (ctd.)

2. Foxall, G.R. *Organisational Structure and Market Strategy: A Study of Co-operative Marketing in European Agriculture*. Report No. 26. University of Newcastle upon Tyne, Department of Agricultural Marketing, 1980.
3. McLean Bullen, A. and Pickard, D.H. *Livestock Marketing Systems in BEC Countries: France*. CEAS report No. 6. London, Wye College, Centre for European Agricultural Studies, 1977.
4. Young, N.A. *The French Maincrop Potato Marketing System*. CEAS Report No. 10. London, Wye College, Centre for European Agricultural Studies, 1978.

GENERAL REVIEW OF CATTLE AND

PIG PRODUCTION IN BELGIUM

by

H. Van Gucht in collaboration with J. Voet*

Belgian agriculture is highly geared towards livestock production, particularly in Flanders, a fact which is explained by its history. When Belgium finally became independent in 1830, it had in Antwerp a well-equipped port. The replacement of sail by steam coincided roughly with the War of Succession in the U.S.A. (1860-65) so that American grain was able to enter Belgium freely from the 1870s onward. At the same time Belgian, and particularly Flemish agriculture, was becoming more intensive and turning to livestock production. The creation of the EEC in 1958 brought about market expansion and greater prosperity which favoured the consumption of meat. In these conditions, Belgian livestock production increased considerably, principally in the pig sector (poultry production which is not however discussed in this article, increased similarly).

In the following account, it will be shown how the present situation in cattle and pig production has been reached, dealing first with the production structure and the commercial position of the country, secondly with marketing channels and more particularly co-operative sales, and thirdly with changes in consumption and marketing.

A. PRODUCTION STRUCTURES AND THE COMMERCIAL POSITION OF BELGIUM

In 1979, pigs and cattle accounted for 43.5% of the total finished production of Belgian agriculture (pigs 24.3%; cattle 19.2%). The principal breed of pigs is Landroce, making up about 80% of the herd; 10% are Pietrain and the rest, other types or crosses. In the livestock sector there are several breeds, ranging from black and white (and

* Belgische Boerenbond, Leuven

Holstein-Friesian) on the typical dairy holding, to the Blue and White of Middle and Upper Belgium (Brabant and Wallonia) bred for meat production. There are also dual-purpose breeds, the Reds of Western Flanders, the Red Whites of Eastern Flanders and the Red Blacks of Campine.

Production Structure

Cattle. Between 1950-80 the number of agricultural holdings was halved: in 1950 most holdings had cattle, but by the seventies less than 70% of holdings had any. Cattle numbers have increased but the herd has remained relatively stable. At present the average number per holding is 38.5 compared with only 9 in 1950.

Over the years, the dairy herd has remained relatively stable. Even quite recently, half the holdings had dairy cattle, but this is not so now. The average number of dairy cows per holding has increased in the same period from 4 to nearly 18.

These figures however, do not give a full picture of the structure of holdings. Taking cattle as a whole, and excluding those holdings with less than 6 there are many holdings with only a few animals.

<u>Holdings</u>	<u>Cattle</u>
%	%
45	18
30	60

There is a general tendency towards increase in scale.

Table 2
Increase in Scale

	Decrease in number of holdings with fewer than 10 cattle	Increase in number of holdings with more than 30 cattle	Number of holdings (11.5%) with more than 50 cattle
1970-6	12.5%	} 11%	continued expansion
1976-8	13%		

Milk production is on a smaller scale, but there are changes there, too. In 1970, 58.7% of holdings had no more than 10 dairy cows. By 1976 the proportion had fallen to 42.7%, and by 1978 to 37.5%. In 1970 one holding in ten had more than 20 dairy cows: now, the figure is nearly one in three.

Despite the lack of importance attached to dairy cows their numbers are growing rapidly:

<u>Table 3</u>	
<u>Growth of Dairy Herd</u>	
1970	- 41,526
1976	- 79,511
1979	- 138,300

Dairy cows are less numerous per holding, only 31% of the holdings having any.

Pigs. The changes here are even more impressive. The size of the herd increased enormously, particularly in the sixties and early seventies. At the same time a big reduction occurred in the number of holdings with pigs; by 1980 each unit averaged 124 pigs. The same pattern emerges for sows - on average 23 per holding.

The growth of concentration is notable particularly in the fat pig sector. About 35,000 pig holdings disappeared between 1970-8 (a drop from 83,742 to 48,524), while in the same period the herd size increased by 1.35 millions to +/- 5 millions in 1980. 38% of the total pig holdings account for only 2.3% of the pigs while 40% of the holdings account for approximately 33%. For fat pigs about 67% of the holdings have only 8% of the numbers, 11% account for 63% of the total, similarly, for sows: despite a reduction in the number of holdings with sows (from 53,286 to 20,432) the number of holdings with more than 20 sows continually increases, 8% of the holdings accounting for 36% of the breeding sows. Here too, the small breeders are losing ground, though less rapidly than in other sectors.

Forms of Production

- cattle production occurs particularly on mixed holdings and is a function of the independent producer and cattle dealer. About 58% of slaughterings are of cows and calves, 32% bullocks, and 10% bulls. Fattening of calves takes place on an industrial basis (see below);
- production of pigs for slaughter increasingly takes place on a factory basis. Fattening of pigs is usually done under contract, or by "vertical integration";
- breeding of sows remains almost entirely in private hands and the contractual element is minimal.

An independent survey on pig production in Flanders was carried out in 1977 and 1979 and its principal conclusions were:

- 41% of fat pigs are produced in integrated enterprises involving breeding and fattening, and this form of production is successful and increasing in popularity;
- 42% of fat pigs are produced on contract, with differences according to the nature of the holding; in integrated enterprises 18% are produced contractually whereas in exclusively fattening enterprises the proportion is about 60%.

The tendency towards contracted production seems to be slackening. Integrated (breeding/fattening) enterprises are increasing, and so is the production of fatstock under vertically-integrated systems. In Western Flanders, the principal province for pig production, it was estimated that, by 1980, 30% of fat pigs would be under contract and 15-20% fattened by the processing industry.

These systems are typically Belgian:

- The normal system is simply one of work prepared on contract; the fatterer sells his labour, on a headage basis, to an animal foodstuff manufacture or merchant, or more rarely to a meat wholesaler. This is different from the Netherlands, where contract production is more often promoted by the abattoirs or meat processing industry. Following an initiative by the Belgian Boerenbond, a law about production under contract has been passed, to provide safeguards against possible abuses.
- In industrial fattening the same firm manufactures the feedingstuffs and fattens the pigs. The fattening enterprise still depends however on private suppliers of weaner pigs. The final product is sold to pig merchants or meat wholesalers. The agricultural industry vigorously opposes these developments, particularly in Western Flanders.

The Commercial Position of Belgium

In the past 25 years, production of pig meat and beef has been much expanded, beef by 58%, veal by 40% while pig meat production has tripled. (Domestic consumption has also gone up considerably). These big increases occurred particularly in the seventies and led to a large export surplus of pig meat. Together with Denmark and the Netherlands, and to a less extent Ireland, Belgium is a net exporter of pig meat. But whereas Belgium had been virtually self-sufficient in beef in the fifties, until 1980 it had to import. In respect of veal, there were large fluctuations.

Since the self-sufficiency peak in 1974 production has developed more slowly than consumption, so there has been a relative set-back. In the first half of the seventies, pig production expanded more rapidly than anywhere in the Community but in the second half this was no longer so.

Balance of trade (based on figures provided by the UEBL (Belgian-Luxembourg Economic Union)

Cattle. Over the years, the beef deficit has grown. The balance of trade is always negative, and imports consist mainly of cattle on the hoof. In 1979, however, the deficit decreased and in 1980 there was a surplus. Trade in cattle on the hoof is restricted to Community countries mainly France, Ireland and the Netherlands but also Great Britain and Germany. Exports on the hoof go mainly to the Netherlands, but also to West Germany and France.

For slaughtered cattle, the facts are different. Although supplies are drawn increasingly from other Community countries, they also come from Third World countries, particularly South America. Ireland provides the largest part of Belgium's imports, followed by France, the Netherlands and Great Britain.

Pigs. The trade has greatly increased in the last twenty years. Imports consist mainly of pigs on the hoof (in growing numbers), while about two thirds of exports consist of slaughtered pigs. 1974-5 were the main expansion years but latterly, imports have increased faster than exports, with a lower degree of self-sufficiency. Imports come mainly from Community countries, particularly the Netherlands, which supplies both pigs on the hoof and slaughtered pigs, and recently from West Germany (pigs on hoof). Exports are almost exclusively to Community countries: pigs on the hoof and pig meat to West Germany, as well as to France and increasingly to Italy.

B. MARKETING CHANNELS IN BELGIUM

In Belgium, in contrast with other countries, the marketing of cattle and pigs rests mainly in private hands. Market structures, and changes towards a more organised system of sale are developing only slowly. This account will deal mainly with the marketing of pigs, as only in that sector are sales associations active.

1. Co-operative Marketing

- a) The Belgian Boerenbond's part in promoting co-operative sales
- i) The first attempts at organised sales were made by pig keepers in the province of Antwerp with the object of improving the breed by a process of selection, an aim which made a precise definition of the final product, or 'slaughter-ready pig' necessary. From the outset they worked on two fundamental bases, revolutionary in Belgium at that time, namely 'killing-out weight' and 'killing-out quality'.
- ii) A transition period of about 20 years followed; it cannot be called a running-in period, since it was only after 1965 that a new method of marketing was introduced, namely the sale by auction of pig carcasses classified and assembled in lots. These public auctions stimulated organised selling and provided a positive break-through. Four associations showed some initiative in this field, including an 'Association for Promoting the Sale of Pigs in Common', situated at Louvain, affiliated to the Belgian Boerenbond and set up in 1954 as a 'legally recognised professional union'. It included several separate selling associations particularly in the Antwerp and Limberg provinces. This organisation has remained loyal to its original aims and objects, and preserved the same motivations. As a professional organisation it could not, in accordance with Belgian law, undertake trading activities, and soon found it necessary to form a separate organisation which could do so. Agreement was reached with two Belgian firms for the guaranteed take-up of pigs supplied on the basis of an objective system of classification. A public company, S.A. Centralee, was set up in the Boerenbond in 1962, which initially took up this responsibility. In 1964 it became a wholesaler in its own right, a move which led to tensions between the parties concerned.

- iii) The establishment of S.C. Covavee. In 1965 five co-operative meat auctions were set up outside the Boerenbond in an effort to organise the marketing of pigs. In March 1966 the Boerenbond carried out a reorganisation of all activities in connection with the marketing of pigs and pigmeat which had two aspects:
- S.A. Centravee (La Centrale de Vente de Bétail et de Viande) began in 1966 to concentrate fully and exclusively on meat marketing. Later (see below) its activities developed in accordance with planned objectives;
 - the professional Association for Promoting the Sale of Pigs in Common affiliated to the Boerenbond, was dissolved, whereupon certain of its members set up a new organisation in 1965, S.C. Covavee as a co-operative in accordance with national law. It was affiliated to the Boerenbond, hence its sphere of operation covered the whole country, but particularly Flanders. The process of concentration and specialisation in pig fattening made it necessary to organise pig sales. Defence of pig producers' interests, especially in Flanders, played an important part in the constitution of S.C. Covavee.

b) Co-operative meat auctions

These followed from active steps taken by the Belgian Ministry of Agriculture, in about 1965, to create co-operative marketing associations. These initiatives were all taken on a more or less provincial basis and assumed the form of auctions as the method or system of selling whereby:

- the sale association collects slaughter-ready pigs notified by members and/or suppliers;
- the pigs are slaughtered in a public abattoir (as required by the Ministry) having the necessary facilities;

- after weighing and classification, the carcasses are collected into lots, in which weight and classification category play a vital role, the size of lots varying according to quality;
- the sale is public and the highest bid fixes the price.

Although this method was new in meat marketing it was well known in other sectors. It is a method with numerous advantages, but also unfortunately some defects:

- meat wholesalers need, every day, an adequate supply of the basic product, but no co-operative has sufficient supplies to organise, every day, an auction at a particular centre;
- certain wholesalers want their animals killed in a specified abattoir, even if this costs more, and have to be refused as buyers under the co-operative auction system as strictly applied;
- certain wholesalers wish, for market planning reasons, to acquire large quantities of meat at a fixed price if such a price can be guaranteed, and this always happens at a moment when auction prices are very variable;
- while the fair dealing associated with weighing and classification makes it possible to sell to certain wholesalers at prices analogous to those prevailing in an auction, the method of sale by private treaty has an advantage in terms of time and cost.

There are in addition to these shortcomings some inherent weaknesses:

- the constraints of dealing in a semi-perishable product (carcasses) mean that in certain circumstances, sales have to be effected at any price;
- the limited outlets for buyers, the limited number of buyers, the limited number of meat wholesalers who cover a certain percentage of their needs through the auctions, are a further factor. Very often those who cover only a part of their needs

are the only buyers;

- the inhibiting to some extent of a possible combination of buyers;
- the weak elasticity of prices, when the state of demand/supply of carcasses so influences the price that the relationship between different qualities is broken and the real intention of the classification system is for all practical purposes ignored.

These and other aspects of the livestock auction system require that it be examined from a practical point of view. Experience shows that, while it may be regarded as a possible marketing channel, it would be foolish to regard it as the only possible method of sale.

c) Covavee as Auctioneer

Inspired by the new fashion for auctions, Covavee instituted one in 1966 at Antwerp. However, since 1968 this system has been abandoned, and marketing now only takes place against orders or by agreement with buyer customers. Covavee is active in the services of its customers and guarantees them a supply. It contacts its customers, wherever situated, negotiating with them on the weight/quality of the slaughtered animal. It is specific to Covavee's policy, and a necessary feature of it, that most of its customers are interested in the whole range of class categories, such as are found in a lot of slaughter-ready pigs. Consequently, Covavee finds most of its customers among meat wholesalers and abattoir managers, who look to it as a certain and reliable supplier.

To conclude, it should be mentioned that the auction procedure has been generally abandoned since 1974, not only by Covavee. In 1978 the Bruges auction was forced to cease trading, and in 1979 that of Charleroi did so voluntarily. At the moment, two marketing associations still use the method for part of their sales, about 3,500 pigs weekly being marketed in this way.

- d) In 1979 the co-operative market share of pigs in Belgium amounted to some 13%, Covavee being responsible for 7.5%.

2. Physical Attributes of the Markets

More takes place in the markets than the transfer from seller to buyer: there is also price formation. These are representative prices, applied outside the market proper. It was assumed that both seller and buyer would apply them, even in the absence of a market. Now that supplies have greatly increased, farm structures have profoundly changed and contractual - as well as industrial - production has developed and it is interesting to see whether the classic markets have been able to survive.

- a) The markets for cattle appear to have done so. The beef wholesaler is able to cover his basic needs there and is directly involved in the price formation process, to which he contributes as in the past. However, deliveries of animals of extra high quality to the market are few in number, and the stocking of farms which have need of quality stock because they are in the fresh meat business is mostly carried out directly, for fear of damage to animals on the hoof and because of time considerations.

This does not prevent cattle markets continuing in operation: in fact three quarters of the marketable animals are traded there. The markets are generally divided into store stock and fatstock markets and are operated by the public authorities. When it comes to cattle for fattening however, the markets are generally connected physically to a public abattoir. This probably explains why, in the statistics of cattle slaughterings, public abattoirs obtain higher figures than private ones. In 1978, for example, out of 736,180 cattle slaughterings two thirds were in public and one third in private abattoirs.

- b) The importance of pig markets has decreased to the point of insignificance. In 1979 supplies to these markets were less than 1 per cent of domestic production. The

underlying causes for the change are:

- concentration of supplies: the increase in the size of holdings and the fact that, by reason of contracted production, a supplier has to take a decision to sell or not to sell lots of relatively large numbers;
- increase in the cost of transport of pigs on the hoof, a consideration involving time as well as distance. In practice the market place and the abattoir are not always closely adjacent;
- increase in market expenses;
- change of basic principles.

For a long time now, meat wholesalers have admitted that pigs on the hoof were only transportable as far as the market and/or to the slaughterhouse serving the area of consumption. The high risks accompanying transport of selected stock and increases in transport costs have caused changes so that there has been an increase of slaughterings in production areas and of transport of carcasses to centres of consumption.

Furthermore, improvements in refrigeration techniques in both abattoir and transport lorries on the one hand, and the greater capacity (in carcase units) of these lorries on the other - by comparison with the vehicles used for transport of pigs on the hoof - have all contributed to the change. The two factors plus an aggressive approach to independent entrepreneurs have caused the marketing of pigs to desert existing channels and to develop along industrial lines, quite differently from the cattle sector.

The manager of an abattoir unites a certain number of previously independent functions. Impelled by economic and business necessity to achieve a high level of slaughterings for survival, he now includes purchases, sales and distribution among his functions. In the pig sector, the managers of independent abattoirs are responsible for some 75% of slaughterings.

A change which became apparent a few years ago is still in course: they see a wider range of functions to consolidate or protect their business. They have to protect their lines of supply, and for this purpose they will buy direct from producers, pig merchants, selling groups or associations or undertake integrated production. They find their way automatically into the pigmeat market, which includes supplying small traders (with a selection of carcasses), the sale of cuts to fresh meat retailers, butchers, hypermarkets and processors, and the export of carcasses or cuts.

C. CHANGES IN CONSUMPTION AND RETAILING

Belgium has nearly 10 million inhabitants, but there were still only 8.9 millions in 1955, the big increases in population coming in the fifties and sixties. This factor is important since increases in consumption tend to be more often increases per person per annum. The economic progress in the sixties and early seventies led to a great increase in meat eating. There are also following general comments:

- The average Belgian eats a great deal of pigmeat. Whereas in the fifties the consumption of pigmeat was hardly greater than that of beef and veal together, now it is considerably higher - in 1979, 40.9 kg of pigmeat compared with 28.5 kg of beef and veal. Between 1955 and 1979 the consumption of pigmeat (per head) went up by 64.8%, against 30.6% for beef and 37% for veal.
- The increase in consumption (per head) was more pronounced in the sixties than in the seventies. Between 1960 and 1970, consumption per head increased by 358 g per annum for beef as against 830 g for pigmeat. From 1970 to 1978, the latter increased by 820 g per annum, on average, whereas the former rose only from 128 g to 358 g. Veal consumption increased much more rapidly during the seventies than during the sixties.

- During the past four years, consumption of beef has declined. Its relatively high price encourages its substitution by other sorts of meat (pigmeat and above all mincemeats) in periods of economic difficulty. In 1970 the total consumption of meat was 27.2% beef, 23.6% pigmeat and 24.5% mincemeats. In 1979 the beef proportion had fallen to 25.1% while that of mincemeats rose to 32.2%.
- Consumption of pigmeat continues to grow. Recently however there have been certain difficulties in selling the higher qualities and the better cuts, both of beef and of pigmeat. Belgium is a great eater of beefsteak, loins and hams. But the economic crisis may make itself felt more harshly in the sale of pigmeat.
- For beef, there have been signs of change these last two years. In 1978, Belgium bought 35.8% beef of first quality and 64.2% of second quality. Prior to this the tendency had been towards the higher quality. But in 1979, purchases of first quality beef fell back to 35.1%. A relative decline in the consumption of beef as has occurred in the United States, is not impossible.

Centravee

In Belgium too, modern forms of distribution have developed alongside the traditional butcher who offers a personal service, cutting meat according to the customer's wishes. These modern forms of distribution attract the younger generation of consumers with prepacked goods at interesting prices.

The widespread use of the deep freeze and of the car as a means of transport coupled with the fact that wives, too, go out to work are factors favouring the evolution of modern forms of distribution.

Last year, the sale of meat in Belgium was as follows:

- independents 63.4%
- multiples 21.4%
- from producers 2.9%
- others 12.3%

As in other countries, trade in meat and cooked meats is severely neglected. A certificate of competence is required, maximum margins are fixed at wholesale and retail level, and health rules are enforced.

CENTRAVEE, established in 1962, is more or less in the middle of these different marketing outlets. The form of public company has been retained despite the fact that its functions in general according to co-operative principles. As mentioned above COVAVEE has been active since 1965 in the co-operative sale of pigs; at the same time Centravee entered the wholesale market, but quite soon found it impossible to carry out this function. In the course of the national co-operative congress of the Belgian Boerenbond, in June 1966, a resolution was passed to the effect that every effort should be made to become involved in the chain of marketing between producer and consumer. It was this move which caused Centravee to direct its energies along a specific channel. Starting with the knowledge that Belgian buying and eating habits had greatly changed and that the consumption of frozen products was increasing, a start was made in 1967 with the construction of a modern retail outlet at Kampenhout near Louvain. This manufacturing unit is equipped with large freezing plants. Because of storage facilities, fluctuations on the wholesale market can be avoided and the level of prices maintained. At the same time the accent on retail outlets has been changed. Kampenhout activities are based entirely on direct sales to the consumer of frozen cuts, portioned and prepacked, under the COVEE label.

Marketing is undertaken through a certain number of COVEE shops spread over the whole of the country through a two-way system: self-service through the owned chain of shops and home deliveries.

THE STRUCTURE OF THE CO-OPERATIVE ORGANISATION
FOR THE MARKETING OF LIVESTOCK AND MEAT IN SWEDEN

by

M. S. Tidala*

Slakteriforbundet/SCAN is the apex body of the ten SCAN slaughtering co-operatives in Sweden, and undertakes imports and exports for the entire organisation. As the SCAN organisation is responsible for about 80% of Swedish slaughterings, it is incomparably the largest exporter of slaughter products from that country. SCAN also undertakes the export of breeding animals and semen, and engages in the import trade, if a deficiency arises in certain lines.

Organisation

The co-operative organisation for the marketing of livestock and meat in Sweden forms part of the national organisation of Swedish farmers. It unites ten independent co-operatives, covering the whole of the territory and having its own sphere of activity. It is the function of the apex body, the Slakteriforbundet, to control the sale of surpluses and supplies between the co-operatives, as well as taking responsibility for imports and exports.

The main aim of the organisation is to provide its members with a national and productive marketing outlet for their fatstock production. The organisation aims in addition to obtain the most advantageous prices and carries out a propaganda role directed towards livestock welfare. The co-operatives themselves likewise have an educational task in respect of production and conduct a livestock rearing programme; they are also responsible for handling a certain amount of credit.

Production

At the moment, the co-operatives control 26 abattoirs and 22 meat plants. They have about 80,000 members.

* Sveriges Slakteriforbundet/SCAN, Johanneshov.

The larger farms are mostly involved in pig production, whereas the smaller farms concern themselves with cattle rearing, an activity much dependent on milk production. About 75% of all fat pigs come from farms producing more than 500 head annually, while fewer than 1% of the deliveries of calves are provided by farms with an annual production of more than 50 animals. Cattle meat represents only about 10% of the entire production.

Nearly 80% of licensed killings take place in producer co-operative abattoirs, about 13% in non-organised undertakings and about 7% in abattoirs owned by consumer co-operatives. Co-operatives in the meat sector control about 37% of the processing and manufacture of meat.

Co-operatives are also largely involved in the production of oven-ready dishes. A subsidiary buys and sells skins and leather. The co-operative organisation also has an important place in the killing and sale of poultry.

Manufacture of meat products is one-third centralised - in other words, certain factories provide the greater part of certain meat products. The same is true of processing: co-operatives carry out more than a third of the total processing, on the basis of a special contract.

A committee has been set up for the purpose of co-ordination, market research and marketing. It is supported by a group concerned with product analysis, a second group concerned with marketing trends and a third which concentrates on community supplies. These groups advise the committee and undertake preliminary investigations.

Commercial activity

The total turnover of the organisation realised nearly 8 milliards Swedish crowns during the past year. The co-operatives' operations are financed from a fund and from initial capital made available by fatstock producers. Obtaining the necessary capital is one of the problems of the co-operative movement. Owned capital amounts to a quarter of total capital employed, and members' shareholding to about two thirds of owned capital.

The organisation is faced with making large investments in plant and machinery. In this area, each co-operative participates in investments which will be the most important in enabling the organisation to rationalise its slaughterings and remain viable. A purchases committee is consequently given the task of helping co-operatives in respect of construction, development etc. Co-operatives are invited to take the committee's advice in such matters.

Price structures

The national organisation fixes wholesale prices, within limits imposed by national policies. These prices are observed by co-operatives and by other abattoirs as well, in view of the predominant position of the co-operative organisation.

Having regard to what it is able to pay, the organisation also fixes prices paid for production. But differences exist between co-operatives in this regard, as one co-operative does not necessarily have the same structure as another. In addition to the base price, a premium may be paid in the case of special contracts arranged with more important producers. The final reckoning for members is made at the end of the co-operative's financial year. In this way larger producers may obtain a more advantageous price through incurring lower transport costs.

Agricultural price review discussions

Within the framework of long-term decisions taken by Parliament in 1977, prices are regulated by long-term contracts, valid for several years. The regulation made is the subject of discussions in which producers, consumers and the public authorities participate. The decisions which emerge are then ratified by Parliament. The present agreements, which are for three years, envisage two price changes per year. Prices are alterable in the case of increases in the costs of production, and also in the case of increases of certain abattoir costs. Swedish agricultural policy has a further objective, to place agricultural incomes on a footing comparable with the rest of the economy. But this is subject to the condition of rationalisation which recently has been at an annual rate of 4-5%.

Alteration of contracts in the meat sector involves import levies and fixing price limits so that the price increases will be effective. The result depends however on the evolution of markets and on measures to uphold prices through exports and market intelligence.

The level of prices in Sweden is based on that of the world market. In principle imports are free, in practice, in order to protect home production, imports are burdened with taxes varying within certain limits. To sustain the level of prices and to ease the tax-fixing procedures, a compensation fund has been established. Since the introduction of average prices in 1973, farmers have had the benefit of price supports for foodstuffs, representing compensation for price changes that have not taken place. Costs of export intervention etc. are deducted. Under this system then, producers are made to bear the expense of storage and intervention; it also functions as a profit regulator for production. Moreover, the decisions taken within the agricultural policy envisage that animal production will be geared to the country's needs. This aim is also linked with that governing external trade which - in accordance with the Swedish policy of neutrality - is directed towards self-sufficiency in the matter of food supplies.

LIVESTOCK MARKETING CO-OPERATIVES

IN BOTSWANA'S GROWTH ECONOMY

by

Richard Gerald Morgan*

Introduction

A brief overview of the performance of the Botswana economy since the country's independence from the United Kingdom in 1966, and of the continuing prominence of the livestock sector within that economy, would indicate the presence of at least one precondition for a private sector co-operative movement located in the mainstream of society. By 1978, the Gross National Product had more than tripled in real terms, averaging 13% annual growth as compared with a population growth rate of around 3%; the agricultural sector had grown from Pula 18.3 million in 1967/68 to Pula 66.8 million** and, while diminishing in relative importance, was still the largest single sector.¹ The cattle industry, based on extensive grazing and ranching on tribal and freehold land and a national herd of over three million head, accounted for three quarters of agricultural value added. While cattle ownership is highly unequal, with approximately half the total herd being owned by 5% of rural households and 45% of households owning no cattle the great majority of Botswana families gain an important part of their livelihood from the holding, herding and use of cattle, if not directly from ownership.² Involvement in arable production is also widespread, but returns are extremely low by comparison, due to a combination of factors including erratic rainfall, poor soils, undeveloped marketing systems and low inputs of capital and labour. The supplementation of diet by the gathering of wild plants and small game hunting is consequently still widespread, as formal sector employment opportunities for non cattle-owning households are extremely limited.

* formerly Private Researcher, Co-operative Development Centre, Gaborone

** Botswana's currency, the pula, is roughly equivalent to U.K.£0.62 and U.S.\$1.06.

The level of returns to livestock producers has been maintained primarily through Botswana's successful penetration of overseas beef markets, particularly the European Economic Community with which a sales quota is held, on which 90% of the normal import levy is rebated. Through this and other arrangements, Botswana has built up the third largest beef export industry in Africa (after South Africa and Zimbabwe), and has kept its herds remarkably disease-free, despite recent foot-and-mouth outbreaks. The export abattoir at Lobatse in south-east Botswana, run by the Botswana Meat Commission, a parastatal body, has the largest output of any such plant in Africa.

This paper is concerned to examine the emergence of a co-operative sector within Botswana's agricultural economy in the light of the possibilities offered by these achievements, unusual for a developing country with a population of less than one million and a very limited resource base. It will be argued that the very factors determining the high rate of economic growth in Botswana, and the effects of this growth on resource allocations, have combined to restrict the agricultural co-operatives to a surprisingly marginal role.

Co-operative Policies in Botswana

Within Southern Africa, and particularly in contrast to policies in other British colonies such as Kenya, Tanzania and Uganda, the introduction of co-operative forms of institution was left very late in the Bechuanaland Protectorate. A Registrar was established in Basotholand in 1948, wool marketing and consumer shops becoming the basis of a movement there, but it was not until 1964, after opposition from the Veterinary Department and existing trading interests, that this occurred in the Protectorate. It was, however, a popular idea with the Tswana tribal chiefs, and became a plank in the immediately pre-independence consensus for 'Africanisation' of the private sector. The first Annual Report of the Department of Co-operative Development gave priority to 'the organisation of a group of crop marketing and agricultural supply societies in the southern part of the territory'³ i.e. the major dryland crop farming areas. The rationale for this was the perception of a need to achieve national sufficiency in foodgrain production, for which Botswana has no comparative advantage but some political urgency.

Within three years, this policy had been abandoned, and the movement began to take shape as a series of minimally-capitalised cattle marketing societies and small consumer shops, located at first in the main tribal capitals (villages of 10-40,000 inhabitants) and later spreading into remoter mixed farming settlements.

The severe droughts and associated crop failures of the mid-1960s were instrumental in bringing about this shift of policy within the Department, as was the realisation that only through involvement in the bigger and less vulnerable surplus-producing sector, beef cattle, could a nationally-based co-operative movement be established. The determining factor was ultimately the initiative of some existing societies themselves, in introducing the marketing of cattle directly to the Lobatse abattoir, finding that a better price could be achieved for their members than the traders or dealers were paying.⁵

The effect of this entry was to increase competition in livestock marketing, and thereby the degree of choice in marketing channels available to smaller herd owners (i.e. the vast majority) who were and still are unable to arrange their sales directly but depend on intermediaries. Such was the success of this intervention (paralleled in the growth of co-operative trade in consumer goods, which had a similar effect on village-level trading monopsonies that the Department limited its work largely to support activities (including training managers and officials, members' education and auditing), finding promotional work either unnecessary or impossible as the growth of societies outstripped its resources. Significantly, the diversion of existing societies into activities requiring high levels of capital and managerial resources was recognised as lying beyond the capacity of the movement, and the policy of encouraging new societies to compete with existing private enterprise was held to consistently: high-risk activities such as ranching, horticulture, dairying and handicraft production were not contemplated on any scale.*

* One exception to this occurred in Central District during the 1960s, when a series of boreholes and small holding grounds were planned by the Department of Co-operative Development for finishing and marketing purposes. The scheme failed to attract much trade, and was liquidated in 1971. A borehole maintenance society in Southern District also failed due to lack of interest.

The Botswana Government, in turn, has been noteworthy among state authorities in developing countries where co-operative movements exist for its lack of interference in the sector.⁶

For example, official subsidisation has until recently been limited to the banking and supply service organisations and the department concerned, and has taken the form of usually modest technical assistance and start-up capital aid. There has in the past been little attempt to harness the co-operative sector for the implementation of schemes involving 'planned change'⁷ (e.g. the promotion of technical, institutional and economic innovations) either in agriculture or in the context of a broader rural development strategy. While this is a major reason for the very low incidence of bankruptcy among Botswana societies, and has encouraged an awareness at village level of the need for them to exist on their own resources, it has also had the effect of limiting the movement to two basic operations in the flow of goods in the economy. However, as will be explained, some diversification has recently begun, and this has come about following the government's failure either to create or to locate any alternative network of formal or informal village-level institutions which would have the potential to undertake the projects in the agricultural and especially arable sector which development planning is now anxious to promote.

The Present Position of Agricultural Co-operatives

1) Apex Structure

Primary societies in Botswana are serviced by three apex organisations: the Department of Co-operative Development in the Ministry of Agriculture, the Botswana Co-operative Union and the Botswana Co-operative Bank. The Co-operative Union, itself registered as a society, acts as a wholesale supplier of consumer goods and agricultural inputs to primary societies, and is the cattle agent for the livestock marketing societies with the Botswana Meat Commission through its offices and holding ground adjacent to the Lobatse abattoir. This agency arrangement involves the obtaining of quotas at the abattoir, reception of co-operatively marketed cattle, calculation and dispatch of payments and calculation of annual bonuses for society members.

The Union has been reliant on loans from the Botswana Co-operative Bank to finance its expansion, as a result of its failure to raise adequate levels of share capital from the primary societies, which have tended to reinvest or distribute their surpluses.

The lack of equity and working capital at the disposal of the Union is compounded by an extensive short-term credit service to the consumer societies, involving up to Pula 0.5 million at any one time outstanding. Nevertheless, the Union intends to introduce an advance payments scheme for marketing society members, as well as providing management assistance, agricultural extension and insurance services. The lack of circulation of surplus funds within the movement is also reflected in the financial position of the Botswana Co-operative Bank, which in 1980 held less than Pula 0.4 million in short and fixed term deposits from the societies, while having Pula 1.97 million on loan to the societies, of which 73% originated from the Botswana Government or aid agencies.⁸

Capital supplied from outside the movement is being used mainly for infrastructural projects in the consumer societies, while that generated from within is advanced to meet working capital requirements. It should be pointed out that such outside funding of co-operative infrastructure dates only from 1978, the first year in which government supplied the Bank with long-term loans. Previously, infrastructural expansion was entirely limited to what the movement could finance. While societies deposit quite extensively with commercial banks, the Botswana Co-operative Bank has not sought funds of any magnitude from the commercial sector.

ii) Growth of the Marketing Societies⁹

The growth of the agricultural marketing co-operatives can be seen firstly, in the registration and liquidation figures:

Table 1

<u>Period</u>	<u>Societies Registered</u>	<u>Liquidations</u>	<u>Societies Extant</u>
1964-1967	18	0	18
1968-1971	17	3	32
1972-1975	23	1	54
1976-1979	9	0	63
1980	5	0	68*

* of these 68 societies, 62 are primarily concerned with cattle marketing; the other six are variously involved in fishing, horticulture, handicrafts and dairying. A number have 'multipurpose' status in that they also handle consumer goods.

These figures indicate the growth of co-operative activity particularly in the early 1970s, associated with the expansion of the cattle industry, favourable prices,^{*10} good rainfall, and government investment in marketing infrastructure during this period. Throughput of cattle at the Lobatse abattoir and the share of the co-operative sector during the last decade was as follows (figures rounded):

* The average Botswana Meat Commission prices per 100 kg. Cold dressed weight rose from Pula 34.49 in 1970 to Pula 55.97 in 1973 and Pula 75.11 in 1977.

Table 2*

<u>Year</u>	<u>Abattoir throughput (1,000 head)</u>	<u>Percentage supplied by co-operatives</u>
1973	209	10
1974	186	12
1975	188	15
1976	212	16
1977	197	18
1978	149	16
1979	229	15
1980	141	15

Much of the potential for further expansion of the supply of cattle from small farmers and in underserved areas has now been taken up, and consolidation of the marketing societies' trading position vis-a-vis other traders will in future have to come from increased efficiency in operation. Growth of membership and total sales of marketing societies show a similar pattern of rapid expansion followed by consolidation:

-
- * There are minor distortions in these figures for the years 1974-76, when abattoir throughput included significant numbers of smallstock; during this period a maximum of 16% of head marketed by co-operatives was comprised of smallstock, but this fell to negligible amounts in other years.

Table 3

Year	Society Membership	% annual increase	Sales (P'000)	% annual increase
1967	1,565	n.a.	222	n.a.
1968	2,238	43.0	281	26.5
1969	2,763	23.4	357	26.6
1970	3,145	13.8	462	29.4
1971	3,142	0	493	6.8
1972	3,492	11.1	1,047	112.1
1973	5,604	60.4	2,592	147.4
1974	7,821	39.5	3,220	24.2
1975	10,001	27.8	4,506	39.2
1976	12,050	20.4	5,833	29.4
1977	13,443	11.5	6,260	7.3

Within these figures is concealed a predominance of a large number of small societies (54% had less than 200 members and 61% sales of less than Pula 100,000 in 1977), many of which experience considerable difficulty in recruiting and retaining competent managers. Membership is also characterised by small herd ownership, with the average number of head sold per member fluctuating between 2 and 4 per annum. Whilst there are regional differences, with higher figures being registered in the North-West and Central Districts, the typical co-operative member, given the national offtake of about 9% and allowance for use of other sales channels, would own in the region of 40 head.

This, in turn, helps to explain the low levels of share capital subscriptions despite the relatively consistent trading positions of the societies taken as a whole:

Table 4 (Data as percentages of total marketing society sales).

Year	Gross Surplus/ Sales	Net Surplus/ Sales	Share Capital/ Sales	Reserves/ Sales
1973	5.22	3.24	2.5	1.5
1974	4.78	2.24	3.4	2.5
1975	4.67	2.16	3.4	2.2
1976	5.24	1.81	3.3	2.5
1977	5.62	1.37	3.8	2.8

A further feature of the marketing societies' involvement in recent years has been a significant diversification into non-livestock sales. While in 1970 these composed only 8% of total sales, and only 4% in 1973, they had reached 26% by 1979, of which farm tools and equipment, building materials, consumer goods and crops were the major components. This trend is likely to continue with the gradual modernisation of Botswana's agriculture and increasing government subsidisation of the arable sector. A dozen societies in grain-surplus locations are operating crop marketing outlets at relatively low cost on the basis of an already-successful cattle trade, more are providing implements and seeds on government-funded credit, and a few are contemplating investment in grain processing.

iii) Summary of present position

During 15 years of operation, agricultural co-operatives in Botswana have undergone a period of rapid expansion followed by a consolidation phase. Adequate profit margins are being maintained despite severe shortages of managerial skills and the effects of foot-and-mouth disease on market access since 1977.

Simultaneously, greatly increased amounts of government and donor assistance are being received for new projects, including credit schemes, infrastructure and marketing facilities. It is easier for such donors to locate areas in which expansion opportunities lie for the more successful co-operatives than to identify the constraints affecting those in a less favourable situation, which have limited them to an agency operation based on very low capital investments.

Constraints at Society Level

The set of resource availabilities and the market access situation as presented to the typical marketing society in Botswana contain a number of restricting factors. For all societies outside the South-East Region, and particularly for those in the West, cattle marketing involves either a lengthy trek to the railhead along inadequately serviced routes, or reliance on private or government trucking facilities. In either case, the opportunities for cattle being lost through straying or death, for injury resulting in detention or condemnation, for weight reduction and for misidentification are high. They place individual societies marketing directly at a disadvantage, compared to the eleven registered livestock agents who are able to invest in transportation, offices and sub-agents, and who bear risks of condemnation on behalf of their clients. The minimal facilities of the Botswana Co-operative Union do not serve as yet to alter the balance of this disadvantage, although some societies pay cash advances and insure members' cattle for a percentage fee of the gross value of the sale.

While co-operative members receive substantially higher prices on average than are offered by traders, a waiting period for payment ranging from a few weeks to several months in remote areas is commonly experienced. This is a significant factor in a country where cattle are sold primarily to meet short-term cash requirements rather than for profit.

Alternative selling outlets offering immediate payment also include the freehold farms, which hold about 16% of the total herd but supply over 40% of the throughput of the Botswana Meat Commission; and speculators, who are particularly active in times of drought when available quotas are inadequate, or disease-control restrictions are relaxed. The freehold sector contains a number of licenced buyers who maintain regular purchasing schedules. In the west of the country, and particularly in Ngamiland District, societies face market involvement from the parastatal Botswana Livestock Development Corporation, which was established in 1974 as part of the World Bank's Livestock Development Project with the aims of raising regional price levels and reducing marketing risks for producers. It has done so effectively, but also provides competition to the marketing co-operatives, and has the advantages of extensive government subsidisation, capital assets including an 8,000-head capacity ranch for holding purposes at Makalamabedi, and other under-utilised, fattening and holding facilities. The corporation has a number of buying points where cattle are sold at live weight prices over the scales for spot cash. These cattle tend to be immatures, so that the Ngamiland co-operatives, in contrast to the national pattern, have specialised in the marketing of high quality animals supplied by the wealthier cattle owners.¹¹

A major problem facing the entire co-operative movement is the retention of staff of high calibre. Society managers typically receive less than Pula 100 a month, which is less than the salary at the lowest administrative grade in the government attainable by a person with Junior Certificate qualifications. Given training in clerical and administrative procedures at the Co-operative Development Centre, the temptation to move to more remunerative employment in the public sector, or elsewhere in the private sector, is very great. The small turnovers of most societies prevent them from doing much to alter this situation, which is part of the problem of general under-capitalisation in the movement.¹²

Lastly, the level of political support for village-level marketing societies is low in Botswana. Many officials of the ruling party at local and national level are owners of large herds or ranch enterprises, and are unlikely to utilise co-operative marketing channels in preference to direct supply to the Botswana Meat Commission.

Unlike the consumer wing of the movement, the livestock societies hold little potential for political patronage in rural areas, and gain their local support largely from the less powerful tribal authorities and the ill-organised peasant farming sector.

Constraints on Co-operatives in a Growth Economy

The growth of Botswana's economy, while sustained since the late 1960s, has had little impact on the incomes of most of the population. Benefits have accrued disproportionately to owners of assets in the cattle and mining industries. Through the exploitation of copper-nickel and diamonds, and by concluding favourable revenue-sharing agreements with foreign mining companies, the government has achieved self-sufficiency on its recurrent budget and a healthy foreign exchange position. By 1979/80, the mining sector contributed 34% of total Gross Domestic Product and 29% of Government Revenue¹³ and the brief surge in diamond prices during 1980/81 compounded this importance. Minerals will continue to fuel Botswana's economy: the new Jwaneng diamond mine is due to commence production in 1982 with a target capacity of 6 million carats per year, and the prospects for future development of coal deposits are good.

These highly capital-intensive projects, however, have relatively little stimulatory effect on the rural economy less than 6,000 citizens were employed in mining in 1979 - and benefits accrue largely to the state through direct revenue and foreign exchange earnings, and to the foreign-owned private sector. Whilst the government has adopted a policy of reinvestment of its surplus revenues in rural areas, its expenditure has largely gone to create infrastructure and social services rather than productive employment, and has financed the rapid growth of the public sector itself.

Small scale locally-owned labour-intensive enterprises in the private sector face direct competition from well-established South African manufacturers who have unhindered access to the Botswana market under the provisions of the Southern African Customs Union Agreement. In only a few cases - manufactured beer, grain and poultry - has the Botswana government invoked tariff or quota restrictions on products imported from the Republic of South Africa.

The cattle industry has benefited from the openness of Botswana's economy and from these trading links. Its export orientation began with the supply of beef to mineworkers on the Witwatersrand during the 1890s, and South Africa remained its primary market until the late 1960s. By this time the export abattoir at Lobatse had been established, opening in 1954 under the ownership of the Commonwealth Development Corporation and being bought out by the Botswana Meat Commission in 1965. With an export monopoly on meat products and access to the United Kingdom market for chilled boneless beef, the commission geared its investments in processing, packing, transport and storage to the requirements of this market. These included deboning, chilling and vacuum packing facilities, as well as cold store in London. Botswana presently holds a quota of 21,000 tonnes per year under the Lomé II Agreement with the European Economic Community, and in 1979 a total of 15,038 tonnes worth about Pula 50 million were sold in the United Kingdom, representing 47% of total sales by volume and 55% of monetary value. However, as a result of disease outbreaks, European sales fell to Pula 8 million in 1980.¹⁴

The continual threat of foot-and-mouth disease, of which Botswana's herd was free from 1969 to 1977, and the strict requirements of British veterinary inspectors, necessitated not only periodic elaborations to industrial plant in the Lobatse abattoir complex, but also extensive government expenditure on disease control measures: a series of cordon fences and quarantine camps, regular vaccination campaigns and, in 1980, the initiation of commercial production of foot-and-mouth vaccine.¹⁴

These investments have been successful in protecting Botswana's high-price market and maintaining good returns to cattle producers, but have reinforced over the last decade a highly centralised cattle marketing system (lacking regional flexibility and benefiting producers in the south-east disproportionately) and a specialised manufacturing operation in which all processing, including canning and by-products, is carried out within the Lobatse complex with few forward and no backward linkages to the manufacturing sector. The Botswana Meat Commission is accordingly the largest contributor to employment and value-added in that sector.

Such a pattern of growth in the national economy and in its agro-industry has left few opportunities for agricultural co-operatives starting from village level with virtually no investible resources. Unlike the co-operative sector in Kenya which has historical roots in a well-capitalised settler agriculture, and in other countries where state investment in processing and marketing has taken place through co-operative institutions, the Botswana movement has lacked the resources to embark on large-scale projects. The attraction of Botswana's limited supply of skilled manpower to the state and foreign-owned private sectors has reinforced the co-operative sector's characterisation by activities involving limited managerial or administrative demands; this position is also reflected in the apex organisations, which have experienced what can only be termed a continual manpower crisis, particularly due to rapid turnovers of staff. (In the case of the Department of Co-operative Development, the situation was temporarily abated by a recent influx of technical advisers supplied through the International Labour Organisation).

The obverse of the policy of non-interference in the affairs of the movement by the state has therefore been the low priority accorded to co-operative development in the resource allocation decisions of the government. This applies as much to financial as to manpower resources: the National Development Plan devotes only two short paragraphs to co-operative development in a 300-page document and, more to the point, only 3.3% of the Ministry of Agriculture's planned development expenditure over a six-year period.¹⁵

Additional finance and technical assistance is readily available to the movement for diversification into areas of high risk such as grain marketing/processing and agricultural credit, or for projects such as commercial horticulture and dairying. These activities have a premium from the point of view of national development, but are not obvious new activities for cattle marketing societies operating in a competitive environment with low risk-bearing abilities.

Those new investments which might have been possible for the more successful of these societies, given their base in the cattle economy, are largely closed to them. Processing and canning for export are the prerogatives of the Botswana Meat Commission, and anyway require investments beyond the capability of the movement. Local town or village abattoirs are unprofitable in Botswana due to the low levels of offtake, irregular supply and small populations, and are usually run by Town and District Councils as a subsidised service*. Reluctance to slaughter for local consumption is again a symptom of high prices attainable for cattle sent for export. The production and distribution of by-products such as bonemeal, bloodmeal and salt are handled by the government and parastatal sectors, resulting in considerable subsidies to the few producers who practice supplementary feeding. Hides, horns, tallow, offals and carcase meal are mainly sent for export. Fattening ranches on tribal land have never proven successful in Botswana, and co-operative ranching ventures face the reluctance of small herdowners to forego control over individual culling decisions.

-
- * Local sales of cattle to butcheries in towns and major villages are estimated by the Ministry of Agriculture, Gaborone, at roughly 30,000 head per annum, less than 10% of total offtake.

Botswana has the highest cattle to people ratio in the world; the respective populations are estimated at 3,500,000 and 830,000, or more than 4:1.

Future Possibilities for Co-operatives

The Botswana marketing co-operatives have been able to take advantage of economic growth to expand their sales of unfinished cattle procured directly from members, and to increase their membership and their coverage in all regions. The process of improving the efficiency of this national operation is a long-term one, and is likely to be the main concern of this part of the movement during the 1980s. Concentration on existing sectors covered by co-operatives, and gradualistic development from the present base, is the only promising strategy available; it will be assisted, however, by a move towards regionalisation of the cattle marketing system and also of the apex institutions of the movement. This impetus has come about following the impact of a severe one-year drought in 1978-79 after several years of good rains, and an extended period in which large parts of the North and West of the country were affected by marketing restrictions due to foot-and-mouth outbreaks. These events reinforced the arguments for additional abattoir capacity (increased offtake is the only current alternative to large numbers of cattle dying on the range during prolonged drought in Botswana) and for this capacity to be located in the North, thereby creating a dual marketing system where 'clean' areas in the south of the country would be reserved for offtake for European markets with more stringent disease control regulations. The Botswana Meat Commission, with a government grant, is therefore constructing an abattoir and canning plant with an 18,000 head/year capacity in the North West District, and is examining the feasibility of a much larger abattoir at Francistown in the North-East. These projects will greatly relieve the problems of distance from markets faced by many of the marketing societies, and will improve the prospects for intra-regional co-operation between them. Many societies are already considering or undertaking amalgamations, which have been provided for in a recent amendment to the Co-operative Act, or are forming multipurpose or branch/headquarter organisations; the advantages of these moves include the more effective use of management, accounting

and administrative staff, and of financial resources in order to undertake viable investments, for example in transport and storage.*

The feasibility of co-operative holding grounds at smaller, regional abattoirs can also begin to be considered, and the greater levels of capitalisation which may be possible if these trends continue could allow investment in processing or marketing of resources which have been left largely unexploited, for example forestry and fishing in the north, or game and veldfood products in many parts of the country. These resources present viable opportunities for the private sector, which have hitherto been inadequately recognised by the government, or their exploitation actively hindered; this situation is now changing as a result of a more urgent approach to improving rural incomes. Finally, the Department of Co-operative Development and the Botswana Co-operative Union are rapidly expanding their supervision and supply services on a regional basis, being well aware of the advantages of doing so; the constraints remain, as before, the limited resources available to the movement.

It will be seen that the opportunities presented by favourable economic conditions to local private sector institutions such as co-operatives have in fact been limited ones and that has only been through highly-selective involvement in agricultural activities that a limited success and profitability has been achieved. Such activities have by necessity been those which are not only 'good for business' and desirable from the standpoint of society

* The Kgatleng Marketing Society is an established precedent for regional co-operative structures based on coinciding tribal and district boundaries; it has headquarters in the tribal capital with branches throughout the Kgatleng District, and is one of the largest, most profitable and diversified societies in Botswana. The crucial factor remains management, however, as shown by the poor records of societies of similar size in other tribal capitals (e.g. Kanye, Serowe).

members, but also well within the capacity of a society to administer. With the state favouring large-scale solutions to the task of developing a semi-modernised export-oriented cattle industry, and failing to give the co-operative sector sufficient access to staff, finance and political support to enable either participation in these solutions or diversification elsewhere, it would represent a gap in perception to expect progress radically different from that which has in practice been achieved; that is, the future possibilities for Botswana's agricultural co-operatives, as well as their past achievements, must be evaluated by the limited aims they hold at present, not by outside notions of the purposes for which they should exist.

REFERENCES

1. Botswana's currency, the Pula, is roughly equivalent to U.K. £0.62 and U.S. \$1.06.
2. Ministry of Finance and Development Planning, (1980), *National Development Plan 1979-85*, Government Printer, Gaborone, pages 12-17.
3. Central Statistics Office (1976): *The Rural Income Distribution Survey in Botswana 1974/75*. Government Printer, Gaborone.
4. Registrar of Co-operative Societies (1964): *Annual Report of the Department of Co-operative Development*. Government Printer, Gaborone.
5. Bottomley, T.N., Registrar of Co-operative Societies in Botswana 1964-67, personal communication.
6. Campbell, A.C., (1978): *The 1960s drought in Botswana*, in *Proceedings of the Symposium on Drought in Botswana*, ed. Hinchey, M.T., Botswana Society/Clark University Press, New England, U.S.A. page 104.
7. Youngjohns, B.J. and Bottomley, T.N. *some lessons in Co-operative Development - The case of Botswana*, in

AGRICULTURAL CREDIT AND DEVELOPMENT -

"A FARM'S-EYE VIEW"

by

Jennifer A. Heney*

Introduction

It is not the purpose of this article to review the impact of agricultural credit provision on the broad development of the agricultural sector. Instead the focus will be on the farm and the families that depend on farming for a livelihood. Development, therefore, is seen in terms of people, of individual farms and how change in farm operations can affect people's lives.

Farming systems that have evolved over generations have served their purpose well and may continue to do so. In most places, however, the economic environment surrounding farms is rapidly changing - new products are introduced, new markets opened, new employment possibilities arise, money is increasingly used and needed - and the task of organising, deciding and doing on the farm grows more complex. As money is used more to conduct farming activities and provide consumption goods, one factor about which a family is likely to have to take a decision is that of borrowing. What role can a loan play? What obligations does it bring? Will it lead to an improved life or financial ruin?

* University of East Anglia

The purpose of this article is to consider the impact credit can have on the life of individual families and the responsibility that rests with any organisation making loans available to farmers to help their clients improve their financial management ability. It is argued that the financial aspect of farm management is more crucial to farm success than the technical aspect alone and that lending agencies and farm advisory services pay it too little attention. A greater educational role should be played by those in the money business who are dedicated to the task of development.

Farming As A Business

Farming is a means of survival for all who are engaged in it. Survival may be achieved by direct consumption of crops and livestock products produced or the output may be sold to provide a money income which can be used to purchase consumer goods required. Experience of economic development all over the world suggests that sooner or later transition from the former to the latter system of survival is inevitable. Forces of modernisation, particularly opportunities for exchange and trade, reach out to the remotest corners and farming ceases to play merely a subsistence role and becomes a business.

The task of farming as a business places greater demands on the management ability of those involved in it. Organisational effort is increased as more inputs are used and decision-making grows more complex as alternative products and inputs become available. Operation in money units becomes essential, involving the maintenance of an appropriate balance between savings, the purchase of consumer goods or services and investment on the farm. Initially on a small farm, the amount of cash income generated will be small and the demands on it many. It is unlikely that all needs can be met as they arise. The family may seek additional sources of cash, e.g., off-farm employment or a loan. This increase in liquidity would then have to be allocated to competing uses, either consumption requirements, e.g. clothes, journeys, food, gifts or production requirements, labour hire, transport, seed, livestock etc.

How will the decisions be made - by instinct, by consideration of today's most pressing need or by calculation of the future effect of spending the money in a certain way? Almost certainly the latter approach will not be used.

Thus although farming may have become a business, involving certain costs and returns and giving rise to a certain level of profit, it would be unusual amongst small farmers new to the use of money, to find any formal appreciation of these relationships. This is not to say that there is no appreciation of profitability - there certainly is, as is shown by the adoption of cash crop production, high yielding varieties, etc. What may be lacking is a full appreciation of the financial relationships on the farm and a tendency to utilise money for immediate need without full consideration of the implications. When it comes to borrowing, inadequate financial judgement and control may lead to problems.

Farm Business Management

Once cash income has become the main rationale of farming, a case can be made for the appropriate adoption of farm management techniques by farmers. Farm management is a term which can embrace all aspects of farming, i.e. the technical or husbandry side; the day-to-day control, e.g. of labour; and the financial side, e.g., the purchase and deployment of resources which will lead to increased profit on the farm, the use of a loan, etc. All these aspects are important and inter-dependent but the farm management discipline chooses to emphasise the financial or business side which until the last twenty-five years or so had been neglected even in industrialised countries.

Thus farm management techniques are largely concerned with money and profit. They involve data collection, analysis, planning for the future and close control of on-going operations. Records are needed to discover what results are being achieved by farm enterprises.

The overall financial result of the farm can be calculated and compared with the amount of capital invested in the farm. Ideas for change and new investment can be explored and their possible effect on farm profit worked out. The implications of such investment in terms of capital or labour requirement can be reviewed, together with the degree of risk attached. The level of liquidity in the business must be considered to see if the farmer will be able to survive adequately until further income is generated and also to ensure that the farmer can be flexible in his responses to changing conditions, e.g., of price or weather. The tools of farm management include record-keeping, gross margins, profit and loss accounts, cash flows, budgets, balance sheets, efficiency ratios, etc. This sounds like a catalogue for big business concerns but the concepts are simple and as relevant to the smallest farmer as to the largest.

Cash flows can be presented very simply. If they are put together using the family's own remembered information, they at once can give insight into periods of cash deficit, regular patterns of expenditure and income and the level of liquidity available. If a farmer is contemplating increased expenditure on farm inputs he could be helped with the aid of a cash flow to assess the demand it will make on his cash resources and when it will lead to extra income. In this way he may understand more exactly the constraints under which he operates and be able to judge the reasonableness of increasing farm expenses from his own or borrowed resources.

Record systems can be devised which rely on graphic, visual impact to encourage interest amongst even those with little or no education. Probably the first step is to demonstrate the use of results and conclusions derived from any remembered facts on the family's own farm. Enterprise gross margins and farm profit accounts should be constructed and discussed. Then using a sketch map of the farm, a calendar or special sheets with pictures instead of words, members of the family can be encouraged to mark up events or quantities as they occur, which can be summarised and analysed later on¹.

Thus a case is being made here for the introduction of farm management techniques, with their special relevance for financial aspects of farming, to farmers themselves. On the whole in less developed countries where much farming is still done in the traditional way, the extension of farm business management techniques to farmers has been ignored. It has been argued that the farm management discipline can only be used in research to provide more appropriate solutions to farm problems in a general way. The emphasis is on representative farms and uniform promotion of technology adoption in similar agroclimatic zones². When it comes to finance and, in particular, to possible loans, then failure to expose farmers to farm business management ideas seems a dangerous omission. Each family needs to understand the constraints under which they operate, to be able to plan in the light of their own specific circumstances and to take decisions on the basis of their own experience and judgement. To borrow or not to borrow becomes then a decision the family can take in full appreciation of the risks, demands and potential increased profit that will be experienced.

The Role of Credit

Most small-scale farming is organised on a family basis. The farm unit is both a business and a home. The farm output is both for consumption and sale. The farm labour is provided mostly by the family and rewarded by sharing the food produced and any cash proceeds. Thus the distinction between household drawing, family wages, farm profits, etc. is quite blurred. The situation is little different when it comes to borrowing. If cash resources are found to be inadequate, a loan may be obtained to meet consumption or production requirements.

On the production side of farming there is usually a wide range of opportunities to alter, extend, terminate or redirect activities. Research and development has led to the existence of many technical innovations, e.g. improved plant varieties or animal breeds, artificial nutrient supplies, sprays to destroy pests or weeds, tools and machinery to improve cultivation, methods of drainage and irrigation etc. A farmer who wishes to increase the cash income earned from his farm is likely to become interested in adopting some of these innovations.

The problem he is likely to face is that of insufficient cash to undertake the investment. The income-generating capacity of most small scale farms is such that it would be impossible to achieve marked expansion in investment without outside capital. Some of the items may well be divisible into small units such that they can be used on a small scale by farmers with little available cash. Other items require a substantial outlay of cash which will only be recovered after a long period of time.

If a farmer wishes to borrow he normally has to do so in his personal capacity and will have to repay both interest and capital in a relatively short time. Credit used purely for consumption purposes has to be repaid out of existing levels of farm income. Credit used for expansion or alteration of farm activities ought to lead to an increased level of income after loan repayment. Whether farm profit is or is not increased, the debt repayment capacity of a farmer will depend on his family's level of consumption spending from the farm generated income. On the whole a small farm will have a low repayment capacity.

The role that credit will play on a farm, therefore, will depend entirely on how the farm family visualise the use of the loan. If it is to be successfully used for investment in farm production activities the family will need to have appreciated the results achieved on the farm to date, and the potential results that could be achieved following increased investment in certain items. This objective will then need to be pursued to ensure repayment feasibility. It is the family themselves who need to be able to do this. They must decide on a plan of action, implement and control the plan. It cannot be done for them if they are to develop into independent, self-managing farmers. Externally imposed supervision of loan use will never be quite as satisfactory as internal control by the farmer and his family.

Sources of Credit

Within a community loans may well be available from relatives, neighbours or friends. A wealthy member of the community may take on the role of money-lender and develop a clientele. From any of these sources the loans will be made on a very personal basis, with a particular social bond existing between borrower and lender, e.g., of kinship or patron and client. No ties will be placed on such loans, so that they may be used for consumption or production purposes. Social pressures and community expectations alone will govern the use and return of these loans.

An extension of this community-based lending system is the development of a savings and credit society. Members of such a society will be encouraged to deposit funds with the society, and capital in this fund can then be used to make loans to members requiring help. There are examples of such co-operative savings and credit societies operating with great success and they are able to continue to exploit the advantage of personal relationships between members. A society of this nature may also function as a stimulus to change amongst its members. For example in Zambia, experience with a farmers' saving and credit society showed that the environment provided by the society enabled members to gain knowledge more readily about farming innovations and the productive activities of their colleagues³. This educative function could be taken further with advice on farm business management techniques and comparative data on average levels of profit, gross margins, costs or returns being provided.

The sources of credit so far discussed are generated primarily from within a community. National efforts to promote development may make resources available from outside the community. The commercial bank network can be a source of funds but loans are rarely made to the small farm sector in view of the low profitability and high risk attached to such loans. Special agricultural lending agencies are, therefore, common where a government is committed to the improvement of opportunities for their rural populations.

There are many problems attached to establishing credit programmes for small farmers. The first is to establish a structure which makes the credit source accessible to large numbers of farmers. The second is to provide sufficient staff to visit, advise and approve loans to farmers. The third is to establish a basis on which to judge the acceptability of a loan proposal. The fourth is to adequately follow-up and supervise loan issue and use. The fifth is to ensure loan recovery is made so that the capital of the organisation remains intact. The sixth is to select an interest rate that enables the organisation to survive and meet its operational costs. There is no doubt that throughout the less developed world, examples of the failure of small farm lending programmes exist because of the nature of these problems. Many and varied solutions have been discussed and tried, involving for example, the use of co-operative societies or extension staff to contact farmers and analyse loans, use of standardised package loans, use of payment vouchers to control use of loans, involvement of marketing agencies in loan recovery, raising interest rates, etc. Nevertheless, developing financing by government institutions amongst small farmers is an activity that is probably failing to play its ideal role in the improvement of people's lives. Some may be receiving benefit from their loans, others may well be worse off⁴.

Responsibility of Development Finance Institutions Towards Individual Farm Development

Naturally the success of an institution will, to a large extent, be measured by its own survival ability. An institution committed to development, however, can perhaps be challenged if it fails to help those most in need along the path of personal development. In respect of small-scale farmers, the common tendency among development finance institutions is to simplify, generalise and make superficial judgements of loan suitability. Usually no attempt is made to fully understand the financial situation of individual small farmers, to analyse their past performance and help them plan their future activities such that they appreciate the possibilities, cash needs, risks and demands of the plan for themselves

Solutions to overcome repayment problems such as increased collateral, increased equity contributions, legal action over default, etc., may only eliminate those most needing help for consideration. It could be worth considering a more educational line and one that is genuinely appreciative of the constraints of a low income and the close mix of farm and household expenditure. Staff of development finance institutions would need to be conversant with farm business management techniques themselves, and capable of transmitting them to farmers interested in improving their level of farm profit. One proposal for the use of efficiency factors and comparative analysis by agricultural lending institutions to help judge each individual's need for credit has been made by Bessell and Iles⁵. Other possibilities involve the restructuring of forms, improved data collection and analysis by finance institutions staff and promotion of farm record-keeping in follow-up visits.

The ideal solution to the problem of reaching large numbers of small farmers must lie in the formation of co-operatives to handle credit at local level. As in a development bank, the staff of the co-operative involved in loan decision-making and advice to farmers need to be conversant with farm business management techniques. The co-operative principle of enhancing members's education should be an asset when encouraging use of a business management approach by members.

Whether the availability of credit for small farmers is increased through a development bank or co-operative society, there should be much greater emphasis on use of the farmers' own experience and data, on whole farm analysis, on genuine, not hypothetical, cash flow situations and on promoting the farmers' own business management ability by discussion and providing him with copies of any farm or enterprise analyses made. The use of standardised package loans ought to be avoided. In the long-term the consequences for farm development may be much more positive than at present.

Conclusion

Credit undoubtedly has a role to play on individual farms as they become more business-oriented and cash transactions are predominant. Increased capitalisation of a farm, however, demands increased business management skill, and the promotion of credit use without concurrent promotion of financial management ability may do small farmers a disservice. Temporary "success" in a credit scheme may be obtained by concentrating on a particular package of crop inputs, close supervision of farm activities and loan recovery through single-channel marketing arrangements. Whether such a development programme is advantageous to the farmers in the long run is questionable. It does not help them to be responsive to changing circumstances and may prevent consideration of other aspects of farm improvement, e.g. increase of motive power, introduction of irrigation, purchase of breeding livestock.

Thus, any development effort involving the provision of funds for small farmer credit ought to pay due attention to enhancing the business management skills of farmers. Whether farmers operate in an individual capacity or in a joint venture, business management ability is needed to analyse, plan, decide, organise and control activities such that profit levels are increased. Problems have to be recognised and solutions found by the people themselves, and personnel responsible for farm lending programmes should encourage just such an approach.

There is much to commend the development of savings and credit societies within local communities and people may be encouraged to see this as a useful feature in their lives. External sources of funds will provide more opportunity for larger investment programmes, however, and can meet needs for medium and longer term credit. Whatever the source of credit, farm business management techniques should be employed by staff appraising loan requests and transmitted to the borrowers to ensure their continued progress and development.

References

1. Simplified farm records and farm management techniques are discussed in greater detail in Heney, J. A. *Farm Management Techniques in Agricultural Development*: Unpublished dissertation submitted to the University of East Anglia, 1981.

See also

Hatch, J. K. *A Record-keeping system for Rural Households*. MSU Rural Development Series - Working Paper No. 9, Michigan State University, U.S.A. 1980.
2. As suggested, for example by:

Collinson, M. P. *Farm Management in Peasant Agriculture: A Handbook for Rural Development Planning in Africa*. p. 91-92, New York, Praeger, 1972, or

Upton, M. *Farm Management in Africa*. Oxford University Press, 1973.
3. Described in.

Roberts R. A. J. *The Role of Money in the Development of Farming in the Mumbwa and Katete Areas of Zambia*. p. 241, Farm Management Bulletin No. 1, University of Nottingham, 1972.
4. The creation of "sub-subsistence" farmers is described in Bessell, J. E. and Iles, M. J. *Farmer Operating Efficiency and Credit-Worthiness*. p. 23. UNGZAMI, Bulletin No. 2, University of Nottingham, 1976.
5. See Bessell, J. E. and Iles, M. J. op. cit. p.35-44

and

FAO/CARIPLD *Agricultural Credit for Development: World Conference on Credit for Farmers in Developing Countries*. p. 69-74, Rome, 1975.

Other Useful References

Abbott, J.C. and Makeham, J. P. *Agricultural Economics and Marketing in the Tropics*. Ch. 4 on Farm Management. London, Longham, 1979.

Dexter, K. and Barber, D. *Farming for Profits*. London, Penguin Books, 1961.

Giles, T. and Stansfield, H. *The Farmer as Manager*. London, George Allen and Unwin, 1980.

Howell, J. (ed.) *Borrowers and Lenders: Rural Financial Markets and Institutions in Developing Countries*. London, Overseas Development Institute, 1980.

Upton, M. and Anthonio Q. B. O. *Farming as a Business*. Oxford, Oxford University Press, 1965.

PROMOTING INDUSTRIAL CO-OPERATIVES¹

by

Nicholas John Mahoney*

Why Promote Industrial Co-operatives?

Industrial co-operatives have attracted an interest in recent years out of proportion to their numbers or their successes to date. In both developed and developing countries the need to industrialise, to create employment or restructure industry in the face of world recession has led governments, independent agencies and, in some cases, groups of unemployed workers to consider the promotion of industrial enterprises organised with a high degree of worker-participation and control. Co-operatively-run industry has seemed an obvious and available model to follow.

Worker-controlled industry is not easy to promote, even in the most favourable circumstances but, despite this, new industrial co-operatives have generally been promoted and launched in almost complete isolation from each other; there has been very little attempt generally to build up and draw upon a common body of experience and refine promotion methods. Developing countries are understandably and rightly resistant to the suggestion that there is one correct method of co-operative development and that the model developed in the West is one to be emulated and adopted in its entirety everywhere. There is no reason though why promotional efforts should not be compared and lessons drawn for future developments. The aim here then is to identify some of the principal difficulties which industrial co-operatives face and to suggest how promotional bodies can help new co-operatives to overcome these.

* Co-operative Development Officer, Hackney Co-operative Developments, London

Co-operative industry is not widespread for industrial co-operatives comprise only 6% of all the co-operatives in the world affiliated to the International Co-operative Alliance. They are much smaller on average than other co-operatives for they have less than 2% of all individual members². It is certain that there are many industrial co-operatives in existence which are not affiliated but, at the same time, it is equally certain that a significant proportion of the affiliated co-operatives are not operational. This same source suggests that the greatest numbers of industrial co-operatives can be found in several east and west European countries; industrial and artisanal co-operatives are to be found in Asia and more than half of these in India alone. In Africa it is only in Nigeria that such co-operatives have any real importance and in North and South America only in Argentina. Even in the countries where industrial co-operatives exist in significant numbers such as India their contribution to overall industrial production is very small indeed. Estimates range from 0.03%³ to 1% of Net Domestic Product⁴.

Industrial co-operatives range in practice from small groups of part-time artisans who come together occasionally to purchase supplies together, to large-scale, high technology, industrial undertakings in which all the employees are members and which are grouped together into federations of similar undertakings. For present purposes it is not the artisanal co-operative but the industrial or workers' co-operative which will concern us. An industrial or workers' co-operative is an industrial undertaking which is run and organised democratically by its members who constitute all, or the majority, of those people employed in the undertaking; generally, interest on capital invested is limited and surpluses or profits accrue to individual members on the basis of the work done. Almost everywhere co-operatives are, in formal and legal terms, independent bodies. In practice however, many industrial co-operatives (and often other forms of co-operative too) are dependent on, and often controlled by the state. It is assumed here that whatever terminology is employed, the object of the promotional exercise is to create viable and independent industrial co-operatives; the promotion of nationalised or para-statal industry is a subject in its own right and it seems sensible not to confuse the two.

Industrial co-operatives are generally promoted in order to provide employment and an income for industrial workers, Industrial co-operatives however are held to have a number of potential advantages over other forms of industrial development - either state or capitalist - which would give them added attractions to promoters. As workers are simultaneously the owners and controllers of their co-operative, conflicts of interest between those who receive a wage and those who receive interest or dividends on capital invested disappear. Industrial disputes should be fewer and incentives - and therefore productivity - should be higher. Co-operatives are self-help organisations and this offers the possibility that co-operative development will release new resources, both human and natural, spontaneously with the minimum of external intervention. Co-operative development offers governments the possibility of minimising their own costs, either because they do not have the resources for state-run and controlled developments or because they believe the economy works better with the minimum of state intervention. Worker controlled industry is possibly more permanent than private industry. As labour is generally less mobile than capital, member investments made in co-operatives are more likely to remain there than private investments made in capitalist enterprises which might be withdrawn as soon as returns on capital are more attractive elsewhere. Co-operatives therefore may be more attractive as part of a regional policy than conventional capitalist industrial development.

Basic Conditions for Industrial Co-operative Development

There is no universally agreed formula for successful industrial co-operative development, but there are a number of basic conditions that must be satisfied if development is to occur at all.

Firstly, the context must not be a hostile one. A primary requisite is that an adequate legal framework exists and this is clearly dependent on government. Furthermore, there must be some active commitment on the part of government to co-operative development: if it provides significantly greater incentives to alternative forms of industrial organisation, or if it generally discourages all forms of labour organisation, industrial co-operative development will inevitably be held back.

Secondly, industrial co-operatives must have a market for the goods or services they produce, they must have adequate management, and they must have sufficient finance on appropriate terms. Their needs here are the same as those of all small businesses but the constitution and membership of most industrial co-operatives gives them a special urgency. Marketing is frequently neglected by industrial co-operatives at first; their members are often production workers without experience or background to make them appreciate its importance. Management, and financial management in particular,⁵ is often weak in industrial co-operatives whose members are poorly educated. Finance is a special problem as the members are generally workers first and only secondly investors of capital. Without substantial member investments, and denied the possibility of raising equity finance on the market, industrial co-operatives generally find it difficult to persuade banks and other agencies to take the risk in an unfamiliar form of enterprise.

Thirdly, successful industrial co-operative development depends on the growth of organisations through which new and existing co-operatives can obtain assistance and organise mutual support. This is necessary for several reasons. Co-operation is not a familiar mode of organisation to most industrial workers; it involves leaving established patterns and taking a risk. This is more readily done if co-operatives constitute a movement rather than act independently. Where the environment is not too favourable, there is a need for collective activity aimed at mutual protection and ultimately forcing a change in existing conditions. Finally, where individuals and individual co-operatives lack necessary personal, technical and financial resources, a movement is capable of providing these.

Structural Dilemmas

Industrial co-operatives are not easy to organise and among the most difficult issues which surround their operation there are two which cannot be ignored by promoters.

The first can be termed the democracy vs. short-term efficiency dilemma, although it is sometimes referred to as a conflict between democratic organisation and efficient management. Full democratic decision-making takes time, particularly at first when members are unfamiliar with the practice and with running a business at all. This means that decisions which in a conventionally managed enterprise might be taken in minutes, take hours or even days in a co-operative. Because of this, some argue that action has to be taken to strengthen (conventional) management. On the other hand, it can be argued that unless members are given the opportunity to learn through practice the techniques of democratic decision-taking, genuinely democratic co-operatives will never develop. What is more, unless members confront the issues and choices involved in management, they will never acquire the identification with their enterprise on which is based many of the predictions about the co-operative's potential level of productivity and efficiency.

Promoters have to be aware of this dilemma for they are generally interested simultaneously in efficient co-operatives, implying efficient management, and in member democracy and training for self-management.

The second dilemma concerns individual member investment, the growth of co-operatives, and their ultimate stability. It has been demonstrated theoretically that where members have alternative investment opportunities and alternative employment opportunities, they may under-invest in their co-operatives, be reluctant to employ new members, and, if the co-operative even then goes on to be successful, they may wind it up and distribute accumulated capital⁶. Empirical research has shown that co-operators in practice may show some such tendencies but that, in the short-term at least, they are not pronounced - probably because they do not have the alternative opportunities for investment and employment⁷. However, strong arguments have been put that the world's most successful co-operatives - the Mondragon complex in the Basque province of Spain - owe their success in part to the way they are financed by the members.

The desire of promotional organisations to develop permanent enterprises and expand employment opportunities - which entail some reinvestment of profits - and of members members to maximise incomes, is a conflict of interests which has to be recognised. It is a dilemma, since the promotional organisation is attempting simultaneously to develop independent self-managing enterprises controlled by their working members.

Promotion and Support in Practice

In most countries there is no active support for industrial co-operatives at all. Where there is support, it can come from one of three sources. The most important of these in terms of both resources and effect is the government to the country concerned. In some places there are independent promotional organisations, some dedicated in co-operative promotion, others such as development or church organisations which undertake co-operative promotion as part of their general operations. Thirdly, there are organisations formed by the co-operatives themselves which are dedicated to furthering their interest and providing central

The activities of the various bodies are diverse and varied and it would not be possible to describe them all. Here the activities of governments, independent organisations, and secondary co-operatives will be discussed in relation to specific examples. The aim is threefold: to provide concrete examples of promotional activity, their successes and failures; to examine the way and the extent to which promotional bodies meet the needs of effective industrial co-operative development; and, thirdly, to contribute towards a general formula for effective promotion. Government promotion, it is argued, is most effective if it is restricted to establishing the right context for healthy independent development and less so when it involves direct assistance and incentive schemes. Independent support and promotional agencies are probably the most effective means of establishing a new industrial co-operative sector, but secondary co-operatives, controlled and run by primaries, are in the long run the only way to provide support and assistance on a scale and in the manner which will fully develop a co-operative movement.

Government Support: Getting the Context Right

It is often governments which initiate industrial co-operative development programmes, but it is not clear that they are always best placed to implement them. Certain functions must obviously remain their domain; national industrial development policy, for example, and the place of industrial co-operatives within it and of course the legal framework under which the co-operatives operate. Whether government agencies can undertake direct promotional activity however is not so obvious. They may be able through incentive schemes to increase the numbers of industrial co-operatives formed, but they rarely have the experienced staff, the appropriate organisations or sufficient identification with the co-operative movement to foster and develop enterprises which are both socially and economically viable.

Agricultural, consumer and credit co-operatives are in the majority in most developing countries and co-operative law has generally been framed with them in mind; as a consequence, problems may arise for industrial co-operatives. There are significant differences between industrial co-operatives in which the members are generally employees drawing wages, and consumer co-operatives for example, which hire staff to run shops principally for the benefit of their customer members. There are only a few countries in the world where there are special legal provisions for industrial co-operatives and for the most part they have to make do with existing legislation. The effects vary. In some places the law is such that industrial co-operatives can formulate their own constitutions and operate efficiently within the law. In others, particularly where the co-operative law has been specifically designed for agricultural co-operatives which receive government credits, as in many francophone West African countries for example, industrial co-operatives find that they have to deposit their members' share capital with development banks and yet have no access to the credit available. Where co-operatives are seen by government as a central policy implementation tool, the law often establishes a relation between co-operatives and the government under which the latter has a measure of direct control over the internal affairs of the former.

Designed to ensure that co-operatives operate in line with national policy or to ensure the security of government credits for agricultural development, such provisions generally only have restrictive effects on industrial co-operatives.

In countries where industrial co-operatives are strong and relations with government well-established, progressive legislation can be framed which has positive benefits. In France, for example, tax and co-operative legislation not only gives industrial co-operatives advantages denied to private industry but has also been framed in such a way as to provide real incentives for member investment which can offset any possible structural weaknesses industrial co-operatives may have.

In any one country, the co-operative law itself is of central importance to the co-operatives, but it is perfectly normal for dispositions relating to co-operatives to be contained in other laws too - industry laws, finance acts, factories acts, or their equivalent. It is the whole legal corpus, the decisions taken by the courts and by government departments with discretionary powers which have then to be taken into account. If policies are conflicting, or if the government is simultaneously trying to achieve different objectives or if policy is undergoing continual change, it is very difficult for government officers trying to enforce the law and implement policy to work simultaneously in the best commercial interests of co-operatives, and their members, to help them create structures which are flexible as well as organisationally viable and effective, and to help co-operatives undertake the medium to long-term planning necessary for their survival and success.

Industrial Co-operatives, Government Policy and the Law: The Case of Peru, 1968-76⁸

In 1968 a military government came to power in Peru, replacing the liberal civilian government which had been in power for several years. The new government introduced sweeping reforms in reaction to what it saw as the failure of the capitalist development favoured by the previous government to develop the economy or benefit the mass of the population. Its economic programme included the reduction of the role of foreign capital and the expansion of the state sector in industry. In addition, the government had a policy of encouraging worker participation in development through the work-place. It planned to expropriate large private land holdings and convert them into agricultural producer co-operatives, reform all medium and large scale private industry so that workers gradually came to hold 50% of all share capital and with it an equal share of control with private capital, improve job security for private employees, and gradually increase the role of co-operatives in industry - a role which was negligible at the time.

It did not take the government long to act on foreign capital, state industry, agricultural co-operatives, and reforms of private industry. As regards industrial co-operatives the government took no action other than to reaffirm the existing co-operative law which guaranteed their independence and freedom from taxation, and to reform the bankruptcy laws so that workers had the right to take over insolvent firms and run them themselves. It undertook no direct promotion however and provided virtually no direct assistance.

The lack of government assistance did nothing to prevent industrial workers taking advantage of the new situation and the new political climate. In 1968 there were 26 industrial co-operatives in Peru, their number having increased steadily by about 4 each year since the enactment of Peru's general co-operative law in 1965. In 1968 the number almost doubled and this was the beginning of a 7 year period in which their number increased on average by 18 per year.⁹

The government's experience with agricultural co-operatives with which it became closely involved was not successful. The government wished to keep agricultural prices down, the worker-members wanted to increase wages; the government wanted to increase agricultural investments out of profits in a climate where agricultural credit was in very short supply, while the workers, unsure of experiment, resisted this. Largely as a response to these problems, the government introduced a profit tax for co-operatives - without amending the co-operative law incidentally - and began to introduce limits on the level of wages which co-operatives could offset against tax - limits many times lower than those which applied to private firms.

Despite these moves, industrial co-operatives continued to be formed but other forms of worker-managed enterprises began to appear. The lack of clarity in several laws began to give rise to a situation in which many such firms had a hybrid legal status - part co-operative, part insolvent private enterprise managed by its workers - which made them very vulnerable.

The mid 1970s saw changes in government policy, emphasis and the introduction of a number of new laws. Some of the laws were enacted to deal with continuing problems in the agricultural co-operatives; others were enacted to deal with situations arising in private industry but had effects on the industrial co-operatives which were probably never anticipated. Three measures were of particular importance. First, in a time of extremely high inflation, the government made it compulsory for all firms to revalue their assets annually and to pay a tax on this. This was damaging to the cash flow of all industries but it had an added negative effect for co-operative members. While assets were revalued, the value of their shares were not; by contrast, the value of shares in limited companies rose in the market more or less in line with inflation. Second, all co-operatives were made liable to tax at the same rate as private industry while, in an attempt to encourage stagnating industrial output, small private industry was granted generous tax concessions. Third, Social Property, an alternative form of worker-managed but state-financed industry, was launched in 1973 and, although insolvent firms could not be converted to Social Property enterprises, it was presented as an alternative to industrial co-operatives.

The significance of these measures was not lost on workers forming their own self managed firms and, after 1975, the number of industrial co-operatives formed tailed off considerably while private small-scale industry with or without full worker membership and control became the favoured alternative.

In 1975 the government changed and all reforms which encouraged worker-participation were gradually reversed while nothing was done to redress the balance between co-operative and private industry. Most of the 152 industrial co-operatives in operation continued - many of them very successfully - as did the private enterprises launched by their workers. It was clear however that the period of rapid development was over as the co-operatives dug in to weather the industrial storm brewing at the time which was to last until the end of the decade.

The Peruvian example illustrates well how sympathetic government policies, given the right economic and social conditions, can spark off a rapid development of industrial co-operatives with minimal direct external support. It also shows how sensitive this development is to unresolved inconsistencies in the law; to discrimination against the co-operatives in fiscal and legal measures, whether intentional or otherwise; and to changes in overall government policy and the activities of the government with regard to other kinds of co-operatives and private enterprises.

The case of co-operative promotion in the city of Ludhiana in the Indian state of Punjab to follow is very different. Here it seems, there was no real spontaneous popular move to establish industrial co-operatives; rather the government followed a policy of direct promotion with a system of incentives coupled with associated controls. Government promotion in the Punjab was direct and officers had close contact with the co-operatives in their charge. While the Punjab boasts significant numbers of industrial co-operatives, if the government's aim can be taken to have been the development of a viable self-managing co-operative sector, it is not at all clear that it was successful in its promotional efforts.

Can Government Promote Industrial Co-operatives? The Case of the Punjab¹⁰

Ludhiana is an industrial city with a population of about half a million people situated in the agriculturally rich Green Revolution belt in Punjab State. Clothing and light engineering are the predominant industries there. Between 1967 and 1977, the number of industrial co-operatives in Ludhiana almost doubled to 412 while, over the same period, the number in the Punjab as a whole increased by about 25%¹¹ and the number in all India fell by a third¹². More than half the industrial co-operatives in Ludhiana were in light engineering or clothing.

The growth in the number of industrial co-operatives in India, when and where it occurred, can be attributed in the main to government promotion; when the numbers declined this was largely because the government was reorganising the sector and winding up defunct co-operatives. Promotion was initiated by the national government in its development plans and taken up by the individual states such as the Punjab in turn. The national objectives were to increase industrial output, to ensure the equitable distribution of the benefit of increased output, and to create employment; the plans of the 1950s and 1960s set very ambitious targets for the co-operativisation of small scale industry.

In Ludhiana, as in the Punjab as a whole, the government promoted co-operatives by means of financial incentives made available only to them, and by having significant numbers of specialised staff in the Co-operative Department. While the promotional drive certainly increased the number of registrations, the co-operatives established were, on the whole, not very successful. The level of profitability overall was very low; even more telling was the high level of inactivity: official statistics put this at around 33%; a survey conducted in the city in 1977 suggested that only 25% of co-operatives were in operation and many of these at a very low level¹³.

The State development plan for co-operative promotion was translated into a practical programme in terms of precise targets set for registration and the provision of financial assistance. Each government officer had an individual target for new starts which he was expected to meet in a given year. The officers were generally trained in administration and the co-operative law, but few had any experience in industry or commerce. The targets they were given did not specify the industry and indeed little or no attempt was made to determine whether the organisation of the predominant industries lent themselves to co-operative organisation at all.

The problems many clothing co-operatives encountered operating in a fluctuating market dominated by wealthy traders, and in an industry reliant on seasonal labour, suggested that promotion in this sector was perhaps ill-considered. In reality it seems, the officers gave no attention to the economic feasibility and prospects of the co-operative enterprises they promoted¹⁴.

A government training scheme for co-operative members was established by the government but the number of places on it were few. What the government did not do was initiate a general programme of co-operative education and did nothing it seems to ensure that new members had any real grasp of co-operative or commercial management.

The government officers promoted the co-operatives by offering groups of individuals an unsecured loan from the Co-operative Bank which was provided to all new starts once they had bought shares to the value of 5-10% of the loan out of funds derived from their own co-operative's share capital. The loan was an obvious attraction to some people, but it could not be said to have enabled the poor to start co-operatives. Its amount was far too small, equivalent as it was to less than 25% of the average working capital requirements of a small scale firm in Ludhiana at the time. What was more, its amount was set by the government irrespective of the size of the co-operative and the capital requirements of the industry in which it operated. It was also a fixed term loan which the co-operative had to repay in full within the year. These arrangements were those applied by the Co-operative Bank to agricultural borrowing and it was clear that nothing had been done to consider their appropriateness to industry.

The government had a problem recovering many of these loans and it developed a system of control. The officers who promoted the co-operatives were also charged with loan recovery and they were given the authority to set maximum limits on the credit any co-operative could obtain - from banks, from private sources, even from trade suppliers, and from their own members should they choose to make deposits rather than buy shares. Based more upon considerations of recovering the original loan than the financial needs and commercial viability of the co-operatives, this measure was very restrictive. Further restrictions came however as officers had to give their permission before any co-operative could take new loans from the Co-operative Bank or before it could open an account with a commercial bank.

The government also had a system of share capital investments in industrial co-operatives. This was a very attractive source of finance in theory as it did not carry a fixed interest charge. The targeted amounts available were not great but the real problem with government share capital derived from the methods employed to implement the system. Investment was supposed to follow a thorough budgeting exercise but it seemed that officers, anxious to meet their targets, often neglected this. The investment was made to enable co-operatives to purchase new machinery, but in all cases seen no account was taken of the increased working capital requirements likely to be associated with this. In practice, considerations of security tended to override considerations of risk and profitability; the government officers sat on the boards of co-operatives which had received participation and had a veto power. They tended to use this simply to ensure that the co-operatives had fixed assets to secure the investment and often vetoed proposals which might have put the investment to profitable use.

Government promotion of industrial co-operatives in Ludhiana may have increased the numbers of co-operatives but in itself did little or anything to ensure their viability and may in fact have done much to restrict their development.

The officers promoting the co-operatives knew little about industry or commerce and their primary task gradually became one of securing government finance rather than ensuring that it served the purpose for which it had been provided. Promotion was derived from the development plans drawn up at a high level; it did not stem from an assessment of local needs or conditions and no attempt was made to involve potential members in planning or to introduce them in advance to the practices of co-operation or even industrial management. There was no comprehensive strategy of co-operative promotion, no programme of development, instead a set of rather piece-meal measures implemented from the 'top down'. Success in the number of co-operatives may well have been offset by the failure to establish a viable sector with the damage this caused to the overall reputation of the movement.

Independent Support Agencies: Practical Assistance

Independent support agencies for industrial co-operatives are not common but where they exist they can be of direct benefit. They can provide them with intensive practical support to ensure their business viability, with the training necessary for the progress of their members towards self-management, and a measure of protection in their formative stages. Independent agencies generally have far greater flexibility to experiment and to respond to the needs of the co-operatives than do government agencies; on the other hand they tend to be small and without the resources to assist and develop large numbers of new enterprises.

Independent agencies can be found in many countries and there is no single type. In developed countries of the west there are agencies specialised in the promotion of industrial co-operatives, some receiving public funds, others run on the voluntary efforts of enthusiasts. In developing countries it is less usual to find agencies dedicated solely to industrial co-operative promotion, rather, one finds church missions, youth groups, or small agencies funded by international aid working for social and economic development which have taken it upon themselves to create employment through co-operatives.

The capacity and the mode of intervention, the resources made available and the relation between agency and co-operatives all vary from case to case. Agencies often act in complete isolation from the existing co-operative movement in the country where they work and rediscover the principles of co-operation for themselves. In rare cases, they are so successful that the co-operatives grow in numbers and strength to the point at which they become quite independent and establish secondary promotion and support agencies under their own control. This kind of agency has shown itself capable of promoting new co-operatives in such a way that the potential members are directly involved in the planning stages. The independent agency may well offer some material incentives to prospective members but they can involve the members in the identification of problems, resources and the means they could utilise to overcome their problems through self-help. Thus members feel an identification with their co-operative - if that is what they opt for - from the outset. The close identification of the agency with the community and the equally close involvement of members with the co-operative they are to work in from the very earliest planning stage, are features which generally distinguish the work of the independent support agency from government promotion. The objective is to meet the needs of members by means of the most appropriate solution and not the formal registration of a new co-operative. The agency's role in this stage is to draw the members' attention to solutions to their problems they might not have considered themselves and to allow them to draw upon the agency's experience to ensure that the solution they finally adopt are realistic and practical.

Some agencies assist new starts with small loans and grants, with rent-free premises, with the use of the agency's name, limited liability status, or even its bank account. Assistance of this kind is often of great benefit to members who have few personal resources of their own and who are unwilling to take risks on new and untested ventures. The agency may also perform crucial technical functions on behalf of the members in the co-operative's early stages. This is useful when the members have had little previous experience organising a venture on the scale proposed and whose commercial dealings previously have not been on such a scale as to permit them to deal with the formal and legalistic procedures of banks and official agencies.

It is normal too for agencies to provide help with marketing. Existing markets may be too small, too distant, or controlled by a commercial class which does not encourage new independent initiatives. Agency staff, with their education, links with official agencies or whatever, can often more readily investigate and develop market contacts. The agency may even have to subsidise marketing costs in the early stages.

Training is an important function of support agencies. They aim to promote independent industrial co-operatives but have to overcome the fact that those people they are trying to assist often lack the skill to develop or manage their enterprise for themselves. They may even lack the necessary manufacturing skills at the outset and could not normally be expected to be able to undertake product development and adaptation in response to changing market conditions without outside help. It is rare for support agencies to have on their staff experts in product development and manufacturing but they can generally obtain the services of such people more readily than can the co-operative members themselves. General management though is often taught by the agency itself and this often takes the form of on-the-job training. Where the agency has funds invested, or simply because it wants to see the co-operative succeed, its staff may undertake general management functions with a member as an understudy. Clearly the adequacy of such training depends on the skill of the agency staff and, where such people are generalists, this area of training is sometimes poor.

Despite their close involvement with the co-operatives and their efforts at ensuring the participation of the members, independent agency support is no guarantee of success. It is all too easy to establish enterprises which function and which have a significant degree of self-management, but which ultimately depend for their survival on the continued support of the agency itself. The less environmental conditions favour the development of industrial co-operatives the more likely this is to be so. The agency however can take positive steps to ensure that training is adequate, that technical support - however necessary - does not stifle member participation and learning, and that subsidies or other forms of direct assistance are phased out in a rational and planned way.

Small Agency Support: Mandjaque Weavers of Senegal¹⁵

The Mandjaque are a minority ethnic group who come from the south of Senegal but who are found in significant numbers in the country's capital city of Dakar. In the city they resemble many migrants from other parts of the country in that they are generally poor, unskilled, and able to find only manual employment which is often insecure. The Mandjaques in Dakar are however different from many other migrants in that they are mostly Catholics in a predominantly Muslim society.

The French Catholic church established a mission to cater specifically for the Dakar Mandjaques in the late 1960s. The mission priest catered not only for their spiritual needs but also undertook various social and educational roles and worked to develop a sense of community among the migrants. In 1970 he decided to go further and help provide employment and at the same time preserve a unique but vulnerable cultural tradition by establishing a weavers' co-operative.

Mandjaque weaving is carried out on looms which are rudimentary in construction but sophisticated in design, and is of a very high standard. Only some Mandjaque weave however and all of these are men. In Dakar, Mandjaque weaving had become highly prized among fashionable women of other ethnic groups and many weavers had been installed in the houses of wealthy people to weave exclusively for them. Other weavers found that they could sell their products to tourists by setting up their looms on the street, but tourists generally preferred the cheaper if far less sophisticated products of other ethnic groups. Altogether weavers lived a precarious and insecure life; they usually supplemented their income by agriculture in the rainy season at home in the south, and those who could obtained more secure employment in lowly manual occupations.

The priest found three weavers from among his congregation interested in developing their work as weavers; he organised an exhibition of their work and obtained finance from the church for materials and wages in advance of sales. He undertook all marketing and managerial duties at this stage.

By 1972, there were six weavers in the group and they moved into rent-free church premises as before they had been working from their homes. In this year the priest brought in a French fashion designer who suggested some minor modifications to the weaving and showed the group how, by employing tailors, their work could be sold made up into such products as table cloths, etc.

In 1973, the priest began to withdraw from day-to-day management and marketing and two Mandjaques were recruited to take his place. Unlike the weavers, these men were educated and came to the group as much out of a commitment to the Mandjaque community around the church as out of a need for employment.

In 1974, contacts made largely through the church enabled the group to hold an exhibition in France which proved very successful. It was made possible financially by the church in Dakar which was acting in effect as the group's - most sympathetic - banker.

By 1975, there were three office/sales staff, two tailors, and ten weavers each with an apprentice. Sales in Senegal itself were picking up with large orders coming from prestigious hotel chains, government ministries, and the like. The ministries were not always the first to pay their debts but even greater problems were encountered with some private debtors and the group - on the priest's advice - sought to be incorporated as a co-operative in order to take legal action in the courts.

French exhibitions were held in 1975, 1976, and 1978 and sales held up in the country, although the group did not expand much after 1975. By this time records show that the group was making a substantial profit each year although the accounting system as operated was not capable of revealing this. When necessary, the group took credit from the church but this was always repaid over relatively short periods and in fact in later years the group had substantial deposits in the church's account.

The staff and tailors were salaried and were generally employed for much of each year. The weavers worked on piece-rates and generally were employed for c. 6-8 months a year. Even so, most reported that their income was higher working for the group than it had been before, and the majority in fact had a higher income than the salaried staff. Occasionally temporary weavers were engaged, although it was the sub-group of weavers which controlled all recruitment, both of temporary and new members, and neither the staff nor the priest played a part in this.

By 1978, the group was registered as a co-operative and was completely self-managing. Managerial and marketing practices were not particularly good but were improving slowly and the church's accountant ensured that finances were never totally out of control. The priest played no direct part in the co-operative's affairs and remained as he put it only their moral counsellor.

This case illustrates some of the strengths and weaknesses of independent agency promotion. The multipurpose agency was able to create an enterprise which provided employment for 25 people in conditions which were probably superior to those most could have obtained elsewhere. The co-operative took at least 5 years to become established though and involved a considerable allocation of the agency's resources in terms of time and finance at the outset. The process could probably have been undertaken more efficiently but this is not the important point. The reality is that it takes some time and a great deal of effort to launch any new venture of this size, whether private or co-operative. Agencies have to be able to take a long-term perspective and develop a long-term strategy and those who support them must appreciate this point. Two or three year pilot schemes are going to show no real results.

The co-operative achieved a real degree of self-management and independence but success was not total here. The initial training members received was inadequate and financial management was very poor. Moreover, only a small minority of members could understand even the very elementary accounting system employed. Technical inputs provided via the agency enabled the co-operative to adapt its products for new markets; finance from the agency made it possible for the co-operative to function at all. However, there was no detailed or closely thought-out plan for the co-operative's transition to full independence:

how was it to secure its own market, its own finance, and how was it to train all its members for self-management?

The Mandjaque Weavers was one of the few industrial co-operatives in Senegal, and it was far more closely identified with the church than with the rest of the co-operative movement in the country, even after legal registration. It is important to ask whether the co-operative was a genuine and progressive achievement and this is not to devalue the agency's clear success. Unless the example set can be followed by others, unless there is a movement towards some kind of industrial co-operative sector, the one co-operative will either collapse eventually through lack of support or else it will continue in isolation with no impact upon, or relevance for, the overwhelming majority who know nothing about its successes to date.

Secondary Industrial Co-operatives: Mutual Support

While agricultural, consumer and savings co-operatives have developed powerful secondary organisations in many countries, this has not generally been the case with industrial co-operatives. There are good reasons for this: Firstly, industrial primaries themselves have generally been weak and few in number but, more importantly, there has never been the same economic justification for secondary organisation. Agricultural marketing co-operatives, by way of example, can achieve significant economies of scale and a degree of power in the market place through federation at a secondary level. This is largely because they are all marketing essentially the same product. Industrial co-operatives, by contrast, as they develop can be found in industries as diverse as building, leather goods, and chemicals. Apart from the fact that they are similarly organised, there is little they have in common. Only their need for finance and technical business services perhaps, but to be organised co-operatively these clearly require more sophisticated organisation than does the marketing of agricultural produce.

Small numbers of co-operatives operating in diverse industrial activities find it very difficult to form a secondary and, as a consequence, it can be argued the sector remains weak, fragmented and vulnerable, and its development is impaired.

Nevertheless, there are secondary industrial co-operatives in a number of countries performing a wide diversity of functions and differing in their relationship with the primary co-operatives.

Some promotional bodies, particularly in Europe, have been able to convert themselves into secondary co-operatives where their promotional activities have met with some success. The co-operatives in operation have become the members and run the secondary to continue promotional activities or to provide other services, or both. In some countries, notably in Europe again, industrial co-operatives have come together to form a new secondary co-operative particularly for commercial and supporting activities. These secondaries tend to be for one particular sphere of activity. Such bodies remain the exception rather than the rule and, although secondary organisation elsewhere - in India for example - may look impressive in terms of numbers, it is essentially different. There one can find government-sponsored secondaries, often financed by government and staffed by government officers. Although formally democratic in structure, active control by the co-operatives is limited. At the extreme one can find industrial co-operative secondaries in operation where primaries have virtually no activity as independent co-operatives, never mind joint activities. The federation of industrial co-operatives in Indonesia as it existed in the 1970s provides a case in point¹⁶.

Industrial co-operative secondaries can undertake many of the functions of independent support agencies, some of them far more effectively, and additional functions besides.

Secondaries can be far more effective than most independent support agencies when it comes to the provision of finance and technical support. The scale of operations of a secondary allows it to employ the skilled personnel necessary to administer loan funds, to assess the commercial prospects of the applicants' projects and the risks entailed, and to provide technical and managerial support to those co-operatives to which it lends funds. The fact that the secondary is controlled by co-operatives makes it sensitive to the needs of the co-operative sector and means that new co-operative starts do not have to compete with private firms for the same funds. Accordingly, the secondary can be far more effective than state or commercial development banks.

It is just this combination of financial and technical support that is most striking about the co-operatively controlled bank established by the successful and expanding group of Mondragon co-operatives¹⁷. The relationship between the bank and the new starts goes further than this however. The bank insists that the co-operatives adopt a particular formula governing the manner and extent to which the members participate financially in the enterprise in which they work. Briefly members are expected to have a substantial shareholding, the surplus of the enterprise must be distributed according to a formula which ensures reinvestment, and members must participate financially in the growth of assets although they cannot withdraw investments or accumulated capital until they retire. It would be inappropriate here to enter the current debate as to the contribution these particular arrangements make to the success of the co-operatives¹⁸. What is important for present purposes is that it is possible for a secondary to attach conditions to the support it offers co-operatives, conditions designed to overcome possible structural defects of the co-operatives regarding employment and investment mentioned earlier.

Where there are a number of industrial co-operatives all in the same trade, collective marketing can be more readily undertaken by a secondary than by a general purpose support agency. In Italy, for example, building co-operatives have formed federations which permit groups of small to medium-sized co-operatives to come together to tender for large contracts. The arrangement is a flexible one - small co-operatives can work sometimes with the federation and sometimes independently. It also allows the co-operative to remain small enough individually to permit member democracy to flourish.

The existence of a secondary, or at least an informal network among established co-operatives, is a channel for all kinds of mutually supportive activities. The provision of information and advice for new starts, the temporary transfer of labour to cope with fluctuation in levels of activity, the passing on of orders and sub-contracts, and even temporary loans from co-operatives with cash surpluses to those with a cash deficit - all of these have occurred where industrial co-operatives have established some form of secondary organisation, and indicate just how they can derive strength and sustenance from collective organisations and mutual support.

The creation of secondaries controlled by, and run in the direct interests of primary industrial co-operatives can be seen as marking the transition from a co-operative sector to a co-operative movement. The secondary can take over the functions of an independent promotional agency and it can transform the relationship between co-operatives and government. Rather than being passive recipients of government aid, the co-operatives can take an active role and negotiate through their secondary with government regarding the forms and extent of support it should provide. What is more, the existence of a movement will give ordinary people the confidence to form co-operatives of their own. The principal object of all industrial co-operative promotion must be to give working people the confidence to risk their capital, time and energy in new and untried co-operative ventures and the opportunity to learn the skills of self-management. Promotional agencies must take the creation of secondaries and the fostering of a movement as their final objectives, for the example of a successful independent movement will encourage people to take the risk far more effectively than the exhortations of the agencies themselves, and will provide a network of mutual support to nurse the new starts through the difficult early stages.

Notes and References

1. This article is based in part upon the results of the International Co-operative Alliance's research programme "The Social and Economic Potential of Industrial Co-operatives in Developing Countries" conducted with the financial support of the Overseas Development Administration and the collaboration of the University of Birmingham. The opinions expressed here are those of the author alone and do not necessarily represent the views of any of these organisations. For further details see Abell, P. and Mahoney, N. *The Social and Economic Potential of Industrial Co-operatives in Developing Countries*, ICA, London, 1980; and Abell, P. and Mahoney, N. "Industrial Co-operatives: An ICA Research Programme". *Review of International Co-operation*, 1981, 74 2.
2. *Statistics of Affiliated Organisation*. ICA, London, 1979.
3. Abell, P. and Mahoney, N. 1980, op. cit.
4. Leonard, J. *Study on Industrial Co-operatives: India*. UNIDO, Vienna, 1970.
5. Abell, P. and Mahoney, N. "The Performance of Small-Scale Industrial Producer Co-operatives in Developing Countries: Capital Starvation and Capital Management", in Jones, D. and Svejnar, J. (eds.) *The Economic Performance of Participatory Self-Managed Firms*. Lexington, forthcoming.
6. Vanek, J. *The General Theory of Labour Managed Market Economics*. Cornell University Press, Ithaca, 1970; Vaneli, J. "The Basic Theory of Financing Participatory Forms" in Vanek, J. (ed.). *Self-Management*. Penguin, Harmondsworth, 1975.
7. Jones, D. and Bachus, D. "British Producer Co-operatives in the Footwear Industry: an Empirical Evaluation of the Theory of Financing". *Economic Journal*, 1977, p. 87; and Abell, P. and Mahoney, N., 1980, op. cit.
8. op. cit. chapter 3.

Notes and References (ctd.)

9. *Anuario del Cooperativismo Peruano, 1976*, Editorial Proyeccion, s.v.l. Lima, 1978.
10. Abell, P. and Mahoney, N. op. cit. chapter 11.
11. *Statistical Abstract of Punjab, 1976*, Government of Punjab, Economic and Statistical Organisation, Chandigarh, 1977.
12. Shah, M. J. *Progress and Problems of Industrial Co-operatives in India*; paper presented to World Conference on Industrial Co-operatives, Rome, 1978.
13. Abell, P. and Mahoney, N. op. cit.
14. Popwala, R. T. "Place and Role of Industrial Co-operative Banks in Financing of Industrial Co-operatives". *Indian Co-operative Review*, VI, 4.
15. Abell, P. and Mahoney, N. op. cit. chapter 9.
16. cf. Leonard, J. *Study on Industrial Co-operatives: Indonesia*. UNIDO, Vienna, 1970.
17. Campbell, A. et al. *Worker Owners: The Mondragon Achievement*, Anglo-German Foundation for the Study of Industrial Society. London, 1977.
18. op. cit, and also Oakeshott, R. *The Case for Workers' Co-operatives*. Routledge Kegan Paul, London 1978.

Other Useful References

Abbott, J. C. and Makeham, J. P. *Agricultural Economics and Marketing in the Tropics*. Ch. 4 on Farm Management. Longman, London, 1979.

Dexter, K. and Barber, D. *Farming for Profits*. Penguin Books, London, 1961.

Giles, T. and Stansfield, H. *The Farmer as Manager*. George Allen and Unwin, London, 1980.

Howell, J. (ed.) *Borrowers and Lenders: Rural Financial Markets and Institutions in Developing Countries*. Overseas Development Institute, London, 1980.

Upton, M. and Anthonio, Q. B. O. *Farming as a Business*. Oxford University Press, Oxford, 1965.

THE PROMOTION OF HOUSING CO-OPERATIVES IN AFRICA

by

Graham Alder*

Co-operative housing has been slow to develop in Africa despite the fact that many countries see that it can play an important role in tackling housing demand through mutual self-help using latent human resources. This article takes current examples of existing and planned activities in Lesotho, Kenya, Ethiopia and Tanzania to show that in these countries practical steps are being taken to establish a co-operative housing movement to cater for lower-income groups. The method chosen is to establish a Technical Service Organisation which supports primary housing co-operatives and in each country a different institutional form for a TSO has been established to reach similar objectives, depending upon the national context. The lessons learned in these examples are also applicable in other countries.

Urban Problems in Africa

The urban centres of the developing world are growing quickly, far more quickly than the equivalent centres grew in the industrialised countries. In the four countries we are considering the urban population as a percentage of total population increased as follows between 1960 and 1980.

Ethiopia	6% to 15%
Lesotho	2% to 5%
Tanzania	5% to 12%
Kenya	7% to 14%

* Adviser on Co-operative and Self-help Housing for Eastern Africa for the International Co-operative Housing Development Association (ICHDA).

The average annual growth rates for urban populations between 1970 and 1980 were:

Ethiopia 6.6%

Tanzania 8.7%

Lesotho 7.7%

Kenya 6.8%

The equivalent figures for the U.K. were 0.3%,

for the U.S.A. 1.5%

for Poland 1.7%¹

Behind these dry statistics can be seen the immense problems created by the growth of population in towns and cities, the pressure put on services such as roads, sewage, water, community facilities and the lack of adequate housing. The images of urban deprivation, of slum and squatter areas are familiar to everyone. For example, in Nairobi an estimated 30% of the population live in "illegal" shanty towns with inadequate sanitation and water supply and many families of five or six live in one 3 sq. metre room.

The growth of population is due to some extent to natural increase, but is mainly the result of rural to urban migration. Many countries emphasise rural development programmes to try and stem this drift but people are still moving to the towns, mainly to look for employment.

African countries cannot afford to provide their urban population with completed housing units without heavily subsidising each unit. They simply do not have the resources to do this and therefore have had to search for innovative ways to improve and increase the housing stock and related facilities for the majority - the low income groups. Over the past ten to fifteen years a variety of technical solutions have been introduced to minimise costs and to make housing affordable to those who will inhabit them.

They include 'sites and services' where a family obtains a serviced plot and builds its own home, 'core housing' where a 'wet core' of a kitchen and shower are provided and units which can be extended as and when a family can accumulate sufficient resources.

A word about affordability, the principle which underlies many housing programmes in Africa: if subsidies were to be given they could only be for a small proportion of those in need, and experience has shown that if this is done, higher income groups tend to benefit, despite administrative measures intended to prevent this. It is therefore necessary to eliminate subsidies as they tend to be inequalitarian rather than redistributive.

It is for this reason that each household should be able to afford the full economic cost of renting or purchasing their house, with financial assistance being restricted to the provision of the main infrastructure of water mains, suitable roads and perhaps electricity. If housing must be affordable then the regulations which govern the cost of services and construction must be appropriate to keep costs to a minimum. Self-help groups should be able to build with inexpensive local materials which can be used either in traditional ways or with improvements; for example, traditional sun-dried mud blocks can be stabilised with a little cement which is much less costly than concrete blocks which use expensive imported materials purchased with scarce foreign exchange. Houses should be designed so that they can be improved over time, as in the examples of serviced sites and core housing.

To enable a poor family to afford basic services it will probably not be possible for individual connections to be made for water or to provide water-borne sewage. However, a considerable improvement from previous conditions can be achieved by providing potable water through standpipes and constructing alternative types of latrine which are both efficient and sanitary.

Whilst it is important that the housing stock be expanded by construction of new housing and related facilities there is also a need to improve existing slum and squatter areas. In typical squatter upgrading programmes title is given to the residents and they are provided with services and assisted to improve their dwellings.

The above approaches to improving human settlements rely on self-help, the mobilisation of latent human resources. The value of self-help can be multiplied if it is carried out on a mutual basis by people working together. The question then to be answered is how should this be organised? In many cases the answer seems to be: through co-operatives.

Housing Co-operatives

The four countries from which examples are drawn for this article all have housing co-operatives and are engaged, or about to be engaged, in ambitious programmes to promote them. They are Tanzania, Lesotho, and Ethiopia. Whilst they are all different, Kenya and Lesotho can be classified as market economy countries, Tanzania and Ethiopia as socialist. It is interesting that all have chosen co-operatives as one solution to their housing problems.

Why co-operatives? There is no one agreed definition of housing co-operatives. They have been defined as "... any form of organisation and action in which groups of people, small or large, undertake co-operatively to obtain housing to be owned by those who occupy it"². There are other definitions but this will suffice for our purpose. In fact most of the co-operatives discussed in this article are registered under the respective co-operative acts of each country. The point is that joint action is undertaken on a non-profit basis. There are differences between housing co-operatives and, say, agricultural and consumer co-operatives which are predominant in both industrialised and developing countries. The most obvious is that open membership is limited as each member eventually wants a housing unit and there is a limit to the number which any one society can construct.

For housing co-operatives to be successful they must offer tangible benefits and advantages to the members. Individuals are weak, but by combining together they can become much stronger, politically and economically.

Advantages of Co-operatives

- Land

An individual finds it difficult if not impossible to have access to land to enable him to build. It can be expensive and the legal procedures so complicated and time-consuming that an uneducated person is unable to complete the transaction. In Tanzania and Ethiopia co-operatives have priority in acquiring land (which is state-owned and free of charge). In Lesotho land is held in trust by the King and allocated.

The co-operative housing programme developed by ICHDA for the new capital of Tanzania, Dodoma, will receive block allocations of land, thereby cutting legal, survey and other fees considerably.

- Finance

Low income groups normally cannot provide security for mortgage loans. By saving through a co-operative they can give evidence of repayment capacity, the co-operative can negotiate a joint loan (i.e. single mortgage), it can make arrangements with employers for salary deductions and can reduce administration costs of loan repayments.

- Joint purchases

The co-operative can purchase building materials in bulk, making cost savings for the members. In Ethiopia co-operatives have priority in materials allocation and in Lesotho the Technical Service Organisation, LEHCO-OP (see below), developed a building materials department, Production Systems, to manufacture and provide suitable materials.

- Working together in Self-Building

Self-help does not always mean self-build. The two concepts are often confused. Very few projects are built entirely with self-help labour, i.e. by the families who will live in the housing units. It is hard to have a full time job, to spend a long time travelling to and from work and then to build a house in one's spare time, especially if the site is far from the existing dwelling.

Often the co-operative will employ labour, as in Lesotho, which is augmented by self-help building, or families will directly hire labour and the members in rotation will supervise a number of sites whilst others are at work. In other projects, groups will work on each house in rotation until all are completed. A rough estimate is that 20% of costs can be saved by self-help labour, or 'sweat equity'. Just as important is the self-help element in the organisation and management of the project.

- Security

Protection from indiscriminate eviction by profiteering landlords and freedom from high speculative rents is an important factor encouraging individuals to join a co-operative. By removing the speculative element housing co-operatives can greatly reduce the burden on the poor. For example most "squatter" settlements in Kenya are not simply created by rural people erecting a shelter when they come to the city. They are erected by landlords on a semi-legal basis and let at relatively high rents.

- Joint Activities

A housing co-operative exists primarily to provide housing for its members. However, it can undertake other activities based on the community forged through membership. Community facilities can be provided, for example, the Monalilitoe Housing Co-operative Society in Lesotho provides pre-school facilities for members and is planning the construction of a community centre and a consumer shop. Employment-creation activities have sprung up in a number of societies such as small scale industries, handicrafts and so on.

- Participation

This last item should be self-evident for a co-operative leadership. That is, the members have a democratic opportunity to influence the shape of their community, through such elements as physical lay-out, home design and provision of community facilities. In many cases large areas are planned without participation leading to economic and social problems when houses are finally occupied or upgrading of an area is completed.

Experiences of Selected Countries

The above advantages are clear but implementation of co-operative housing projects poses many problems which require much experience to overcome. The growth of housing co-operatives in Africa has been slow: for each successful society there have been many failures. The reasons for this are clear. Developing a housing project is a relatively complex and time-consuming business requiring skills which many low and even middle income groups do not possess. Even the strength gained by individuals forming a society is insufficient without a skilled leadership and an informed membership which is clear about its rights and obligations.

Even then it can be difficult to obtain land and finance and to develop a site. The pressure of demand, indicated at the beginning of this article, does not allow a slow growth of housing co-operatives entirely from below. Strong but sensitively handled support must be given. Each of the four countries we are examining has come to a different solution, but with many factors in common. Let us examine them in turn.

Lesotho³

An institution entitled LEHCO-OP was created in 1975 to promote housing co-operatives in Lesotho, and was established as a para-statal organisation with funding from the Government and from the United Nations Development Programme. Mortgage finance came from the UN Capital Development Fund; the expertise was provided by ICHDA. A promoting body of this kind is known as a Technical Service Organisation (TSO) and provides the skills not to be found amongst the membership and potential membership of co-operatives.

The first task was to establish the first housing co-operative (called Mphalilitoe "the lily") of 200 units for low income families which was built partly by self-help. LEHCO-OP is now established as a developer of low-income non-profit housing and in developing the successful Mphalilitoe project much was learned that is being applied to further projects now under construction. For example, insufficient emphasis was placed upon education and training for co-operative members leading to misunderstandings concerning loan repayments. As mentioned above, LEHCO-OP also operates a successful building materials and components division which sells to the open market as well as providing for its own projects.

As mentioned above, LEHCO-OP also operates a successful building materials and components division which sells to the open market as well as providing for its own project.

Kenya⁴

The only clearly successful societies in Kenya are those developed by the Ismaeli community in Mombasa and Nairobi. Whilst a few other societies have achieved some degree of success in providing housing for their membership, many have experienced severe difficulties. The principle reason for these problems has been the lack of technical, organisational, financial and legal services to assist housing co-operatives achieve their objectives. On the basis of much research, study and discussion at numerous national workshops in Kenya over the past four years, it has been agreed that national sponsoring organisations have proven to be the most effective means towards implementing large-scale co-operative housing programmes. This concept has been adopted by the Kenya Government.

Consequently a proposal has been prepared to establish the National Co-operative Housing Union (NACHU). It will be a non-governmental body and organised as a co-operative union. Membership is drawn from national co-operative bodies such as the Kenya National Federation of Co-operatives and the Co-operative Bank, from trades unions, the employers organisation; the National Christian Council of Kenya, primary co-operative housing societies, and from Government. Its tasks will be as follows:

Organisational: the formation and endorsement of housing co-operatives, education of the membership, establishing the by-laws, preparing for registration by the Department of Co-operative Development;

Planning: determining housing requirements of prospective membership, establishing feasible plans for satisfying those requirements including costs, sources of financing and repayment terms;

Design: preparation of site and house plans based on the financial capacity of the membership; assistance in the design and organisation of self-help and mutual-help shelter and housing programmes;

Intermediary: assistance in locating and acquiring land, in securing long-term financing, in engaging a building contractor, and liaison with local authorities and national housing agencies;

Estate and financial management: establishing and maintaining books of accounts, monthly payment and delinquency procedures, auditing, collection and maintenance reserves, and organisation of savings schemes.

At the time of writing the proposal has been submitted to the Treasury for final approval as the initial operating costs will be provided by Government until NACHU is self-supporting at the end of six years. All mortgage financing will come from within Kenya. It is planned that 5,600 units will be completed or under construction within the first five years and the total mortgage funds to be utilised will amount to approximately six million Kenya pounds (about U.S. \$12 million). It will be a permanent institution which will continue to promote housing co-operatives for many years to come. The basis on which NACHU will be established is the clear willingness of groups in Kenya to participate in developing housing on a co-operative basis.

Tanzania⁵

Despite an extremely favourable climate for co-operative development in Tanzania, only a few housing societies have managed to successfully develop sites for their members. The reasons are largely the same as those given above for Kenya, i.e. lack of integrated support.

ICHDA has been working in the new capital, Dodoma, and a proposal put forward for developing the new housing required on a co-operative basis has been accepted. The advantages of co-operatives in the particular situation of Dodoma are numerous:

- i) Housing co-operatives (and housing in Dodoma) are priorities for finance from the Tanzania Housing Bank.
- ii) Housing co-operatives are given priority in allocating sites in Dodoma. A co-operative can be given a site which it can later sub-divide according to its own by-laws if it wishes.

- iii) Block allocation to co-operatives accelerates the surveying of areas as cadastral surveys are not required, at least in the first stages.
- iv) Housing co-operatives and savings and credit co-operatives are suitable institutions to organise savings programmes amongst their members to enable funds for a deposit on a loan to be accumulated.
- v) A joint responsibility for repayment of a loan (for example, through a single mortgage co-operative) puts greater pressure on individuals to repay loans and also allows flexibility within the group if for example, a member is ill and cannot repay for a short period. It also considerably reduces collection costs for the TSO.
- vi) There has been considerable work done in Tanzania on housing co-operatives and particularly on employment-based societies. These are particularly suitable for Dodoma as some ministries and parastatals already have housing co-operative societies or savings and credit co-operative societies.
- vii) Co-operatives can be the basis for organising joint activities such as digging storm-water drainage channels, working together in self-building, purchasing building materials in bulk, tree planting and horticulture.

The Technical Service Organisation which has been proposed is the "Dodoma Housing Society" (DHS) which will be a union registered under the Co-operative Societies Act of 1968. It is designed for the particular circumstances of Dodoma where speedy development of new housing is required as well as improvement of an existing squatter area.

However, ICHDA has recommended that whilst the support of DHS is essential, primary societies are allowed to develop first, by organising savings programmes etc. The members must not feel that co-operatives are being imposed upon them. Eventually the primary societies will be the majority shareholders in the DHS. It is planned that 500 units will be constructed in the first phase as well as upgrading the squatter area.

The total cost will be in the region of US\$2,700,000.

Ethiopia⁶

As noted above, Ethiopia gives priority to housing co-operatives and in this case the Ministry of Urban Development and Housing (MUDH) acts as the TSO. The MUDH selects low-income households according to established criteria. They usually belong to the same workplace or to the same urban dwellers association. Prospective members are provided with necessary training in co-operative activity and management and following this the co-operative is registered and is entitled to take a loan from MUDH. The Ministry then:

- i) Selects and prepares the appropriate site plans and standard of house designs;
- ii) assigns a site supervisor who controls and guides the construction activity till completion;
- iii) disperses the money according to the recommendation of the site supervisor;
- iv) assists the self-help unit in the acquisition of building materials;
- v) controls and guides the co-operative activity of the self-help unit;
- vi) monitors the repayment once the participants are installed in their new homes.

Another organisation which finances co-operatives by way of loans is the Housing and Savings Bank (HSB). This bank has granted more favourable loan terms to co-operatives such as longer grace periods, mortgage terms according to age only (irrespective of income), higher maximum loan amounts and no requirement for down payment.

This favourable situation has resulted in a rapid increase in the formation of co-operatives as a result of which many loans have been utilised.

Although co-operatives have had considerable success, this does not mean that they have been without problems. They have faced shortages of supplies and price increases of important construction materials, mainly cement. Furthermore, as co-operative housing construction has been introduced very recently the members often lacked co-operative spirit as well as organisational and administrative experience. This was responsible for delays and higher costs of construction. In such cases the HSB has prolonged the grace periods to avoid additional financial burdens for co-operative members.

Yet the achievements of co-operatives housing in the past four years are encouraging: from July 1978 till May 31, 1981 420 co-operatives with 11,791 members have been organised of which 141 co-operatives with 4,136 members have received legal entity, 123 co-operatives with legal entity and a membership of 3,738 have moved into their new houses while 18 are still constructing.

From July, 1978, till May 31, 1981 loans of 43,049 birr were approved by HSB to be granted to co-operatives of which 42,986,756 birr were utilised.

Conclusion

These brief examples point to a number of elements which must be present for a successful housing co-operative movement to develop. A primary society requires a group with a common economic need, some kind of affinity (e.g. the same workplace) and a commitment to mutual action on a self-help basis. The society must ensure that its members are fully informed of their rights and obligations and therefore a pre-member and member education programme is essential. However, whilst co-operative literature in most countries has a lot to say about the principles and practices of co-operatives it often says little about good leadership and sound management. These are essential and must be fostered.

Each of the countries exemplified has come to a similar conclusion i.e. housing co-operatives can help mobilise latent self-help resources but co-operative societies alone cannot develop quickly, if at all. They require consistent support from TSO in land acquisition, legal services, obtaining finance, co-operative organisation, management, physical planning and design, access to materials and so on. LEHCO-OP in Lesotho, NACHU in Kenya, DHS in Tanzania and the activities of MUDH in Ethiopia are all responses to this perception.

In advocating this approach one has to be careful. Primary societies must be allowed to develop as democratic organisations and not be seen as imposition from above.

The role of the TSO is in encouraging co-operatives and providing them with technical support to enable them to reach construction and financial targets. A great deal of attention must be paid to having a clear understanding of the respective roles of the TSO and primary societies. In this context my personal preference is to have TSO's which are or eventually will be controlled by primary societies, a genuine co-operative union.

After a slow start co-operative housing is poised to develop speedily in Africa and to provide housing in increasing quantities for lower income groups using techniques which have been developed by ICHDA and its member organisations. The experiences of each of the four countries used as an example is highly relevant to other African countries wishing to promote self-help housing on a co-operative basis and indeed, to other developing countries.

REFERENCES

1. World Bank, *World Development Report 1981*. Washington, 1981.
2. United Nations, Department of Economic and Social Affairs. *Non-Profit Housing Associations: Organisation, Financing and Structural Integration*. New York, 1975.
3. Koelane, L. *Co-operative Housing in Lesotho*. Paper submitted to DESWOS/CDG/UNCHS Workshop on "Teaching Materials and Training Programmes for Co-operative Modes of Participation in Slum and Squatter Settlements". Nairobi, September 1981.

Campbell, W. J. and Galindo, E. "Low Cost Co-operative Housing in Lesotho". *Review of International Co-operation*, Vol. 73, No. 1, 1980.
4. *Co-operative Housing for Low-Income Workers: Report for the Ministry of Co-operative Development and the Central Organisation of Trade Unions, Kenya*. Nairobi, 1978.
5. Alder, G., Baldeaux, D., Lee-Smith, D., and Wakeham, S. *Low Income Housing in Dodoma: Project Proposal Report*. UNCHS, Nairobi, 1981 (unpublished).

A Housing Policy and Strategy for Dodoma: Report prepared by ICHDA for UNCHS, 1980.
6. Zerezghi, T. M. *Self Help and Co-operative Housing Construction in Ethiopia Since 1974*. Paper submitted to DESWOS/CDG/UNCHS Workshop (See 3).

Other Sources Used

- Habib Gashumba, C. *The Development of Housing Co-operatives: An Overview of East and Central African Countries*. International Co-operative Alliance, Moshi, 1981.
- Lewin, A. C. *Housing Co-operatives in Developing Countries*, Wiley, Chichester, 1981.

CO-OPERATIVES IN ZIMBABWE

by

Basil Loveridge

The Background

The co-operative movement in Zimbabwe has developed almost exclusively within the agricultural sector and can be viewed from three perspectives:

1. the commercial farming groups which have evolved into companies;
2. the formalised co-operative structures within the peasant farming sector and;
3. the informal savings-cum-development groups, which have evolved among peasant farmers.

The first co-operative (a Civil Service Association) was formed in 1902. Six years previously, in 1896, Earl Grey who had the year before been President of the first Congress of the International Co-operative Alliance held in London, was appointed the first resident administrator of Rhodesia.

Legislation for co-operatives was first enacted in 1909 and was followed in 1926 by a Co-operative Companies Act which provided for limited liability and weighted voting by shareholders. The present Co-operative Societies Act dates from 1956 and was designed especially to provide for the organisation of self-help groups among African peasant farmers. Various Amendments have been made to this Act, the most recent being the provision allowing informal groups or associations to become members of registered co-operatives.

The economic objectives and policy measures which the Government of Zimbabwe seeks to pursue were set out in an Economic Policy Statement entitled "Growth with Equity" (February 1981).

Its first paragraph states that the economic objectives and policy measures which the Government will pursue are:

"directed towards the attainment of a socialist and egalitarian society to which the Government of Zimbabwe is committed. At the same time it is set in a framework of a dynamic process, responsive to the requirements of time, circumstances and actual situations".

Paragraph 2 states:

"This statement of policy seeks to inform the people of Zimbabwe and to enlist their participation and active support in the development process".

These concepts were taken up by the Riddell Commission Report (page 2). The Commission

"was specifically required to have regard to the need for an equitable system of employment, conditions of service and remuneration consistent with a free egalitarian society".

These few quotations are drawn from a wealth of current literature and reports, which show a dedication to democratic socialism, with a pragmatic approach. Such an environment is ideal for good co-operative development.

Government has stated that it is committed

"to the establishment of co-operatives in all fields of productive enterprise, and will seek to provide training for co-operative personnel and general assistance so as to ensure democratic, orderly, and profitable functioning of co-operative enterprises".

The Present Situation

The damage to property and dispersal of members caused by the war resulted in about half the marketing and supply societies remaining inactive. However they are being steadily started again. The value of peasant sector produce marketed through the national marketing agencies (i.e. that part of the agricultural production of the peasant sector not consumed within that sector)

fell steeply from Z\$ 22.6 million* in 1978 to Z\$ 15.9 million (provisional) in 1979. The Producer Societies' turnover declined by 32% in the same year.

Table 1

<u>Categories of Registered Primary Societies (1981)</u>	
Producer (marketing and supply)	330
Credit unions	18
Thrift and loan	5
Consumer	3
Housing	1
Home industries - weavin etc.	2

* 1 Zimbabwe dollar = U.S.\$1.3

Table 2

<u>The Growth of Primary Societies</u>					
Year	Number of Societies	Member-ship	Z\$ Share Capital	Z\$ Turnover	Z\$ Statutory Reserve Fund
1956	2	187	148	842	-
1960	21	1,830	7,292	143,974	1,138
1965	169	14,742	40,716	1,258,932	15,820
1970	283	27,397	73,413	2,000,720	69,653
1975	310	39,675	107,988	4,934,829	128,735
1976	328	41,258	110,490	5,260,143	131,347
1977	327	40,995	110,942	3,494,029	145,849
1978	326	41,132	108,365	3,321,694	175,904
1979	326	40,630	108,766	3,525,410	181,145

During the years 1966-1975 13 co-operative unions were formed, of which 12 are still active. They accept all co-operatives into membership, but producer societies (marketing and supply) make up the majority.

The Central Association of Co-operative Unions (CACU) with 8 members only, has been registered, but remains inactive. Its total share capital is Z\$2,822.

Table 3

<u>Membership and Share Capital of Co-operative Unions</u>		
Name	Number of Society Members	Share Capital Z\$
South Mashonaland	73	12,260
Central Mashonaland	30	2,350
Somabula	18	670
Lomagundi	20	2,180
Bindura/Darwin	44	3,500
Belingwe	12	590
Siyapham Bili	10	1,060
Rusape	16	13,471
Hlanganani	10	165
Umtali Gunwe	5	790
Mutasa Inyanga	9	760
Gurwe	10	940
	<u>257</u>	<u>38,736</u>

With the re-registration under the Companies Act (Chapter 190), all but one of the 20 co-operatives registered under the repealed "Co-operative Companies Act", providing mainly for larger scale commercial farmers, were removed from the provisions of the law covering registered co-operative societies. The remaining society resolved upon voluntary dissolution.

No history, of co-operative development in Zimbabwe, would be complete without reference to the successful establishment of various un-incorporated and un-registered groups which conduct their affairs as associations of members who undertake economic and business activities.

They include: Savings Clubs (SDM - The Savings Development Movement) Silveira House Agricultural Development Groups; and Master Farmers' Clubs, their total membership exceeding that of registered co-operatives.

Marketing and Supply Societies

During the past 25 years primary marketing and supply co-operatives have been established throughout the peasant and small farm areas of Zimbabwe. They are registered as "Producer Co-operative Societies Limited" and are the dominant feature of primary development.

They assist small scale farmers with:

- i) Supply of agricultural inputs (fertiliser, pesticides and simple tools, bags for produce);
- ii) Marketing of produce. In most crops they act as registered suppliers to the Grain Marketing Board - collecting, storage and transporting. They also disburse payments to members;
- iii) Other activities
 - consumer supply of groceries etc.
 - custom milling of grain
 - sale of skins and hides
 - some cattle sales

These societies were built on a self-help basis, and they constructed, or purchased from their own resources, buildings, scales marketing and office equipment. Fifty five of the Producer Co-operatives are in small farm areas and nearly three hundred in the communal farming areas (previously Tribal Trust Lands (TTL's)).

Many of them operate very simply and when engaged in supply and marketing only provide seasonal employment. At present less than half have an office or building and business proceeds on an ad hoc basis. They have often left a poor image, partly due to their association in the past with the Ministry of Internal Affairs, so that public understanding of their value is poor. However, there are well-established groups with an office and simple storage facilities for supplies and occasionally groceries and hardware. In rare cases, a separate building may house a milling unit.

Because of the impact of the war no meaningful or helpful analysis of the past five years' growth is possible. They are recovering and it was hoped all would be re-established by the end of 1981.

In 1980, the total annual turnover of the marketing and supply societies rose to nearly Z\$ 15 million when they were chosen to undertake the task of procuring and delivering to distribution centres in the field all inputs for the peasant sector under the UNHCR Rehabilitation (Summer Pack) Zimbabwe Government Drought Relief Scheme.

There are however two problems:

- i) Only 5% of peasant farmers may be members. But only 10% to 15% of peasant farmers have marketable surpluses. Of those who market, maybe 30% are members of a co-operative.
- ii) The dependence of primary societies on the Co-operative Unions. This impression may be encouraged because of the several services provided by the Unions but the record suggests there is little room for criticism of the Unions. The primary societies regard the Union as their servant. And the 2% commission, or 10 cent per bag, is reasonable in view of the services provided.

It has helped to build strong secondary co-operatives.

The influence of the war on the Producer Co-operatives, is seen in the increasing number that failed to market produce in the years 1977-80.

1977 : 96

1978 : 132

1979 : 170

1980 : 156

In 1980 the Producer Co-operatives marketed:

Maize	3,154 tonnes	Wheat	31 tonnes
Sorghum	194 tonnes	Soya Beans	115 tonnes
Shelled Groundnuts	442 tonnes	Barley	231 tonnes
Unshelled Groundnuts	1,482 tonnes	Cotton	1,586 tonnes

Other crops totalled 6,271 tonnes, including:

sunflower seeds, nyemba, green tea, sugar beans, sesame, seed beans and sunhemp.

Table 4

<u>Turnover in Supply Operations by Producer Co-operatives</u>	
<u>1980</u>	Z\$
Fertiliser	1,142,152
Seed	317,248
Agricultural Hardware	65,610
Pesticides and Fungicides	121,180
Veterinary and Stock Feeds	13,561
Store goods	112,959
Fuel and Oils	4,025
Packaging	33,566
Other	142
	<hr/>
	1,810,443
	<hr/>

Co-operative Farming Groups

The significance of the farmers groups sponsored by DEVAG (agricultural extension services) must not be overlooked. They are engaged in planned common farming practices and supply and marketing operations. There is every reason to believe they will grow into co-operative societies.

Savings Development Movement

The Savings Development Movement grew out of the efforts of a Roman Catholic priest who first attempted to organise Credit Unions. He found them inappropriate to rural conditions and started "Savings Clubs", where 40-50 local people come together to save regularly to buy in bulk agricultural inputs and packaged improvements.

The clubs use saving stamps and very simple systems. In 1980 it is estimated they saved over £100,000. For the future the Savings Development Movement planned as follows:

- a) Short term - the establishment of a minimum of one thousand Savings Clubs (50,000 peasant families) during 1981/82. (This has already been achieved).
- b) Long term - to make SDM services available throughout the peasant farming areas and to assist the sound growth of farming co-operatives culminating possibly in a Peoples' Co-operative Bank.
- c) General - to promote the concept of Savings Clubs as as basic functional unit for village development, e.g. the basis of community action in improving health, water supplies and other amenities.

Thrift and Credit

Until recent years only a few attempts have been made to identify the needs for agricultural credit in the peasant farming areas and to make some attempt to provide it. Since 1978, with the help of the Whitsun Foundation, there has been available a strategy for rural development and a data bank, and more recently a peasant sector credit plan. Together they form the core of the small farmers credit programme.

For over ten years the Silveira House Adult Education Centre has operated a small farmers group credit project based on people who have attended courses. At present it has over 400 groups in different areas, subdivided into regions. They have characteristics of simple thrift and credit societies, but also provide supply and marketing services. Before the emergency, repayment rates were very good and there is evidence they are returning to that level. Silveira House wishes to have its groups registered as co-operatives.

The Agricultural Finance Corporation (AFC) which formerly served only commercial farming (usually large scale) administers the *Small Farmers' Credit Programme* and, with the assistance of the World Bank, will provide credit services to about 75,000 peasant farmers by 1985. Mainly short-term, but also medium-term loans will be available. THE AFC is the only officially-assisted source for agricultural credit. It has a good reputation and its levels of competence in records, accounting and administration are high. In the first two years of operation (April 1978 to April 1980) over 2,000 applications for loans were received, and in the past year about 21,000 farmers received loans.

Co-operatives Unions

There are 12 registered Co-operative Unions - at least one in each province. The typical union has a small warehouse and office at the provincial capital. The warehouse is usually small, but the office may be big enough to accommodate up to a dozen staff engaged in keeping the accounts of primary societies.

The unions provide the following services to member co-operatives:

- i) Centralised accounting services. The primary societies keep books of original entry only - receipts, payment vouchers and waybills, etc. All the account books are kept at the Union. The system is a model of its kind. Many places elsewhere have recognised its value, but few have had the success of Zimbabwe.
- ii) Wholesaling of supplies (inputs) to Producer Co-operatives - fertiliser, insecticides, seeds and tools, ploughs and spare parts, and bags for produce. This service is sometimes linked with supplies provided under credit programmes.
- iii) The primary society arranges the local assembly and transport of agricultural produce to the Grain Marketing Board while the Union handles all the administration. On receipt of a society's copy waybill, and notification from the GMB of the value of the assignment, the Union pays the co-operative immediately and awaits reimbursement from GMB in three to four weeks.

Some primary societies pay a 2% commission of total crop sales, whereas others pay 10 cents per bag.

Most of the unions have been quickly caught up in post-war development plans. These have been pressed forward by the USAID grant of Z\$ two million for the erection of depots and distribution centres in rural areas. Part of their purpose is to support input distribution under the new peasant credit programme.

Unions have been quick to seize the opportunity to build three or four well-placed larger depots "growth centres" and smaller distribution centres in clusters of primary societies. In this way inputs can be organised early and distributed to vantage points ready for the planting season. They will also have a role to play in the marketing system.

There is also a registered "Central Association of Co-operative Unions" (CACU) but so far it has not been active.

Co-operative Farming Societies

The resettlement projects are in the forefront of Government strategy and much thought and planning is going into the scheme. Considerable progress has already been made with the projects for co-operative farming which in many ways are a very appropriate institution for Zimbabwe's present circumstances.

There are 3 types of settlement:

Model A

Land is occupied on the basis of individual right of occupancy on arable land (usually 5 hectares) and use of communal grazing land. The majority of projects are of this type.

Model B

Collective land ownership and occupation. Labour is joined in co-operative farming. Trading surpluses are distributed on the basis of labour input.

Model C

A core estate is owned and collectively managed. It operates as a collective by members who also have individual plots.

Zimbabwe already has two long-established projects of Models B and C, at Mondoro, and the Cold Comfort Farm Society.

Because of heavy rains in April/May 1981 progress was a little delayed, but a co-operative farm that has made great progress, and may serve as a model to others is, "The Simba Youth Project Co-operative Ltd."

The group came together in September-November 1980, initially 15 in number but now 58 of whom 14 are women. Their ages are 18 to 35 and their background as "Freedom Fighters" and political refugees reflects the type of person that Co-operative Farming was expected to attract.

They have a strong and clear dedication to their project. It is unquestionably self-managed; after registration they removed non-residents and reformed the management committee whose 7 members are responsible for organising sectors of the work and report weekly at a committee meeting. The Chairman acts as General Manager.

They started work in October 1980 without pay in difficult conditions, inheriting a 600 hectare farm, (with derelict buildings) which was previously used for growing tobacco. They managed to sow 85 hectares of the 110 hectares ploughed for them and during the first season they re-roofed farm buildings, constructed some farm equipment (a very workable trailer was built from an old chassis found in the bush) and built a chicken house for 700 birds, and a latrine.

The Department of Co-operative Development

The Department of Co-operative Development, which earlier formed part of the Ministry of Internal Affairs is now part of the Ministry of Land, Resettlement and Rural Development.

The staffing situation in October 1981 was as follows:

Head Office - Salisbury

- 1 Director and Registrar of Co-operatives
- 1 Deputy Director
- 2 Assistant Directors - a) Development/Planning
b) Technical
- 2 Provincial Marketing Co-operative Services Officers

In The Provinces

- 8 Provincial Marketing and Co-operative Services Officers
- 16 Marketing and Co-operative Services Officers
- 26 Marketing Extension Officers
- 28 Senior Marketing and Co-operative Assistants
- 89 Marketing and Co-operative Service Assistants

Conclusion

The government of Independent Zimbabwe is seeking a rapid development of co-operatives. Its policy provides for the growth of new types of co-operatives - co-operative farming; retailing, housing and transport which will be carried forward on the back of the traditional development of marketing and supply societies and the co-operative unions, and will be supported by much improved programmes of education and training. In conclusion there seems to be every prospect for good co-operative development in Zimbabwe.

AGRICULTURAL CO-OPERATIVES IN ALGERIA

by

Keith Sutton*

In the post-1971 'Agrarian Revolution' in Algeria co-operatives have been made central to the restructuring of a significant portion of the agricultural system. These developments during the 1970s are reviewed and some of the socio-economic characteristics of the co-operatives are shown. However, critics of the Agrarian Revolution and of the co-operatives have questioned whether they really are co-operatives and whether it is proving a revolution other than in name only.

Co-operative Antecedents in Algeria

Independence in 1962 was politically and economically a traumatic break. The bulk of the European population departed and a socialist government took power. Consequently, some of the earlier co-operative ventures in Algeria are of limited significance for the present agricultural co-operatives. As far back as 1893 the *Société Indigène de Prévoyance* (SIP) was formed to help sharecroppers and peasants on the non-French-owned land through loans for planting, harvesting, debt-consolidation and dealing with disasters. In 1937 the SIP extended its interests to cover the marketing of cereals and from 1942 to 1947 it was charged with distributing necessities rationed during wartime. Also co-operative wineries date back to before World War I. In 1952 the SIP changed its name to the *Société Algérienne de Prévoyance* SAP and its activities were expanded to cover all agriculture, both Moslem and French. The SAP became a co-operative for machinery, buying and selling cereals, extension work, and credit provision. However, for many smallholders, their plots were too small to employ tractors and harvesters and these SAP services were too costly¹.

* Department of Geography, University of Manchester

From 1962 the SAPs became *Centres Coopératifs de la Réforme Agraire* (CCRA), but their collective equipment remained too expensive for small peasants to hire. In theory, control of the co-operative marketing institutions was vested in the director and the elected president, but in reality they were virtually controlled by the *Office National de la Réforme Agraire* (ONRA), a semi-autonomous branch of government. Thus a system of quasi-governmental marketing and machinery co-operatives was quickly established after independence.

A more significant forerunner of the present production co-operatives were the self-managed *autogestion* estates established in the aftermath of the flight of European agriculturists. Algeria's 10 million cultivated hectares had been divided unequally between 21,674 French holdings covering 2.7 million hectares of the best land and over 630,000 peasant holdings sharing 7.3 million hectares of often poorer land². As this inequality in landownership was one cause of the nationalist revolution, the nationalisation of French land quickly followed independence. Firstly, many French landowners abandoned their farms and Algerian labourers occupied them to safeguard their jobs. The spontaneity of this seizure and working of about 950,000 hectares supplied the initial motivating force. Then in March 1963 the government expropriated the largest French estates adding another 800,000 hectares to the *autogestion* or socialist sector. Simultaneously, the 'Decrees of March' ratified the earlier spontaneity into an organised *autogestion* or self-management system. Finally, in October 1963, the remaining one million hectares of French land were expropriated and passed into the *autogestion* sector. The settlers' estates were re-organised into about 3,000 self-managed units averaging around 1,000 hectares each in size. Later rationalisation reduced these to 2,071 units in 1976 averaging 1,164 hectares of useful agricultural land³.

The 'March Decrees' 1963 enacted the practice of *autogestion* as a combination of local participation and centralisation. The theoretical structure of each *autogestion* unit was based on the General Assembly of Workers which included all permanent workers but not the seasonal workers. This body elected a Workers' Council which in turn elected a Management Committee of between 3 and 11 members who nominated the President and administered the daily running of the unit.

Ideally, the General Assembly endorses the decisions of the other bodies and debates general issues. The President has, however, to work in tandem with a Director, appointed by the centralised ONRA, who ensures that the unit is run in accordance with governmental policy directives. This ideal structure met many problems associated with poorly qualified staff and under-used or manipulated institutions⁴. *Autogestion* became part of the myth of national revolutionary unity and participatory socialism which ignored the effective diversion of its initial aims. The members became little more than agricultural labourers who executed state directives. Reforms in 1966 disbanded ONRA, but the replacement agencies functioned along similar lines. Also in 1966, 388 *Coopératives Agricoles d'Anciens Moudjahidines* (CAAM) were created for former guerrilla fighters. Much of their 330,000 hectares of land was taken from the *autogestion* sector. A justification for this stagnation into a system of centrally-controlled state farms was made on the grounds that production levels had to be maintained in this vital commercial sector of Algeria's agriculture. Not until 1975 were the centralised bureaucratic structures partly dismantled. The posts of directors were abolished and more flexible local accounting systems permitted. Further, the state marketing and supply agencies were replaced by co-operative bodies elected by the producers, namely the *Coopératives Agricoles Polyvalentes Communales de Services* (CAPCS) at the local level and the *Coopératives d'Approvisionnement en Fruits et Légumes* (CAFEL) at the regional level⁵. These 1975 reforms signified the new perspectives offered by a new wider agrarian reform concerned with land never taken into European ownership.

The early 1970s had also seen the initiation of a score or so pastoral co-operatives in the steppe lands, an approach which was soon to be incorporated in the *Revolution Agraire*⁶.

Production Co-operatives within the Agrarian Revolution

In 1971 the Charter of the Agrarian Revolution was promulgated and since then the programme has been progressively implemented. This consisted of a three-phased redistribution of land and livestock, the organisation of recipients into production co-operatives, the co-ordinated grouping of reform co-operatives together with existing *autogestion* and private farms into service co-operatives, the establishment of a peasants' union (UNPA), and the up-grading of rural settlement structures through a programme of new socialist villages.⁷ Within the redistribution of agricultural assets, co-operatives were to play a central role in that recipients were obliged to belong to a production co-operative apart from a small minority who were permitted to farm under an individual title for reasons such as isolation. Ideally, it was intended that the co-operatives would integrate both beneficiaries and older-established peasant farmers who had the option of membership. The bulk of recipients belong to *Coopératives Agricoles de Production de la Révolution Agraire* (CAPRA) which group together land, and the means of production of the members, who collectively carry out farming operations, purchases and sales. Income is divided according to the hours worked. By contrast, land remains in individual ownership in the *Coopératives Agricoles d'Exploitation en Commun* (CAEC). While working their own land from which they draw their income, individuals have to follow a cultivation plan decided by all members of the co-operative. Private smallholders again may join, but a three to one ratio in favour of the reform recipients must be maintained. A third category of pre-co-operative groupings or *Groupements de Mise en Valeur* (GMV) aims to improve uncultivated or under-cultivated land. Once an adequate production level has been achieved a GMV is 'promoted' to the status of a CAPRA or CAEC. Two other kinds of pre-co-operative were permitted. *Groupements d'Indivisaires* (GI) can be set up by beneficiaries not wishing for the moment to divide up a pre-existing large holding. Also, groups of peasant smallholders and beneficiaries can form a *Groupement d'entraide Paysanne* (GEP) with each member keeping the crop from his own holding.

The basic texts of the Agrarian Revolution stress that the co-operatives are not state organisations but theoretically possess complete autonomy of management with the assembly of co-operators taking the decisions. The co-operative structure favours land consolidation and scale economies for production. Further, the co-operatives can serve, by way of example, to foster similar approaches by small-holders otherwise unaffected by the agrarian reform measures⁸. Detailed constitutions were drawn up for each type of co-operative specifying the organisation and decision-making framework. The structure of each CAPRA's organisation closely parallels that of an *autogestion* unit. The general assembly of all co-operators decides general policy and elects a management council (*conseil de gestion*) to carry out more detailed management and to elect a president who works in conjunction with a financial adviser (*commissair aux comptes*) chosen from a Ministry of Agriculture (MARA) list⁹.

These various kinds of production co-operatives are then grouped into service co-operatives, CAPCSs, open to all agriculturists, with membership being obligatory for land reform production co-operatives, as well as for the older-established CAAMs and the *autogestion* estates. The CAPCS provides services for working the land such as seeds and machinery, markets farm output, and purchases inputs. With the aim of one CAPCS in each rural commune practically achieved, it also acts as an intermediary for state assistance and as a watchdog to ensure adherence to the texts of the Agrarian Revolution. The network of CAPCSs amounts to a system of technical, agricultural, political, and administrative support for rural Algeria¹⁰. Its membership rules specify the monetary contribution, or 'social capital', paid in by each member organisation or individual. The decision-making structure closely resembles that of the CAPRA with the addition of a director appointed by MARA to work alongside the president¹¹. A related programme to improve the marketing of fruit and vegetables through the establishment of CAFELs has been completed with one in each *wilaya*, or regional administrative unit.

Table 1
Results of the Agrarian Reform (Phases 1 and 2)

	30/6/1978	Late 1979	31/3/1980	31/12/1980
	(1)	(2)	(3)	(4)
<u>Expropriations</u>				
- Land (ha)	1,900,000			1,448,392
- Palm trees	1,100,000			1,103,879
<u>Redistribution</u>				
- Land (ha)	1,300,000	1,370,000		1,338,585
- Palm trees	900,			1,083,528
<u>Beneficiaries</u>				
- Individual title	127,000		c.100,000	94,230
	7,481	12,486		13,697
<u>Production</u>				
<u>Co-operatives</u>				
- CAPRA	c.4,700	4,892		4,873
- CAEC	c. 600	887	6,029	614
- GMV	c. 800	534		479
<u>Service</u>				
<u>Co-operatives</u>				
- CAPCS	654			645
- CAFEL	(1977) 31			116 underway

Sources:

1. '7eme Anniversaire de la Révolution Agraire'¹³
2. 'Agriculture et Dépendance Alimentaire en Algérie'¹⁸
3. Zemmouri, K., '8eme Anniversaire de la Révolution Agraire'. *Révolution Africaine*. 852, 1980, p. 20.
4. *Révolution Africaine*¹²

Table 2

Service Co-operatives (CAPCSs) - Services available, 1977

<u>Service</u>	<u>Number of CAPCSs providing the service</u>
Machinery and working equipment	626
Purchase of inputs	617
Marketing of output	590
Financial accounting and administration	627
Training and guidance	240
Credit	107
Repair workshops and spare parts	91
Specialised services e.g. tomato co-operatives, tobacco co-operatives, small-scale irrigation works	15
Bank branch	386
Branch of OAIC (Cereals marketing organisation)	42
Retail shop	411
Direct cultivation of land abandoned by co-operators or vacant for lack of co-operators	73
<u>Total number of CAPCSs</u>	643

Source:

MARA, Direction des Etudes et de la Planification,
Enquête sur les Coopératives de la Reforme Agraire. Algiers,
1978, pp. 53-55.

The results of the Agrarian Revolution by 1978-1980

As Table 1 indicates, some variations and discrepancies exist in the reported results of the agrarian reform. By late 1980 1.3 million ha of land and one million date palm trees have been redistributed to 94,230 recipients¹², though an official statement in 1978 suggested a higher total of beneficiaries. Some variation in total beneficiaries arises from a significant level of resignations from the production co-operatives and abandonment of land by beneficiaries dissatisfied with the quantity of land and the co-operative manner of working it. The 1980 total includes 13,697 beneficiaries allowed to work their land individually as isolation or other factors precluded the possibility of co-operation. The bulk of recipients, however, were grouped into 5,966 co-operatives, 4,873 of which were of the CAPRA variety. A slight reduction in the total number of co-operatives is suggested from the 6,100 recorded in 1978 and 1979, probably as the result of the conversion and merger of the 'pre-co-operative' GMVs into fully-fledged CAPRAs once their production level had been satisfactorily improved. Thus, by 1980, the average membership of all co-operatives was 13.5 which suggests the existence of many very small units. The target of a network of service co-operatives has been achieved with one CAPCS in each rural commune and likewise that of one CAFEL in each wilaya.

By the late 1970s it was becoming generally accepted that these results were limited and disappointing. In particular, the third phase of the Agrarian Revolution, redistributing the pasture and livestock assets of the steppe region's pastoral economy, had faltered to a halt with only a handful of pastoral co-operatives established since its start in 1975. By 1978, 12 out of the 17 wilayate in the steppe region had programmes of reform with projects for *Coopératives d'Élevage Pastoral de la Révolution Agraire* (CEPRA) and 45 CEPRAS were functioning in the wilaya of M'Sila, but elsewhere progress had been slow¹³. The first two phases, redistributing communal and private land, also had a limited impact, much less than earlier anticipated, and so this new agrarian reform sector of Algeria's agriculture was playing a more restricted role than had been projected. The area of land expropriated by December 1980, 1.45 million hectares, was much less than the 3.9 million hectares in holdings of above 20 hectares which the 1972-73 agricultural census suggested as potentially expropriatable land¹⁴.

Furthermore, it had been estimated that one-fifth of private agricultural land belonged to townsmen, absenteeists, theoretically subject to total expropriation. The limited amount of private land eventually expropriated, about 500,000 hectares, represents a serious shortfall on expected targets. A range of evasions, loopholes, and misapplications of the reform measures, together with exaggerated expectations prevalent in the early 1970s, have combined to limit the effectiveness of the agrarian reform's redistribution¹⁵. Of the 900,000 potential beneficiaries, only a tenth had received land. Under the banner of a revolutionary change in agrarian structures, just 8% of the working population in agriculture had received about one-sixth of the country's cultivatable land. Consequently, this new co-operative agrarian reform sector of Algerian agriculture represents a less important contributor than the earlier established *autogestion* sector and the large remaining privately-owned sector. Using 1977 data, Schnetzler has estimated that the agrarian revolution sector accounts for 17.5% of those regularly employed in agriculture, or 6.5% if the large numbers of partly-employed private smallholders are included. The proportion of useful agricultural area in the agrarian revolution sector was estimated as 11.2%. After criticising the shortcomings of the agrarian reform, Schnetzler doubts whether it can function as the innovatory pilot sector of Algerian agriculture¹⁷. Similarly, Mutin has calculated for 1977-1978 that the agrarian revolution sector accounts for 13% of both the useful agricultural area and the irrigated area. It contributed 14% of the production of winter cereals, 1977-1978, 15% of industrial crops, 8% of vegetables, 4% of wine and 5% of Mediterranean fruits, in all cases a lower proportion than either of the other two sectors¹⁸. A similar conclusion was reached by Côte from his innovatory calculations of gross agricultural production in Algeria whereby the often underestimated pastoral economy was incorporated. Employing 1975-1976 data, Côte estimated that only 12% of gross agricultural product originated in the agrarian reform sector compared with 28% in the *autogestion* sector and 60% in the private sector¹⁹. So, from whatever angle they are viewed, the co-operatives of the agrarian revolution play a limited role in the agricultural economy of Algeria.

Socio-economic characteristics of the co-operatives

A more detailed picture of the reform co-operatives is available from a survey carried out by MARA in the period December 1976-March 1977. Most data were sought on those co-operatives functioning during the 1975-1976 agricultural season, so some recently established co-operatives were excluded²⁰. 5,841 co-operatives were surveyed, of which 4,203 were CAPRAs and 528 CAEC co-operatives. A high number of 930 GMVs, 170 GEPs and 10 GI co-operatives were still operating as 'pre-co-operatives'. 78,793 co-operators were recorded for 1975-1976 and the 5,841 co-operatives encompassed a total area of 1,168,555 ha, of which 76.7% was of agriculturally useful land. This produced an average size of 12 co-operators per co-operative (20 for the larger GMVs) and of 153 hectares of useful agricultural area. So, the co-operatives are moderate in size compared with the *autogestion* units. The CAPRAs accounted for 82% of the useful agricultural area and 66% of the co-operators, though this varied regionally.

Only 1.3% of co-operators were women and 13.3% were aged 60 years and above, but that proportion reached 30% and 22% in the western *wilayate* of Oran and Sidi-Bel-Abès. Data on dwelling conditions showed that 52% of co-operator households lived in solid cement or brick houses, 38% in poorer *logements en terre*, and 10% in constructions of reeds, wood, or in tents. Compared with 60% of households situated in isolated dwellings or in hamlets, 34% were in concentrated village settlements and only 6% in the new socialist villages. However, the reputation of the early socialist villages was such that 69% of respondents wished to live in one, plus the 6% already in residence in more comfortable houses and enjoying a better range of services than most other rural households. By contrast, 25% of respondents wished to live in their present house or move to an isolated or traditional village location. These co-operators stressed the advantages of the close proximity of house and reform land and this category was higher for members of the CAEC, GEP, and GI co-operatives, probably the more individualistic types of organisations.

Co-operators' incomes in 1975-1976 came from two sources: 'profits' coming from the previous agricultural season over and above the funds then distributed; and settling-in dues and advances on salary. Members of GMVs received conventional wages until the lands started to produce and the unit was upgraded into a full co-operative. 31% of the CAPRAs made a profit for 1974-1975, but for most this was small, less than 5,000 dinars²¹. In terms of total incomes, only 24% of CAPRAs exceeded the modest amount of 3,000 dinars per co-operator. By contrast, 80% of GMVs distributed 4,000 dinars or above to each member, but national minimum wage legislation applied to these pre-co-operatives. So, incomes were low, often unsatisfactorily low, and members of the fully-fledged co-operatives tended to receive lower incomes. Also there was a tendency for 'profits' to increase with the size of the unit, probably because 1974-1975 was a good season for cereals, the crop of the larger units. When asked about the main causes of difficulties, 70% of the co-operative presidents listed working conditions such as low pay, distance, labour shortages, and absenteeism, 61% listed equipment problems such as inadequacy or slow repairs, and 41% cited inputs as being inadequate, late in delivery and too high in price. Other main causes listed were the late arrival of hired equipment, low prices or slowness in marketing circuits, poor soils and bad weather, insufficient or late credit, and inadequate training.

As well as co-operatives, 9,814 individual recipients of reform land were surveyed. They averaged 4 hectares of useful agricultural land, many smaller units being merely recognition of usufruct rights over communal or other land that became involved in the redistribution process. Of the individual recipients, 25.8% were aged 60 or over, a higher proportion than in the co-operatives.

The MARA survey also provided data on 643 of the 654 service co-operatives (CAPCSs) in early 1977. Again, data referred back to the 1975-1976 agricultural season. Most of Algeria's 703 communes possessed a CAPCS, a few having two. Those without a CAPCS were generally communes with little agricultural land as they were urban or mountainous.

Collectively, the 643 CAPCSs had 4,953 members of their management councils, the vast bulk coming from agriculture plus a few artisans, merchants, and local councillors. Some of these agricultural members were employees of the CAPCSs. Most were representing production co-operatives, *autogestion* units, CAAMs, and the private sector. The agrarian reform sector provided 46% of the membership of management councils. As Table 2 indicates, not all CAPCSs provided the full range of services, though a few did offer additional specialised services. Altogether, the CAPCSs possessed 2,627 wheeled tractors, 1,215 caterpillar tractors, 1,234 combine harvesters, 1,309 lorries, and 948 light vehicles, plus a range of associated agricultural implements. Much of this equipment, available to the production co-operatives, was of recent manufacture, being less than five years old.

Some older equipment had been transferred from the earlier SAPs. The CAPCSs were also direct employers of labour with 15,580 permanent workers in 1977, of which 422 were working reform land not yet distributed or abandoned by its recipients. This average of 24 permanent workers per CAPCS was higher in the richer polycultural coastal zones and near the larger cities. Also, the 1975-1976 season saw 844,970 hours of seasonal labour employed by the service co-operatives. So, despite the successful increase from 333 CAPCS in September 1973 to 654 by early 1977, some deficiencies remained in that certain services were of limited availability in certain regions, especially training and guidance. Also skilled personnel were deficient in both quantity and quality. For example, only 123 out of the 639 directors were qualified agricultural technicians or engineers.

Co-operatives or Quasi-co-operatives?

One area of enquiry ignored in the MARA survey of the co-operative sector was the functioning of its decision-making structures. This omission is quite pertinent in view of recent questioning as to whether Algeria's production and service co-operatives are true co-operatives. Van Malder has questioned both the lack of mass mobilisation in Algeria's Agrarian Revolution and the limited autonomy of the co-operatives in the face of state centralisation and technocratic pressures. On the other hand, if the co-operatives are in deficit, as many CAPRAS and most GMVs are, state help is obviously necessary.

However, the likelihood exists that the bureaucratisation of the autogestion system can re-occur in a co-operative system dependent for much of its marketing and technical assistance on state agencies. As early as 1974 René Dumont, visiting Algeria, commented that the production co-operatives were remaining in the hands of the administration and were, from the outset, over-mechanised with tractors and combine harvesters. Dumont calculated that this mechanised production system cost 10 quintaux of wheat per hectare, whereas the average yield in Algeria was only around 7 quintaux and as low as 4 in the south. He advocated a greater use of fodder and leguminous crops which would lead to a greater livestock capacity, more manure, higher production levels and more rural employment. Instead, modernisation is being confused with mechanisation, and the suspicion is that the Agrarian Revolution is part of a centrally-directed strategy of industrialisation hitherto compromised by a declining agricultural sector providing an inadequate market and insufficient inputs for industry²².

In opposition to this interpretation are the basic texts of the Agrarian Revolution which lay down the regulations for running the various kinds of co-operatives. The hierarchical management and decision-making structure based in the general assembly of all members meets the democratic criteria of co-operatives. The social capital of the production co-operatives is constituted by the land and other means of production contributed by each co-operator. In the case of the CAPRAs, half of any 'profits' over the year have to be invested back in the co-operative, the rest being sub-divided in proportion to the hours worked by each co-operator. Similarly, the CAPCS, after necessary reinvestment, distributes 'profits' in relation to the volume of business transacted with the co-operative by member organisations or individuals²³. In theory, these measures go much of the way towards meeting the basic Rochdale weavers' principles of co-operation²⁴. Mather has pointed out that co-operatives exist in various economic systems and can be adapted to socialist and capitalist economies. "Crucial to the existence of a 'true' co-operative, however, is the freedom of a co-operative to be owned and operated by and for its member-patrons"²⁵. This requirement of ownership and control by and for the co-operators rather than by the state is crucial and it can be questioned whether the Algerian government imposes undue control over the establishment and the subsequent operation of the co-operatives.

Most land reform recipients were compelled to join a productive co-operative, which in turn had to belong to the local CAPCS. The principle of voluntary membership only applied to private agriculturalists subsequent to the formation of the co-operative. If a co-operator wished to leave he had to abandon his portion of reform land to a new recipient. Considering the basic individualism of the Algerian peasant and the unfamiliarity and mistrust of co-operative agricultural work, it is unlikely that a simple land redistribution would have prompted a co-operative approach without the state's insistence on membership. Larson comments that a few governments in developing countries adopt a 'laissez-faire' attitude towards co-operatives but directly organise them and provide guidance and management. With limited resources and knowledge, however, few co-operatives could be started by small farmers without government assistance. The crucial test is probably whether the degree of state control increases or decreases through time. Until that is decided then "a business organisation which practises at least one of the three basic co-operative principles, but not all three" can be regarded as a 'quasi-co-operative'²⁶, with the potential of becoming a 'true' co-operative.

Their non-voluntary origins apart, are Algeria's co-operatives too closely controlled by state agencies? The frequent lack of profitability makes for a close dependency on state assistance. In common with the other sectors of Algerian agriculture, the co-operatives suffer from an unfavourable price structure whereby their input costs for machinery, fertilisers, etc., are rising faster than the prices received for agricultural products through a marketing system closely controlled by state agencies. By the mid-1970s there can be detected some efforts to redistribute incomes somewhat in favour of rural areas and to stimulate domestic agricultural production through increased prices offered for wheat, etc.²⁷. These doubts cover the functioning of the socialist villages for which decisions about house type, settlement form and location have generally come from above with little if any consultation with the potential inhabitants, for the most part members of production co-operatives. Thus, sufficient doubt exists to regard these new organisational structures in the reform sector as only quasi-co-operatives, which have yet to realise their full potential.

Co-operatives and rural development

A more optimistic view of the agrarian reform and its co-operatives is taken by Ollivier who, while admitting its shortcomings, considers the Agrarian Revolution as basic to Algeria's development strategy²⁸. The reform co-operatives are central to his interpretation. Their modest size and theoretical freedom of organisation offer scope for initiative and local responsibility, and form part of a wider decentralisation of management in agriculture, in evidence in the suppression of the state directors in *autogestion* estates in 1975 and the replacement of some state marketing and supply organisations by more co-operative bodies. Ollivier evokes the CAPCS as the main instrument of rural development as it integrates the formerly separate sectors of agriculture and provides, for the first time at commune level, an organisation for planning rural development entirely controlled and managed by local agriculturists. The infrastructural and social contribution of the CAPCSs could well herald more of an agrarian revolution than the limited land redistribution. Further, Ollivier stresses some wider political effects of the decentralisation involved in the co-operatives and the Agrarian Revolution. Worker participation in industry has also increased through a 'Charter on the Socialist Management of Enterprises', and the successful debate on Algeria's National Charter in 1976 took place in a more favourable climate, thanks to the dynamism created by the agrarian revolution.

Another positive view was expressed by Côte stressing that the new CAPRAS had resulted in a major land consolidation exercise which permitted more intensified cultivation. He also welcomed the creation of meaningful area development agencies at the scale of the CAPCSs and the socialist villages²⁹. Miette also interprets the CAPCS as an organ of political representation at the very heart of the peasant masses. It promises to be liberal enough not to weigh heavily on small private agriculturalists but efficient enough to steer rural development in directions consistent with government policy. Miette considers that the dominance of the CAPCSs in the rural economy will encourage private agriculturists to join in order to benefit from the privileges, the advantages of credit, and the marketing opportunities for products³⁰.

Problems and prospects

Despite such optimism the prospects of the co-operatives and the whole agrarian reform sector are beset with problems. Only a minority of production co-operatives appears profitable. MARA's survey suggested that 69% of the CAPRAs made no profits for the 1974-1975 season³¹. Detailed studies in the Mitidja commune of Mouzala showed that only two of the nine CAPRAs had been in profit, 1972-1978³². Hence high levels of land abandonment (*désistement*) and departure of co-operators have occurred. Benachenou found 3,948 *désistements* in the *wilayate* of Saida, Tiaret, Sidi-Bel-Abès and Oum-El-Bouaghi by late 1975, contributing to the problem of rural exodus³³. Further, the co-operators resented the advantages enjoyed by neighbouring *autogestion* workers such as social insurance, annual holidays, and better retirement provision.

Organisational problems have emerged within the co-operatives. The presidents of some CAPRAs no longer participate in the workforce and prefer to foster links with the local bourgeoisie. Conflicts have arisen between the co-operatives' collective interest and that of individual members over the grazing of private livestock on the co-operatives' pastures and the working of private rather than co-operative land. Decision-making is less democratic than was planned, and an internal social hierarchy often emerges³⁴. A 1977 speech by President Boumedienne consequently stressed the need to improve the management of production and productivity, otherwise the co-operators' production efforts would be wasted³⁵.

In the third pastoral phase of the reform the problems seem to have overwhelmed the momentum of agrarian revolution altogether. A few pastoral co-operatives (CEPRA) were established from 1975, the year the third phase was launched, but since then the Code pastoral has been shelved. The potential offered by reform co-operatives was considerable to replace the exploitation of shepherds and pasture resources by the 5% of the 170,000 graziers monopolising half the 8-10 million sheep in the steppe region. In particular, the arduous *azela* contracts, whereby shepherds are paid in kind at a rate of one-tenth of the annual increase in size of flock, were to be replaced by guaranteed minimum wages.

Absenteeists were to be dispossessed, large graziers forced to sell off excess animals above a defined limited size of flock, those receiving redistributed livestock would have to join production co-operatives grouped with established medium-sized graziers into service co-operatives, and 'national' ownership of pastureland was to replace traditional collective rights and private ownership. Supporting measures over livestock vaccination, fodder production and storage, water provision, etc. would have backed up the pastoral co-operatives³⁶. In the event, little has happened apart from the size of the national flock being reassessed at 12 million head, or even as many as 20 million³⁷. The opposition of the large graziers has forced social justice policies into abeyance in the face of production efficiency arguments. Traditional pastoral interests threatened to slaughter livestock or smuggle them across frontiers rather than permit their redistribution. The risks of production losses and the consequent needs for further food imports, together with the sheer scale problems of operationalising the theoretical programme of co-operativisation, have combined to produce an indefinite postponement of the pastoral reforms.

In theory, the agrarian revolution is on-going and the further redistribution of land belonging to absenteeists and large landowners could take place. The extension, by example, of the co-operative system into private agriculture and the adherence of private farmers to the service co-operatives could be anticipated. However, the limited impact of the co-operatives on production and productivity, together with the growing national problem of increasing dependency on food imports, suggest that further growth of Algeria's co-operative sector of agriculture in the near future is unlikely. Stagnation has been the keynote of Algeria's agricultural production, while high population growth of 3% a year has prevailed. Thus, per capita agricultural production has declined from an index of 100 in 1969-1971 to 83 in 1977. Increased urbanisation and higher living standards have worsened this problem. Whereas 70% of national food requirements were covered by production in 1969, by 1977 only 35% were so covered. Similarly, the proportion of agricultural imports covered by agricultural exports, largely wine, which was 98% in 1967-1969, had declined to 11% in 1978. Consequently, Algeria's imports of cereals, meat, dairy products, and other essential foodstuffs, have begun to weigh heavily in financial terms³⁸.

In 1978 net food imports amounted in value to 21% of oil exports, and in 1979 to 15%³⁹. Costly imported basic foodstuffs are then often sold at subsidised low prices. While the 1980-1984 Five Year Plan forecasts the intensification of cereal production on 1 million hectares, the extension of forage and market-garden cultivation, and the development of sheep and cattle-rearing, little contribution is expected from the agricultural sector to the anticipated GDP growth rate of 8% per year⁴⁰.

These large food imports are largely destined for urban-industrial consumers. Indeed, it has been contended that a major impetus behind the agrarian reform was to improve the provision of inputs to, and markets for the urban-industrial sector of the Algerian economy. The co-operatives of the agrarian revolution were to help the agricultural sector break out of its stagnation which since independence threatened to compromise the whole general strategy of economic development based on the promotion of a heavy industrial sector, albeit of so-called 'industrialising industries'. Thus, it can be argued, the agrarian revolution is revolutionary in name only⁴¹. The mass of agriculturists remained apart from the measures and investments associated with the agrarian reform and continued to suffer from pricing systems biased against agricultural products. Likewise, the associated co-operatives can be regarded only as 'quasi-co-operatives' offering the prospect but not yet the reality of a co-operative approach to agricultural production.

REFERENCES

1. Foster, P. 'Characteristics of Co-operative Agricultural Product and Input Markets in Algeria', in Anshel, K. R., Brannon, R. H., and Smith, E. D. (eds.), *Agricultural Co-operatives and Markets in Developing Countries*. Praeger, 1969, pp. 316-317. Miette, R., 'Les coopératives polyvalentes en Algérie', *L'Afrique et l'Asie modernes*, 102, 1974, p. 33.
2. King, R. *Land Reform: A World Survey*. Bell, London, 1977, p. 427.
3. MARA. 'Enquête sur le Secteur Socialiste Agricole. Résultats de la Campagne 1975-76'. *Série Etudes et Enquêtes*, No. 20, 1978, p. 13.
4. Dominelli, L. 'Autogestion in Boufarik'. *Sociologia Ruralis*, XIV (4), 1974, pp. 243-280. Clegg, I. *Workers' Self-management in Algeria*, Allen Lane, London, 1971.
5. Ollivier, M. 'Place de la Révolution Agraire dans la Stratégie Algérienne de Développement'. *Annuaire de l'Afrique du Nord*, XIV, 1975, p. 99.
6. Miette, R. *Les Coopératives Pastorales en Algérie*. *L'Afrique et l'Asie modernes*, 101, 1974, pp. 35-40.
7. Sutton, K. 'Agrarian Reform in Algeria - the Conversion of Projects into Action'. *Afrika Spectrum*, IX(1), 1974, pp. 50-68. Smith, T. 'The Political and Economic Ambitions of Algerian Land Reform 1962-1974'. *The Middle East Journal*, XXIX(3), 1975, pp. 259-278. Schliephäke, K. 'Changing the Traditional Sector of Algeria's Agriculture'. *Land Reform, Land Settlement and Co-operatives*, 1973(1), pp. 19-28.
8. MARA. *Révolution Agraire (Textes fondamentaux)*, CNRA Algiers, 1975, pp. 21-33. Van Malder, R. 'La révolution agraire en Algérie: Tournant politique ou infléchissement technique?' *Civilisations*, XXV, 1975, p. 255.

REFERENCES (ctd.)

9. MARA/CNRA. *Coopération et Révolution Agraire*. Algiers, s.d.
10. Miette, R. op. cit., No. 102, 1974.
11. MARA/CNRA. op. cit., pp. 191-215.
12. 'An X de la Révolution Agraire'. *Révolution Africaine*, 903, 1981, reprinted in *Revue de Presse* (Algiers), No. 255, June-July, 1981.
13. '7ème. anniversaire de la Révolution Agraire - un bilan encourageant'. *Bulletin d'Informations économiques d'Algérie Presse Service*, VI(44), 1978.
14. Secrétariat d'Etat au Plan, *Annuaire Statistique de l'Algérie 1974*, Algiers, 1975, p. 89.
15. Sutton, K. 'Agrarian Reform in Algeria. Progress in the Face of Disappointment, Dilution, and Diversion', in Jones, S., Joshi, P. C., and Murmis, M. (eds.), *Rural Poverty and Agrarian Reform*, Allied Publishers, New Delhi, 1981.
16. Kfourri, C. 'La révolution agraire'. *L'Economiste du Tiers-Monde*, No. 32, 1979, p. 28.
17. Schnetzler, J. 'Ou en est l'agriculture algérienne?' *L'Information géographique*, 44, 1980, pp. 69-71.
18. Mutin, G. 'Agriculture et dépendance alimentaire en Algérie'. *Maghreb-Machrek*, 90, 1980, p. 53.
19. Côte, M. 'Le produit agricole algérien'. *L'Espace géographique*, 8(2), 1979, p. 148.
20. MARA. Direction des Etudes et de la Planification. *Enquête sur les Coopératives de la Révolution Agraire*, Algiers, 1978, 76p.

REFERENCES (ctd.)

21. One Algerian dinar was worth £0.38 in October 1976. *International Financial Statistics*.
22. Van Malder, R. op. cit., pp. 262-269.
23. MARA/CNRA, op. cit., pp. 167-168 and p. 212.
24. Larson, A., 'Universalities of Co-operation', in Ansel, K. R. et al, op. cit., pp.28-40.
25. Mather, L. L., 'The Principles, Functions, and Benefits of Co-operation: the Traditional Model', in Ansel et al., op. cit., p. 25.
26. Mather, L. L., op. cit., p. 21.
27. Van Malder, R., op. cit., pp. 265-268.
28. Ollivier, M., op. cit., pp. 91-114.
29. Côte, M., 'Révolution agraire et espace rural: les cas des hautes plaines de l'Est algérien'. *Société Languedocienne de Géographie Bulletin*, 10(1), 1976, pp. 75-93.
30. Miette, R., op. cit., No. 102, 1974.
31. MARA, *Enquête sur les Coopératives*, op. cit., p. 29.
32. Mutin, G., 'Un nouveau village socialiste'. *Cahiers de l'aménagement de l'espace*, 3, 1978, p. 65.
33. Benachenou, A., *L'exode rural en Algérie*, Algiers, 1979, p. 98.
34. Jazra, N., 'Révolution Agraire et Organisation de la Production'. *Terre et Progres*, 5(10), 1976, pp. 5-12.

References (ctd.)

35. Le Coz, J., 'Dynamique de la Révolution agraire algérienne. La phase de la "bataille de gestion". *Méditerranée*, 35(1-2), 1979, p. 94.
36. MARA, *Textes relatifs à la troisième phase d'application de la Révolution Agraire*, Algiers, 1976.
37. 'An X de la Révolution Agraire'. *Révolution Africaine*, 903, 1981.
38. Mutin, G., op. cit., 1980, pp. 45-50.
39. Ministère de la Planification et de l'Aménagement du Territoire, *L'Algérie en Quelques Chiffres 1980*, Algiers, 1981.
40. Verhack, C., 'Un Plan pour mieux vivre'. *L'Economiste du Tiers-Monde*, July-August, 1980, pp. 8-10.
41. Van Malder, R., op. cit., pp. 269-271.

AGRICULTURAL CO-OPERATION IN SRI LANKA

by

J. M. Gunadasa*

Historical Background

Agricultural co-operation in Sri Lanka has been practised from the time the co-operative movement was introduced into the country**. Considering the organisational form in which it has been practised and the nature of activities carried out its historical background can be divided broadly into four phases as follows:

1. credit phase from 1911 to 1947;
2. phase of co-operative agricultural societies from 1947 to 1957;
3. multi-institutional phase from 1957 to 1972;
4. dormant phase or post 1972 phase.

* Senior Lecturer, Perdeniya University,
Sri Lanka

** Co-operative societies having legal status began to be formed in Sri Lanka only after 1911 when the first Co-operative Credit Societies Ordinance was passed. But even before this year there had been few societies in the country functioning on a co-operative basis and providing assistance to farmers.

During the credit phase agricultural co-operation was restricted to providing credit to the peasantry for agricultural purposes through co-operative credit societies of the unlimited-liability type*. There was no system or procedure to supervise or ensure that the credit obtained from these societies was always used for agricultural purposes. Only a few other co-operatives were concerned with agricultural production during this time**.

Agricultural co-operation in its active form began in 1947 when initiatives were taken to form co-operative agricultural production and sales societies. By 1957 there were 955 of them covering all parts of the island. Their functions consisted in providing credit, manure, seed, agro-chemicals, and marketing the agricultural produce under a guaranteed price scheme introduced by the government. They even resorted to some form of planning for this purpose. During this period other types of agricultural societies to promote the production of tobacco, vegetables and coconut were also formed.

* It was this type that was formed in the rural areas. Credit co-operatives of the limited liability type were formed in the urban areas.

** The majority of the co-operatives at the time were of the credit and thrift types. But by about 1942 there were 16 agricultural marketing societies, 5 palmira products societies, 11 coconut producers' sales societies and 8 dairy societies.

When the idea of multi-purpose co-operation gained currency by the mid 1950s enthusiasm over the formation of single-purpose agricultural societies waned. From 1957 onwards a large number of multi-purpose co-operative societies were formed and many of the co-operative agricultural production and sales societies were converted into multi-purpose co-operatives. By the end of the 1960s there were over 5,000 covering all parts of the island. Serving agricultural needs became one of their functions, as well as those previously carried out by the co-operative agricultural production and sales societies. Along with their other functions*, however, these societies were unable to extend a satisfactory service to fulfil the agricultural needs of their members. It was during this period that government also set up an alternative type of institution called the Cultivation Committee** to promote the production of rice.

In 1971 there was a major reorganisation of the multi-purpose co-operative societies***. By 1972 the number of these societies was reduced from over 5,000 to less than 300 through a process of amalgamation launched on government initiative, and their structure too was changed.

* Other functions of the multi-purpose co-operatives consisted mainly of distributing consumer commodities. Some of these co-operatives were also engaged in carrying out a few industrial activities and construction works under contract.

** Cultivation Committees were set up after the enactment of the Paddy Lands Act No. 1 of 1958.

*** This was done as a matter of government policy following the recommendations of a White Paper based on the Throne Speech in 1970.

Government also passed four legislative enactments* intended to regulate and organise agricultural production on a more systematic basis. By one of these enactments provision was made to set up another type of institution called the Agricultural Productivity Committee** to plan out and promote all forms of agricultural production. Since 1972 agricultural co-operation has been practised mainly through the reorganised multi-purpose co-operative societies and other single-purpose agricultural co-operative societies (table 1).

Structures of Agricultural Co-operation

Co-operatives which provide facilities for agricultural production and marketing can be divided into two main groups:

- 1) those primarily concerned with agricultural production and marketing;
- 2) those where the provision of facilities for agricultural production and marketing is only a secondary function.

Co-operatives of both these groups have two-tier organisations: primaries at the village level and unions at the national level. The types and the number of co-operatives under each of them are as follows:

* Land Reform Act No. 1 of 1972; Agricultural Productivity Law No. 2 of 1972; Agricultural Insurance Law No. 27 of 1973; Agricultural Lands Law No. 42 of 1973.

** Set up under the Agricultural Productivity Law No. 2 of 1972.

Table 1*

Types and the Number of Co-operatives concerned with
Agricultural Production

Group	Primaries		Unions	
	Type	Number	Type	Number
(1)	Coconut Producers	5	Ceylon Coconut Producers Societies Union	1
	Tea Growers	11		
	Rubber Growers	16	Ceylon Rubber Societies Union	1
	Tobacco Growers	26		
	Dairy	30		
	Young Farmers	8		
	D.D.C.** Agricultural	27		
	Other Agricultural	42		
	Total	165	Total	2
(2)	Multi-purpose Co-operatives	283	Sri Lanka Marketing Federation	1
	Credit Co-operatives of the unlimited liability type	935		
	Total	1,218	Total	1

* Source: Administration Report of the Department of Co-operative Development 1978, pp 21, 22, 41 and 42.

** Divisional Development Councils.

The main structural defect of agricultural co-operation in the country is that it lacks continuity of organisation from the village level to the national level. There are co-operatives at the village and national levels, but not at the regional level. Hence there is no possibility of co-ordinating or organising their activities at the regional level. Of the three agricultural co-operative unions functioning at the national level two are concerned with the production and marketing of the two crops, coconut and rubber* The third, Sri Lanka Co-operative Marketing Federation, is more concerned with the marketing of vegetables and other items of food than providing facilities for agricultural production. Thus, there are no national level co-operatives to organise, or co-ordinate the facilities required to promote the production and marketing of other important agricultural products like rice, tea, subsidiary food crops and minor export crops consisting of cocoa, coffee, cinnamon and citronella. This may be due to the existence of governmental agencies like the Paddy Marketing Board and the Departments of Marketing, Commodity Purchase and Agrarian Services which look after their production and marketing. Whatever the reason this structural defect appears to have slowed down the progress of agricultural co-operation in the country.

Another noteworthy feature is that the membership of those co-operatives which are primarily concerned with agricultural production and marketing is an insignificant fraction of the total number of agriculturists who need their services. This becomes clear when their actual membership is compared with the total number of small-scale operators who are engaged in the cultivation of respective crops (table 2). For example, the membership of tea, rubber and coconut co-operatives is 5.6, 0.7 and 0.4 per cent of the total respectively. The total membership of all these co-operatives comprises only 1.1 per cent of the total number of small-scale agricultural operators in the country.

* Ceylon Coconut Producers' Societies Union and Ceylon Rubber Societies Union

Table 2
Membership in Agricultural Co-operation

Type of Co-operatives	Members- ship(a)	Total No. of Small-scale Operators(b)	Percentage of Membership
Tea Growers	3,320	59,267	5.60
Rubber Growers	691	100,736	0.68
Coconut Producers	2,246	628,710	0.36
Tobacco 1848) Dairy 4124) Young Farmers 310) D.D.C. 1501) Agricultural Other 4511) Agricultural	12,294	176,988(c)	6.95
Total	18,551	1,644,579(d)	1.13
Multi-purpose	1,993,736		
Credit (unlimited liability)	85,175		

- (a) Figures from the Administration Report of the Department of Co-operative Development, 1978, pp.21 and 42.
- (b) Figures from Census of Agriculture 1973: General Report, pp. 52 and 57 to 59. Small-holdings in this report refer to extents under 20 acres.
- (c) This is the total number of small-scale operators of crops other than tea, rubber, coconut and paddy. It is used only as a proxy as the relevant data in the required form of disaggregation are not available.
- (d) This is the total number of small-scale operators as given in the Census report and not the total of figures in the column.

Although the co-operatives falling into the second group (table 1) have a much larger membership, agricultural activities in them receive only scant attention. The multi-purpose co-operatives are more concerned with the distribution of consumer commodities and the credit co-operatives with the granting and recovery of loans. It is only now there is some attention is being paid to make the credit co-operatives more agriculture-oriented*.

Functions of Agricultural Co-operatives

The functions of those co-operatives which are primarily concerned with agricultural production and marketing consist of supplying the necessary inputs and marketing the produce with or without processing. The coconut co-operatives purchase nuts, operate processing mills and make desiccated coconut, oil and soap, supply fertilisers and sell the products mainly in the local market. The rubber co-operatives buy sheet rubber and crepe from the small-scale rubber growers and ship them on behalf of the Commissioner of Commodity Purchase. Advice is given to growers on grading and processing. Scrap rubber and crepe are sold in the open market. The dairy co-operatives are engaged mostly in the marketing of milk and supplying feed. The functions of the remaining agricultural co-operatives also consist mainly of providing supply and marketing services relating to the production of crops promoted by them.

Agricultural activities of multi-purpose co-operatives are restricted to the supply of credit, fertilisers, agro-chemicals, a few items of agricultural equipment and the purchasing of mainly paddy. Supply of credit is the only function performed by the credit co-operatives.

State of Management

Due to a number of problems the management of agricultural co-operatives cannot be considered as satisfactory. Lack of competent employees, inability to pay attractive salaries, indifference and lack of management ability and training in the committees of management, political interference and low level of member participation are some of the causes for inefficient management. As a result, a significant proportion of these co-operatives have suffered losses. The number of DDC agricultural co-operatives managed at loss amount to 70 per cent. About 50 per cent or more of coconut, rubber and tobacco co-operatives also operate at a loss (table 3). In 1976, of a total of 292 multi-purpose co-operatives 107 have made losses. It may be due to this that the number of co-operatives have decreased toward the end of 1970s (table 4).

Table 3

The Number of Co-operatives Managed at Loss

Type of Co-operative	Total No.*	No. Making Loss*	Percentage Making Loss
Tea Growers	11	2	18.18
Rubber Growers	16	8	50.00
Coconut Producers	5	3	60.00
Dairy	30	7	23.33
Tobacco	26	15	57.69
DDC Agricultural	27	19	70.37
Young Farmers	8	2	25.00
Other Agricultural	42	23	54.76
Multi-purpose	292	107	36.64
Total	457	186	40.70

* Figures from the Administration Report of the Department of Co-operative Development, 1978, pp. 31 and 42.

Table 4
Change in the Number of Societies
between 1976 and 1978

Type of Co-operative	No. in 1976	No. in 1978
Multi-purpose Co-operatives	292	263
Credit Unlimited	2,445	935
Tea Growers)		
Rubber Growers)	115	32
Coconut Producers)		
Dairy	43	30
DDC Project Societies	196	129
Young Farmers	80	8
Other Agricultural	41	42
Total	3,212	1,459

Source: Administration Report of the Department of Co-operative Development, 1978, p. 21.

Review of Performance

A governmental or public sector in a country ventures into those fields of economic activity which the individuals on their own are unable to embark upon. Nevertheless, depending on the extent to which a public sector expands its sphere of influence, there are certain fields of economic activity which may best be left to the collective effort of the individuals themselves. Agricultural production, particularly in the small farm sector, of a less developed country like Sri Lanka could be considered as falling squarely within this category.

Peasant agriculturists and small farmers are poor because they do not possess the production capacity needed to generate the incomes that make them, at least less poor, if not rich. Of the factors that determine the production capacity of a farmer in a less developed country, land, capital and technological know-how are the most constraining: availability of labour, though a controversial topic, may be assumed as relatively less limiting. Farm incomes, however, do not depend on the farmers' possession of production capacity alone: their production environment consisting of prices, supply of inputs and marketability of produce also matter a great deal.

Peasants and small farmers, therefore, are poor due to two sets of factors: (1) factors pertaining to the possession of production capacity and (2) factors affecting their production environment. In Sri Lanka's small farm sector, a large area of activity falling within the sphere of influence of both these sets of factors still remains without being adequately covered by either the public or the private sector. Peasants and small farmers, left to themselves, are not able to cope individually with the problems affecting them in this area of activity. The role of agricultural co-operatives is to fill the gap resulting from this situation.

Production Capacity of Sri Lanka's Agrarian Community

According to Sri Lanka's Census of Agriculture 1973, those who hold less than 20 acres of land have to be considered as small farmers and peasants. They constitute nearly 98% of the total number of agricultural operators of the country. If one thinks that those who hold land of between 10 and 20 acres cannot be considered as peasants and small farmers still those agricultural operators holding less than 10 acres account for nearly 96%: even those holding less than 5 acres amount to 84%. Hence the agricultural sector of Sri Lanka is dominated by an overwhelming majority of peasants and small farmers. In the category of farmers holding less than 20 acres the average holding size is only 1 acre. The averages for the other two categories (i.e. less than 10 acres and less than 5 acres) are still less. The problem connected with the small holding size is made worse by fragmentation and scattering of farm plots and by traditional tenurial practices. Holding land in this form without clear ownership titles and physical demarcations is still worse a situation.

In a basically agricultural country, if not the entire income of this large segment of the agricultural community (i.e. small farmers and peasants) at least a good part of it comes from farming itself and such incomes are, therefore, dependent upon the usability of their small extents of land. Invariably the incomes of Sri Lanka's small farmers and peasants tend to be very low. According to the Consumer Finance Survey of 1963 the total income of an agricultural operator over two-month period in the rural sector on average amounted to only Rs. 225.24. Even now this is unlikely to have more than doubled. However, assuming that it has doubled, the two months' income of an agricultural family in the rural sector could be about Rs. 500 or Rs. 250 per month. If the average size of a rural family is taken as six² the monthly income per person amounts to only Rs. 42. Such a low income is hardly adequate to save enough to invest in the improvement of farm production. The net savings of families receiving a monthly income less than Rs. 250 is found to vary from 8.1% to 34.0% of the total family income.

Although labour is supposed to be physically available in the small farm sector there are certain disguised problems of its usability. "Among new entrants to the labour force aged 15 to 24 in 1968, three-quarters of those who had passed 'O' levels aspired to white-collar jobs". This situation makes even the physically available labour unusable in farming, especially in the small farm sector. Labour available for use therefore is not so abundant as one is tempted to believe. The readily available labour is not so productive either. Educated and healthy young men and women from rural areas are not ready to work in the small farms of their fathers: they are on the look-out for non-agricultural jobs preferably in towns. Thus, small farmers have begun to face labour problems too.

Measures adopted to Increase Production Capacity

To expand production capacity in a context like this one or both of the following two approaches may have to be employed:

- 1) maintain a desirable land/labour ratio in farm families;
- 2) provide both capital and technology to increase farm productivity.

In the short term at least, the ideal may be to follow both these approaches. The Government of Sri Lanka has followed them with varying degrees of emphasis over the past few decades. Some of them have been implemented through co-operatives. It is the role played by the co-operatives that needs closer examination.

Provision of land. While government is in a more privileged position to provide more land to those who do not have enough of it, the possibility of performing this function by co-operatives cannot be altogether ruled out. There are two ways of doing this:

- 1) by buying land from either the government or private parties and making it available to the needy farmers on some concessionary terms;
- 2) by pooling or consolidating the fragmented and scattered small land holdings to make them economically viable for operational purposes.

What the co-operatives of Sri Lanka have done in these two respects is sporadic and hardly noticeable when compared with the role played by the government. In a few instances co-operative societies have taken the initiative to obtain land from the government for having farms of their own. In such situations they have acted as land owner and those farming the land were regarded more as employees than as persons having a share in both ownership and management. In certain other instances the co-operatives have been persuaded to take over the management of land alienated to persons by the government.

There have been cases where co-operative societies were formed at government initiative to provide the services to those who received land under various schemes of land alienation. From time to time the societies so formed in Sri Lanka were known by various names such as electoral farms, youth farms, co-operative farms, co-operative gammanas (i.e. villages) and farms organised under the Divisional Development Councils (DDCs). Under none of these has land been made available to farmers as a result of the initiatives taken by the co-operatives. The formation of co-operatives to provide services to those who received land under the land reform policy of the government has resulted more from circumstances than from pre-planned and deliberate initiatives taken to develop agricultural co-operatives. Since these were not organised on sound co-operative principles many of them failed to function after the initial spurt of enthusiasm of the patronising bureaucrats and politicians waned. Several attempts made to farm the land on a co-operative basis ended up in failure. Land belonging to co-operatives which tried it finally had to be blocked out and alienated to members for cultivation on an individual basis. The situation pertaining to this aspect of agricultural co-operation in Sri Lanka becomes clearer when the number of agricultural societies that had to be closed down in the recent past is taken into consideration. For example, of a total of 115 tea, rubber and coconut societies in 1976 only 32 were active by 1978. Similarly of 80 young farmers' societies only 8 remained active in 1978⁵.

One salient characteristic of this approach to providing land to small farmers and the landless is that the recipients were mostly young people who were waiting in the villages to get jobs in the non-agricultural sector. Hence to a certain extent it was inevitable that land alienation under these schemes tended to be mixed up with local politics.

The more basic problem of the shortage of land among the older generation of settled agriculturists in the village sector however, has not been altered so significantly through the form of co-operative activity referred to above.

If they followed a more innovative approach the large number of owners of small home gardens could have been persuaded to organise themselves on a co-operative basis to make better use of the under-utilised land holdings. This appears to be more due to the tradition-bound orientation that has constrained co-operatives to perform only historically and politically-determined functions.

Supply of Credit. Although the contribution made for making land available for farming has been marginal, the role played by the co-operatives in providing the much-needed capital to the small farm sector is formidable and well-known. From the very inception of the co-operative movement credit co-operatives of the unlimited-liability-type have provided credit facilities to the rural sector. This may not be considered as agricultural co-operation in a formal sense. But the fact that a substantial proportion of the loans made available by these co-operatives up to the end of the 1940s was designed to promote agricultural production in the rural sector cannot be ignored.

As far back as 1925 it was noted that "The village cultivator has no access to the money market in the ordinary way, and can offer no security which would be acceptable to a commercial bank. The only suitable agency for supplying his credit requirements is a Co-operative Society...."⁶ This form of orientation of the credit co-operatives led to the specification of the need for lending to members for agricultural purposes in their model by-laws in the following terms:

"Loans may be granted by the Society to members applying in the prescribed form for agricultural and other productive, useful or necessary purposes...."⁷

Besides providing loans for agricultural purposes the credit co-operatives of this early period were expected to provide assistance to farmers in other respects. Hence model by-laws were framed to organise three different types of credit co-operatives more directly concerned with providing facilities to small farmers and peasants. These were known as (1) land leasing co-operative credit societies (2) the paddy bank branch of a co-operative credit society, and (3) land mortgage co-operative banks.

Operations of credit co-operatives were interrupted when the World War II broke out; the emphasis was shifted to distribution of consumer commodities. Soon after the war, back came the emphasis on the extension of credit facilities for agricultural production in a more explicit and formalised manner when steps were taken to organise co-operative agricultural production and sales societies. Credit made available for cultivation purposes in a general way by the credit co-operatives now came to be provided in more explicit terms for fulfilling a variety of cultivation needs such as purchase of inputs, buffaloes and machinery, lease of paddy lands and land development work.

Even though the co-operative agricultural production and sales societies gradually began to disappear after the formation of the multi-purpose co-operative societies beginning in 1957, the supply of credit to the farming community through the co-operatives was continued with increasing vigour and interest. And to this day it has remained as one of the important service functions performed by the co-operatives. More often than not the co-operatives in Sri Lanka have been more or less compelled by the government to provide credit for agricultural purposes. Hence it is more appropriate to say that credit for agricultural purposes was given through the co-operatives rather than by the co-operatives.

Over-enthusiasm of the government to extend assistance to the farming community and the use of co-operatives as an instrument to achieve this purpose seem to be the reasons for the above situation. There has been a change of this trend since recent times. However, a large number of co-operatives have not been able to recover from the ill-effects of the indiscriminate and non-co-operative lending policy they had to follow in the past. Increase in the rate of defaulting and indebtedness, irresponsibility in the use of loans and the loss of co-operative discipline in the members are the most glaring of ill-effects that have resulted from this form of lending.

Supply of Material Inputs. It was after the formation of the co-operative agricultural production and sales societies that this function was taken over by the co-operatives on a more organised scale. Whenever loans were given, as far as possible items like seed paddy, manure, barbed wire and ploughs, were given in kind. Tractors for agricultural work were made available on concessional rates of hire.

Activities of the co-operatives in the supply of material inputs increased further after the formation of the multi-purpose co-operative societies. But as time passed the multi-purpose co-operative societies failed to maintain a balance in the supply of those agricultural inputs that the co-operative agricultural production and sales societies were keen on supplying. Thus eventually it came to be narrowed down to the supply of mostly fertilisers and agro-chemicals. In certain instances even these inputs are not made available to farmers in time.

At least two main causes have led to this situation. One of them is the promotion since the late 1950s of other rural institutions like cultivation committees, agricultural productivity committees and now agrarian service committees, to serve the needs of the farming community*. The second reason is the over-emphasis placed on the distribution of consumer commodities: this resulted in a relegation of the agricultural functions of multi-purpose co-operative societies to a secondary place. There were other circumstances which contributed to the evolution of this trend: re-organisation of the multi-purpose co-operative societies in 1971 was one of them. The nomination of complete outsiders to the boards and committees of management of co-operatives may be considered as another.

* Cultivation committees were replaced by the agricultural productivity committee system after 1972. These in turn were replaced by agrarian service committees after 1979.

Service rendered by the co-operatives in the supply of agricultural inputs to farmers has been defective in several respects. If the societies were to do a proper job the supply of agricultural inputs should have been related to some form of cultivation planning. Although this was attempted in some measure under the set-up of the co-operative agricultural production and sales societies it failed to make sustained progress. Thus the supply of inputs turned out to be a haphazard and sporadic exercise. Even in respect of a crop like paddy which received the greatest attention the co-operatives failed to supply on a more organised scale an important item like the much needed seed paddy. In the supply of inputs, excepting vegetables in the hilly areas, attention paid to other crops like tea, rubber and coconut may be considered as still less.

Agricultural Extension and Technology. Along with the supply of agricultural inputs the co-operatives should have provided extension services to improve the production efficiency of farmers. But the co-operatives have failed to do this at least in a rudimentary form. Existence of the government agricultural extension service appears to have prevented the co-operators from recognising the need for organising it by themselves. Similarly, agricultural research, experimentation and demonstration have escaped their attention.

Marketing Facilities

The role played by the co-operatives to make the economic environment conducive to increasing agricultural production in the small farm sector consists mostly of marketing arrangements. This is clearly noticeable from the facilities provided to dairy farmers and growers of tea, rubber, coconut, vegetables, tobacco and citronella, by the single-purpose agricultural co-operatives that were from about the 1930s. They were able to break the monopoly of the private traders. And this helped the small-scale producers a great deal. A noteworthy innovative development that came up, along with the provision of marketing facilities to vegetable growers in the up country areas of the island, was the so called "link up scheme". Under this an attempt was made to fulfil simultaneously the marketing, production and consumption requirements of the farmers.

And for this purpose the services of the three different types of societies - credit, stores and agricultural production and sales were linked for joint operation.

The most important service the co-operatives have extended to farmers in the marketing field consists of the provision of marketing outlets near the locations of production themselves. This has enabled the formerly helpless farmers to dictate terms to middlemen in the sale of their agricultural produce. Middlemen, as a result have had to offer prices higher than those offered before the co-operatives ventured into the marketing field.

Although the farming community of the country has benefited a great deal from the marketing arrangements made by the co-operatives there are several aspects the agricultural co-operative movement has failed to cover adequately. Fluctuation of prices for agricultural produce is one of these. For a few crops like paddy, which came under the umbrella of government's guaranteed price scheme, the problem was not so acute as for crops like vegetables. Without price supports, organising the marketing of these on a co-operative basis has always been a formidable problem. Failure to control supply through both effective farm planning and holding of buffer stocks also contributed its share to spurious price fluctuations. Malfunctioning or the non-existence of an all-island co-operative distribution system is another important aspect that has received little or no attention to date. Absence of co-operation among co-operatives particularly in matters connected with trade, transport and communication appears to be the most conspicuous cause for this form of piecemeal and lop-sided development in agricultural co-operation.

Prospects

It would appear from the account presented above that the future prospects of development in agricultural co-operation in Sri Lanka are centred more on a co-ordinated and systematic approach to increasing the production capacity of the small farmers and peasants. Along with maintaining a desirable land/labour ratio provision of a balanced package of inputs should constitute a vital component of this approach. While looking into the possibilities of giving more land to the landless, steps also may have to be taken to explore seriously the possibilities of organising small-holders to cultivate their small-holdings more productively on a co-operatives basis.

The ultimate success of an approach of this nature however, depends on the supporting services made available on the three fronts, research, extension and marketing. Possibilities of venturing into the field of export marketing on a more organised scale should be explored. It is time for the national level co-operatives to make efforts for establishing trade links with the co-operative organisations of other countries. There is also an urgent need for taking precautions against falling into non-co-operative methods of agricultural development. For it is these that make way for the exploitation of small farmers and peasants by their richer brethren who may not be so badly affected even without co-operatives.

References

1. *Survey of Ceylon's Consumer Finances, 1963. Part I*, Central Bank of Ceylon, Colombo, 1964, p. 93.
2. *Survey of Ceylon's Consumer Finances*
3. *Survey of Ceylon's Consumer Finances*
4. *ILO Matching Employment Opportunities and Expectations: A Programme for Action for Ceylon*. ILO, Geneva, 1971, p. 31.
5. *Administration Report of the Department of Co-operative Development, 1978*. Department of Co-operative Development, Colombo. p. 21. See also table 4.
6. Campbell, W. K. H. *The Ceylon Co-operative Manual*. Ceylon Government Press, Colombo, 1931, p. 23.
7. Campbell.

Other References

Report of the Royal Commission on the Co-operative Movement in Ceylon, Sessional Paper No. II, Colombo, 1970.

Administration Report of the Department of Co-operative Development. Department of Co-operative Development, Colombo, 1978.

Other References (ctd.)

National Co-operative Council of Sri Lanka. *National Seminar on Co-operative Farming in Sri Lanka*, 1976.

Census of Agriculture 1973 Sri Lanka: General Report.
Department of Census and Statistics, Colombo, 1980.

Survey of Ceylon's Consumer Finances, 1963, Part I.
Central Bank of Ceylon, Colombo, 1964.

ILO. *Matching Employment Opportunities and Expectations: A Programme of Action for Ceylon.* ILO, Geneva, 1971.

Campbell, W. K. H. *The Ceylon Co-operative Manual.*
Ceylon Government Press, Colombo, 1931.

Paddy Lands Act. No. 1 of 1958.

Land Reform Act. No. 1 of 1972.

Agricultural Productivity Law. No. 2 of 1972.

Agricultural Insurance Law. No. 27 of 1973.

Agricultural Lands Law. No. 42 of 1973.

National Co-operative Council of Sri Lanka.
National Seminar on Co-operative Farming in Sri Lanka,
1976.

Census of Agriculture 1973 Sri Lanka: General Report.
Department of Census and Statistics, Colombo, 1980.

MALAYSIAN AGRICULTURAL CO-OPERATIVES IN THE 1980s

by

R. J. G. Wells*

Introduction

The 1980s promise to be an interesting decade for agricultural co-operatives in the Newly Industrialising Country (NIC) of Malaysia.** It is envisioned, for instance, that co-operatives will have an important part to play in the success (or otherwise) of policies aimed at meeting the twin goals of the country's New Economic Policy (NEP), viz poverty eradication and societal restructuring. Despite an impressive rate of macro-economic development the basically prosperous economy is still blighted with several seemingly intractable problems related to poverty and inequality. In poverty alleviation *agro-co-operatives* are especially significant and it is expected that they will be a key agency in the modernisation of the rural sector; *inter-alia*, this will involve them linking farm producers to new sources of credit, inputs, services, markets and social services and facilities.

* Lecturer in Economics, University of Malaya, Kuala Lumpur, Malaysia. The author is deeply appreciative of the helpful comments of Sulochana Nair and also owes an intellectual debt to Gordon Foxall for several of the ideas explored here.

** The Malaysian economy has undergone substantial diversification and structural change in recent years. To exemplify, over the period 1970-80, the share of manufacturing in Gross Domestic Product rose from 13.4 per cent to 20.5 per cent and this sector recorded an annual rate of growth in excess of 12 per cent. There were also quite substantial compositional shifts within such sectors as agriculture. See reference 1 .

Malaysia's second economic plan covering the period 1971-75, formulated a New Economic Policy, whose central feature was a dual strategy of reducing poverty irrespective of race and societal restructuring so as to eliminate the identification of race with economic function. While there have been recurring questions about how poverty should be defined and its relationship to inequality there has been a wide measure of agreement that rural modernisation is an economic and political imperative. Out of an estimated 666,100 households in poverty in 1980 some 443,700 (or 67 per cent) were rural based. Rural modernisation policies are relevant to societal restructuring too because Malays and other bumiputras* are heavily concentrated in the rural areas and corrective equity is deemed to require the achievement of racial economic balance in what is still a pluralistic society.

It would be churlish to deny that some headway in poverty reduction and restructuring of society has already been made. The outline Perspective Plan, 1970-90, specified that by its terminal date, poverty should be reduced to 16.7 per cent. When the NEP was inaugurated in 1971, overall poverty was computed to be more than 49 per cent but by 1980 it had been reduced to around 29 per cent. The Fourth Malaysia Plan Report indicates that the restructuring targets - income restructuring, employment restructuring, the restructuring of asset ownership and the development of a commercial and industrial community among bumiputras - has borne good results².

It is difficult to measure the past and present contribution of agricultural co-operatives to the twin goals of the NEP but given the underlying objective of co-operatives and the fact that they are the most widely dispersed rural institution it seems reasonable to surmise that they have aided the process of rural modernisation. They also possess a considerable potential for assisting societal restructuring.

* Bumiputra literally means son of the soil.

While their role in economic aspects such as savings mobilisation, rural credit and the provision of marketing facilities has not been overly impressive during the last decade or so, they have played an increasingly important role in facilitating land development³. Agro-co-operatives for instance, have started more than 30,000 acres of land under perennial crops such as palm oil and horticultural crops. Co-operatives on land development schemes spearheaded by other agencies have helped stimulate community development. There are also the positive but less measurable benefits arising from co-operation such as increased participation in decision-making, the development of managerial and bureaucratic skills, the spreading of economic opportunities and increased social responsibility.

As has been observed by other students of co-operation⁴ co-operatives may have other non-maximising objectives which generate intangible benefits. The self-help argument, for instance, leads to the proposition that co-operatives are a highly desirable form of development since they promote a spirit of independence amongst disadvantaged groups such as rural Malays. Agricultural co-operatives may also serve as a pacemaker in preventing oligopolistic/oligopsonistic market intermediaries from exploiting farm producers. In the rice processing industry of Malaysia the role of co-operative rice milling societies (CRMSs) tends to support these propositions. In the 1950s, for instance, electrically or diesel-powered small rice mills were introduced by the CRMSs; these mills although simpler and smaller in capacity than commercial mills, produced better quality rice of higher yield than that produced by normal methods. They also greatly intensified competition in the industry and provided a 'nursery' for the development of entrepreneurial skills among the rural people⁵. CRMSs also established rice milling unions, one of which in Tanjong Karang in the Western State of Selangor, took over and successfully operated a government rice mill. As noted by Surridge and Webster⁶ the CRMSs by combining marketing, processing and credit activities, have provided worthwhile services to their member-patrons and reduced their patronage of the commercial mills.

The Agricultural Co-operative Movement in Malaysia

The rural co-operative movement in Malaysia incorporates a wide range of credit, marketing, processing and multi-purpose institutions in various and confusing stages of integration. The relatively complex mosaic is in the process of being streamlined but the process is not without its problems. Inevitably there are also differences in agri-business management and performance, in maturity and in the severity of the problems faced by these agencies. Many of the difficulties facing the movement are exogenous in that they are in large measure caused by external forces, especially by government policy. There has, for example, been a lack of clearly defined objectives as to the role of co-operatives in socio-economic development: in the succession of economic development plans that have been formulated, no specific role was assigned to co-operatives nor was any attempt made to delineate in any rigorous fashion the areas of responsibility of competing organisations. The development and resource support given other institutional agencies such as farmers' associations and the development of parastatal marketing institutions has also greatly influenced co-operative performance. Much of smallholder commodity marketing in Malaysia is still characterised by inadequate price and market information and the prevailing structural weaknesses of the agrarian economy and outmoded and sometimes contradictory legislation are other factors which have caused difficulties for agro-co-operatives.

Historically the two major classes of farmer's organisations in Malaysia were the "classical" co-operatives and the farmers' associations. The former have a much lengthier history since the movement started as early as 1922 when the Co-operative Societies Enactment was promulgated by the Colonial government. In contrast farmers' associations were first introduced in Malaysia in 1958 with the formation of single-purpose associations given legal status under the Societies Ordinance in 1949. They were conceived of as an organised medium for securing technical improvements in smallholder agriculture, through the dissemination of technical information and the execution of small-scale projects.

In this role they were not directly competitive with the 'classical' rural co-operatives but following the enactment of the Farmers' Association Act in 1967, a much wider role was formulated for a new type of farmers' association based on the Taiwanese model. In the post 1967 period they were designed as multi-purpose, integrated, quasi co-operatives to carry out agricultural extension, to encourage thrift and to provide member farmers with a package of economic services such as input supplies, marketing facilities and farm credit. In these activities they were direct competitors of the classical rural co-operatives.

The farmers' association movement in the late 1960s and early 1970s, as an officially managed, allegedly integrated approach to area rural development, was perceived by policy-makers as a more potent developmental 'tool' than rural co-operatives. A significant factor contributing to the movement's relatively rapid development was the extensive financial and material support extended by the government. It was a stated policy goal at that time to actively promote and strengthen farmers' associations as a vehicle for implementing integrated rural development programmes.

The rapid growth of farmers' associations in the post-1967 era coincided with a rationalisation and consolidation programme for the agro-based co-operatives. This programme had the effect of considerably pruning the numbers of mono-functional societies and also led to the creation of a rapidly expanding network of multi-purpose societies; the latter process not surprisingly resulted in major membership and functional duplication between the two types of producers' organisations. Their parallel development also led to an intra-ministry, inter-divisional conflict which was finally to be resolved by integrating both organisations and placing them under the responsibility of the newly formed Director-General, Farmers' Organisation Authority (FOA) in 1973.

FOA policy seemed initially to be geared towards "loose integration", i.e. integration that did not require the dissolution of either institution; it was envisaged that each body would maintain its own identity and retain its own assets and liabilities and farmers would be permitted to maintain dual membership. A number of difficulties emerged; in particular, farmer-members continued to have divided loyalty, and joint activities in the parent farmers' organisation were impeded because each member-unit sought to protect and further its own organisational interests. In consequence policy moved to one of so-called "full integration" whereby unit farmers' associations and agro-based co-operative societies would be amalgamated into a farmers' co-operative. "Full integration" can be distinguished from "loose integration" in the following respects:

- a) the statutory and other powers of the unit member boards are transferred to the Board of Directors of the farmers' co-operative;
- b) the assets, liabilities and other proprietary rights and contractual obligations relating to the unit members are transferred to the farmers' co-operative;
- c) all the functional activities of the member units, i.e. the farmers' associations and agro-based co-operatives within the locality are taken over by the farmers' co-operative; and
- d) all eligible members of the member units are required to become members of the farmers' co-operative.

Integration is proving difficult to implement in practice since full integration can only be undertaken in accordance with the constitution and by-laws of the farmers' associations and co-operative societies. Basically, this necessitates the agreement of two-thirds of the assembly or representatives of the farmers' associations and three-quarters of the registered members of the agro-based co-operatives. The FOA is now engaged in carrying out a rationalisation programme aimed at consolidating and integrating the existing farmers' associations and agro-based co-operatives. These are to be based in agricultural development centres (ADAs). At the end of 1980 some 203 ADAs were in existence although a total of 210 had been targeted in the Third Malaysia Plan, 1976-80.

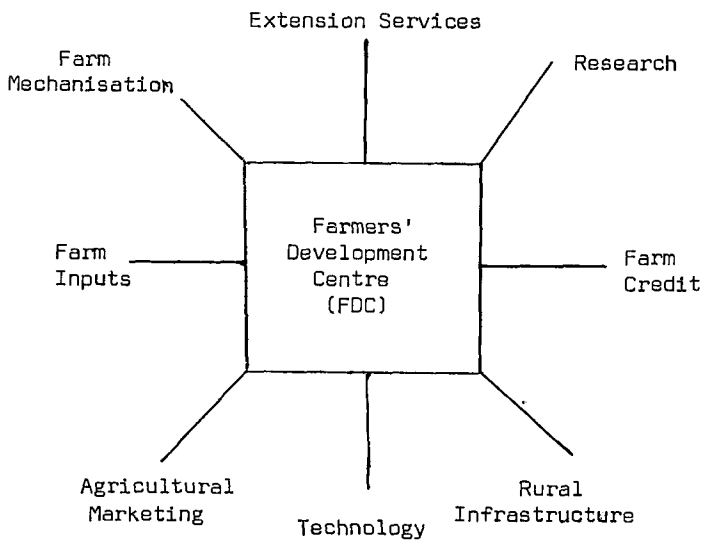
Each of the areas are supposed to be served by a Farmers' Development Centre (FDC); FDCs in turn, are intended to be the focal point of rural institutional development in Malaysia, and are given the responsibility for planning and co-ordinating the delivery system for farm inputs and agri-support services to smallholders.

The method of operation for the FDCs is based on the so-called co-ordinating committee system and a co-ordinating committee is established in each FDC; the FDC itself is responsible for the synchronisation of agri-support services and inputs as shown in Fig. 1 and for field level co-ordination. The principal arm for grass roots co-ordination is provided by farmers' co-operatives; of the 203 institutions in existence at the end of 1980, 56 were fully integrated, 123 were loosely integrated farmers' organisations and 24 held the status of non-integrated farmers' associations⁷. At present, despite the seemingly impressive rate of 'institution building', institutional penetration is relatively insignificant since coverage is low and it has been observed that management skills appear to be inadequate to deal with the complex and interrelated patterns of rural development at the area level⁸.

A number of organisational and administrative difficulties have impeded the implementation of the integration policy.* In the first instance, some of the stronger and more viable co-operative societies are reluctant to merge with farmers' associations as their expectations of the latter's market performance and level of efficiency is low. Non-farmer members who hold leadership positions in institutions scheduled for integration oppose it for fear of losing their status and influence. Another problem is that some co-operative societies regard the assignment of FOA staff to manage the new organisations as a curtailment to their decision-making powers. There are also areas of conflict regarding the scheduling of priority areas and in the allocation of resources; this is especially prominent in respect of the social and non-productive services to members and non-members. Such problems and constraints pose questions of social viability 'since co-operators must be willing to co-operate' and, as has long been noted in the literature, resource commitment ought to be on a voluntary basis⁹. The integration process should also ensure that differentiated levels of decision-making at which members can actively exercise influence are maintained and strengthened.

* This section draws heavily on references 8 and 10

Figure 1
Co-ordination of Agri-Support Services and
Inputs Through FDCs, Malaysia



This could well prove difficult to achieve in practice given the historical antecedents of farmers' associations. It must also be remembered that in the final analysis the market performance of rural producers' organisations will depend on the attitudes and behaviour of the member patrons; such agencies may thus have to engage in "social marketing" if agricultural co-operation is to be advanced.

Remaining co-operatives of the "classical" variety come under the jurisdiction of the Co-operative Societies Ordinance, 1948. Not surprisingly, given the process of rationalisation involving the integration of producers' organisations, the numbers of agro-based co-operatives continue to decline.* In 1973 there were a total of 1,233 agro-based co-operatives; by 1979 their numbers had fallen to 1,111 while by the end of 1980, there were about 1,000 of such societies. The main functional forms of rural co-operative activity emphasise credit, marketing and processing needs. The majority of rural co-operatives (80 per cent) are credit and multi-purpose societies, 17 per cent constitute rice milling co-operative societies, and the remaining 3 per cent comprise rubber marketing societies, pineapple marketing, farming/livestock societies and bank unions and rice milling associations at the secondary level. Their total membership which was 104,000 the previous year, amounted to 116,000 at the end of 1980.

At the apex of the rural credit co-operative movement in Malaysia is *Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat)* which underwent further reorganisation and consolidation during 1980. The total number of branches of Bank Rakyat remained static at 18 in 1980, and its membership showed only a marginal increase from 28,038 (end of 1979) to 28,156 (end of 1980). The bank's total resources rose from over M\$308 million at the end of 1979 to more than M\$386 at the end of 1980, but this increase is mainly attributable to the receipt of a long-term Government loan. Indeed, since the onset of the bank's financial difficulties in the mid-1970s loans totalling M\$155 have been provided by the Government.

* Fishermen's co-operatives and fishermen's associations are not examined in this paper. Co-operation and other institutional developments in the fishing industry have been appraised by Fredericks and Wells¹¹.

Agricultural Co-operatives in the 1980s

An ancient Chinese proverb says that it is difficult to prophesy, especially about the future, and given the rapid changes that are taking place in the Malaysian economy, forecasting is undoubtedly a hazardous occupation. Co-operatives exist in this changing environment with changes occurring in economic conditions, technologies, soci-cultural values, politics and consumer behaviour. Nonetheless, it is useful to briefly speculate as to the likely role of agricultural co-operatives in the 1980s; it is not a trivial enquiry if one accepts the proposition that rural development is one of the central economic and political problems facing Malaysia. As has already been noted the problem of poverty is most acute in rural areas and given the heavy concentration of Malays and other bumiputras in rural localities, societal restructuring has to incorporate rural modernisation if it is to succeed.

While formal co-operation is certainly not the only available mechanism for stimulating rural modernisation and societal restructuring there are several areas where it is considered that the organisational forms and institutional arrangements feasible through formal co-operation may well prove superior to other mechanisms.* In rural produce and factor markets co-operatives can provide useful competition to private traders and parastatal and state agencies, and help assist the process of production intensification and diversification which is a necessary, if not sufficient, condition for poverty reduction to be effected in the rural areas. The most promising avenues would appear to include the further penetration of co-operative marketing and processing especially into crops with a high value-added. Exemplars include maize, sorghum, groundnuts among field crops (the first two as animal feedstuffs) and high value horticultural crops such as shallots, cabbage, sweet potatoes, watermelon and flowers. The development of horticultural co-operatives, in particular, might prove to be an appropriate innovation especially as trade in tropical horticultural produce has been very buoyant in the recent past and Malaysia is climatically and ecologically well-endowed to participate in such trade. Moreover, for a country such as Malaysia, the income elasticity of demand for fruits and vegetables is likely to be higher than for other farm products such as rice.

* For a particularly interesting study concerning the relevance of formal agricultural co-operation to the improvement of common land, See [12].

Rising per capita incomes and increasing population will also lead to further increases in sales of horticultural produce. If farm-gate prices for such crops are not to be depressed significantly, 'orderly' marketing will be necessitated and co-operatives could prove to be the most relevant institutional form for horticultural marketing.

Among smallholder perennial crops banana is an important commodity in Malaysia and farmers' co-operatives are already successfully handling the marketing of bananas in major producing areas of the country such as Pahang. The market potential for bananas appears favourable; the rapid urban development taking place will greatly expand the domestic market and Singapore already provides a major export market. Other advantages of bananas in comparison to crops such as rubber is the short waiting period and the fact that price instability is generally less common and more predictable.

Co-operatives could play a useful supplemental role in land development. As it is to date more than 30,000 acres of land have been developed and in addition to oil palm as the major crop, land has also been cultivated for short-term cash crops, nurseries and fruit orchards. This appears to represent a very viable activity which will probably be intensified in the future; on existing land development schemes settler participation has also been encouraged through settler membership of co-operatives.

Co-operative farming in *in situ* agriculture also offers possibilities; an innovative scheme, influenced by the *Samaneul Undong* movement in the Republic of Korea, has already commenced in the 'rice bowl' state of Kedah and early indications are that it is capturing the imagination of local farmers. Co-operative farming is difficult to manage but if this problem can be overcome there are good opportunities for promoting diversification. Co-operative farming too could help facilitate more effective mechanisation by overcoming the problems of fragmentation and sub-division and would secure the benefits of economics of scale especially in processing. The existing structural weaknesses of smallholder agriculture - these include uneconomic farm sizes and a high incidence of (insecure) tenancy - could be greatly ameliorated through co-operative farming. The more economic use of farm implements is promoted and the provision of agri-support services is made easier under co-operative farming.

Farmers' bargaining power in input markets would also be strengthened by such arrangements. The need for a 'balanced' agricultural economy also indicates that the presence of co-operative farming alongside corporate agriculture, public-sector agriculture and smallholding farming, would not be an unfavourable development.

One of the explicit quota targets of the NEP is that by 1990, Malays and other indigenous people will own at least 30 per cent of the total shares in the corporate sector - foreign ownership is to be limited to 30 per cent and non-bumiputra, Malaysian ownership to 40 per cent. To facilitate the process a National Unit Trust (*Amanah Saham Nasional*) has been set-up with the objective of transferring shares in major companies worth M\$ 1.5 billion to bumiputras. It has already been announced that part of the shares will be sold to co-operatives in order to ensure that the scheme will provide the widest possible benefits.

Co-operatives can also indirectly assist bumiputra participation in the corporate sector through the provision of interest-free loans to bumiputra members to enable them to purchase *Amanah Saham Nasional* shares. The activities of the Malaysian Postal Co-operative Society (*Koponas*) is interesting in this respect and could probably be emulated by the larger agricultural co-operatives. (*Koponas*) has a loan programme for its bumiputra members whereby the members can apply for loans - to purchase shares - to an amount up to 80 per cent of the value of their savings in the co-operative. The repayment period is scheduled over 24 months and M\$ 1 million has been allocated for the first year. If such a programme were to be replicated on a large-scale, co-operatives could prove to be an important 'accelerator' of the process of equity restructuring.

The development of a commercial and industrial community among bumiputras might be conceivably aided by co-operatives. It is a moot question whether the entrepreneurial spirit can be taught but certainly 'learning by doing' is increasingly being regarded as a crucial educational process.

Given the organisational and management structures of co-operatives coupled with their widespread distribution in the rural areas they could arguably prove to be a 'nursery' of entrepreneurial talent. If such skill formation is to occur there would, however, appear to be a pressing need for government policies to be one of the 'positive discrimination' type as practised in say, Japan or the U.S. for small businesses, rather than one of 'active neutrality'¹³. In the Malaysian context contracts for the supply of basic foodstuffs such as rice to the armed forces, prisons, colleges and other institutions could be awarded to co-operatives. Similarly, policies which at present disadvantage co-operatives should be dismantled; it is not realistic nor equitable, for example, to expect co-operatives to bear the brunt in financing sub-marginal farmers¹⁴.

Summary and Conclusions

We are indeed living, as the Chinese curse would have it, in very 'interesting times'* and the environmental difficulties (and opportunities) facing Malaysian agricultural co-operatives in the current decade are likely to be immense and subject to constant change. It is considered, however, that agro-co-operatives could play a not insignificant part in helping to reduce poverty and restructure society - the twin goals of the country's New Economic Policy. The most suitable avenues for future co-operative development were envisioned as including produce marketing and processing (including horticulture), land development and co-operative farming.

* This phrase has been 'borrowed' from Charles Rowley. See¹⁵.

References

1. Wells, R. J. G. "Malaysia: A Successful Case of Growth with Redistribution?" *The World Today*, Vol. 37, No. 9, 1981.
2. Federation of Malaysia, *Fourth Malaysia Plan 1981-1985*, National Printing Department, Kuala Lumpur, 1981.
3. Wells, R. J. G. An appraisal of agro-based co-operatives in Peninsula Malaysia. *Public Administration and Development*, Vol. 1, No. 2, 1981, pp. 165-176.
4. Bateman, D. I., Edwards, J. R. and LeVay, Clare. "Agricultural Co-operatives and the Theory of the Firm". *Oxford Agrarian Studies*, Vol. VIII, 1979, pp. 63-81.
5. Wells, R. J. G. and Fredericks, L. J. "A Sectoral Case Study of Modernisation: The Rice Processing Industry in Peninsular Malaysia". *South East Asian Economic Review*, Vol. 1, No. 3, Dec. 1980, pp. 246-61.
6. Surridge, B. J. and Webster F. H. *Co-operative Thrift, Credit, Marketing and Supply in Developing Countries*. The Plunkett Foundation for Co-operative Studies. Oxford, 1978, p. 52.
7. Bank Negara. *Annual Report and Statement of Accounts 1980*. Bank Negara, Kuala Lumpur, 1981.
8. Fredericks, L. J., Kalshoven G. and Daane, J. R. V. "The Role of Farmers' Organisations in Two Paddy Farming Areas in West Malaysia". *Agricultural University Wageningen Bulletin*, No. 40, Wageningen, 1980.
9. Verhagen, Koenraad *Co-operatives and Rural Poverty - Eight Questions Answered*. The Plunkett Foundation for Co-operative Studies, Oxford, 1980.
10. Foxall, Gordon R. "Market Development in Requisite Co-operation: "The Role of Members' Buying Behaviour". *Year Book of Agricultural Co-operation, 1979*. The Plunkett Foundation for Co-operative Studies, Oxford, 1980.

References (ctd.)

11. Fredericks, L. J. and Wells, R. J. G. "Marine Fishery Policy Planning in Malaysia". *Journal of Developing Areas*. Vol. 15, No. 1, 1980, pp. 3-20.
12. Foxall, Gordon R. Agricultural Improvement of Common Land: "The Relevance of Co-operative Management". *Journal of Environmental Management*, Vol. 8, 1979, pp. 151-161.
13. Perry, C. "What is so especially beautiful about small businesses?" *Management Forum*, Vol. 7, No. 2, June 1981, pp. 114-122.
14. Wells, R. J. G. "Some Reflections on Selection of Target Groups in Small-Farmer Credit Programmes". *UMBC Economic Review*, Vol. XVII, No. 1, 1981, pp 38-43.
15. Rowley, Charles K. "Producer Pressure and Government Failure". *Journal of Economic Affairs*, Vol. 1, No. 1, 1980, pp. 37-41.

FISHERWOMEN AND GROUP DEVELOPMENT

IN N.E. BRAZIL

by

Peter Oakley*

Introduction

Since the early 1970s there has been an increasing re-examination of the concept of "development", particularly with respect to what we tend to refer to as the Third World. To summarise this re-examination in a few words will rob it of the richness of its range of conceptualisation and interpretation, but it is nonetheless important to say a few words here if we are to understand the development of fisherwomen groups in N.E. Brazil. This re-examination has essentially tried to reduce the dominant influence of the economic and quantifiable aspects of development and seeks an interpretation of development which includes non-economic objectives, is more humanistic and is based upon the peoples' greater involvement in the development process. In terms of common currency it seeks a development which is less "top-down" and more "bottom-up". For an introduction to the several concepts involved in this re-examination Elliot's study of the mid-70s is a useful text¹.

The range of contributions to this re-examination is impressive. In the Asian context, the work of Haque and his colleagues in examining the results of previous development strategies and suggesting the critical dimensions of future development strategy - equity, institutional linkages, solidarity and collective self-reliance - has proved a most useful framework². This conceptual statement was supported at a later date by the study of the Bhoomi Sena movement in India which illustrated the above critical dimensions³.

* Agricultural Extension and Rural Development Centre,
University of Reading

An important influence has also been the work of the Brazilian educator, Paulo Freire. Indeed some would argue that Freire's influence is central to the whole debate; the concepts more closely identified with his work i.e. "consciousness", "critical vision" and "understanding reality", are equally central to the re-examination of development⁴. The argument is that the people of the Third World - the urban poor, the peasants and the rural landless - should be given access to, and a voice in, the process of development. In other words, development should be more participatory. Appropriately, the work of Pearce and Stiefel is examining this critical aspect of development⁵.

Perhaps the two more clearly-defined dimensions of this re-examination concern the kinds of problem which constrain people's development and the socio-economic groups within which different people are located.

1. A survey of over 100 small rural development projects found that the following were the kinds of problems which project staff felt had to be overcome if development was to occur:
 - a) lack of access to government services and participation in development;
 - b) lack of viable organisation to represent peasant interests;
 - c) the power and control of local moneylenders, traders and politicians;
 - d) the dependent and marginalised nature of peasants' lives;
 - e) the air of despondency and despair which characterises peasants' lives⁶.

The problems to be tackled, therefore, are not wholly of a physical or attitudinal nature, but are more directly related to the institutional and structural arrangements within which the peasant seeks to gain a living.

2. Development efforts in rural areas cannot be directed towards a geographically-defined community, but must be based upon existing and discrete socio-economic groups⁷. Different groups will have different and often competing problems. In Latin America, for example, such groups are the cornerstone of the Church's involvement in development⁸. The issue here, of course, concerns the formation of the groups, the criteria for membership, their internal structuring and their method of functioning. These issues we shall consider in terms of the Fisherwomen's group in N.E. Brazil⁹.

To summarise this very brief discussion, we can refer to a recent statement by Galjart which would appear to effectively summarise this re-examination of development. Galjart suggests that this alternative approach to development should be called 'counterdevelopment':

"This approach entails intervention to facilitate the effort of relatively small, local groups in achieving, in a participatory manner, their development goals, and thus enhancing their members life-chances, in spite of and in opposition to societal mechanisms and processes which influence these chances adversely"¹⁰.

Galjart's statement has to be read in full for a complete picture of the main parameters of 'counter-development'. Certainly we can consider our case study within the general context of this statement.

North East Brazil

N.E. Brazil consists of nine states and has an estimated population of over 30 million inhabitants. With an average per capita income of less than US\$200 N.E. Brazil contains the largest concentration of poverty in Latin America. The North East is in general a semi-arid region. While most of the North East's population (41%) lives on the semi-arid *sertao* (dry, arid backlands), the greatest population densities can be found in the *agreste* (transition zone) and the *zona da mata* (coastal belt). Agricultural yields in the region are generally low as the effects of poor ecological conditions - semi-arid weather and scarcity of fertile lands - are compounded by unequal land ownership and associated sharecropping and renting arrangements.

The agriculture is, however, relatively diversified; the main activities being the commercial production of sugarcane and cocoa in the *zona de mata*, cotton and sisal in the *agreste* and the subsistence production of beans, corn and manioc throughout the region. In relation to other regions of Brazil, the North East has always stood at a disadvantage, despite vigorous efforts by the Federal Government at regional development¹¹. Despite these efforts, however, the North East of Brazil remains a massive development problem and poverty, the most dominant feature of the lives of the greater number of its inhabitants¹².

The case study which we are to examine is one of a number included in an ongoing piece of research into the monitoring of the effects of small rural development projects. In N.E. Brazil four projects have been included in the research, one of which is the Fisherwomen's Group. In earlier research with the four projects, the two most important problems which each of the projects had identified, either explicitly or implicitly, and which they were seeking to resolve were:

- i) The marginalisation of the projects' participants. The people at whom the projects are directed live "on the periphery of society", unaffected by development and with little share in available resources. They represent in Freire's words, the 'culture of silence' with little access to, nor participation or voice in development.
- ii) The dependent nature of the participants' existence. Inevitably the people (*o povo*) are dependent upon the power and patronage of others. They passively acquiesce in this dependence, believing that little can be done to change it¹³.

The above two concepts are central to understanding the work with the Fisherwomen's group. This work is essentially preparative. It is to prepare the groups to become more actively involved in development. In some instances this greater involvement leads to some kind of collective undertaking; in others it has resulted in greater involvement in existing co-operative structures.

Indeed the basic intention is that the members of the group should take more advantage of, and become more actively involved in, existing rural organisations. It is common knowledge that few of the rural poor in the Third World actively participate in co-operative organisations and have little influence over their direction¹⁴. This work with groups is intended to prepare the people to more effectively and purposefully participate in such organisations as co-operatives. Structures such as co-operatives are inevitably imposed from above, with the resulting alienation of the majority of members. For the vast majority of the poor of the Third World, however, membership of any kind of co-operative organisation is little more than a dream. Governments and ministries with responsibility for the development of such organisations have paid little attention to preparing the poor to participate in these organisations or indeed to mould the organisations to the interests of their poorer members. Perhaps a more relevant approach to involving the poor in development organisations might be to reject the monolithic, formal co-operative structure and attempt instead to stimulate a variety of less formal co-operative ventures. In this respect, Lele concluded an analysis of co-operatives and the poor as follows:

"In following this approach, the emphasis would have to be on small groups, relatively simple forms of co-operative activity and particularly on substantial training of the rural people to actually carry out planning and implementation of programmes...."¹⁵

The Formation of Fishermen's Groups in N.E. Brazil

Although agriculture is the dominant economic activity of the North East, a substantial number of people earn a livelihood either partially or wholly by fishing. Mitchell has concluded that some 100,000 fishermen and their families live from fishing in N.E. Brazil, most of whom are perennially caught in a classic low-level equilibrium trap of low production and small-scale investment, about which they can do little¹⁶.

These fishermen are organised into government-controlled colonies, which are supposed to facilitate the fisherman's documents and protect his rights; in practice the colonies are used more to tax fishermen, their boats and their beaches. Allied to the colony structure is a network of co-operatives and associations of mutual help which have as objectives the buying and selling in common of fishing materials and fish produce. The co-operatives, however, are controlled through the colonies by the State and few fishermen participate in them. The associations are closer to the interests of the poorer fishermen, but lack resources.

Few of the 100,000 fishermen gain more than a bare subsistence living from fishing. Those who have the resources control the colonies, the co-operatives and the resources made available for fishing by the government. The following statement reflects the difficult conditions in which the North East's fishermen try to earn a living:

"The overwhelming majority of fishermen do not own their own net or canoe and depend exclusively on other boat owners who rent boats at extortionate rates. Even in the summer months, when the fishing is best, the small fishermen rarely earn the minimum monthly salary; the owner of the boat receives 50% of the catch, and the fishermen are generally forced to sell the remainder to him as well for next to nothing. The owner, in turn, rarely pays in cash, but in merchandise which the fishermen receive in the shops and stores of his friends. Even the small fisherman who does own a boat suffers at the hands of those who control the commercialisation and who offer drastically low prices¹⁷".

In order to help defend the interests of the majority of the North East's small fishermen and to try to bring about some meaningful development, a church-sponsored movement was established in 1971. The movement was the initiative of a local priest, ably assisted by a team of religious and lay animateurs. Since 1971 the movement has grown to encompass the whole of the North Eastern region. The movement's broad aim is to help fishermen organise themselves both at the community level and on a wider basis in order to obtain their rights in law, as well as to improve their livelihoods in an occupation whose members are subject to increasing pressures and impoverishment.

More particularly the movement's objectives were stated as follows:

- i) to stimulate fishermen's communities to take part in the decision-making processes of the official colonies;
- ii) to organise co-operatives to market fish and purchase inputs, thus eliminating exploitative middlemen;
- iii) to pressurise state and national governments to implement fairer social security laws for fishermen and their families;
- iv) to pressurise government about the serious problem of river pollution.

The above objectives have served as the basis of the movement's work for the past eight years and much has been achieved¹⁸. Yet for lack of resources the majority of the small fishermen are still outside the influence of the movement and there is still much to be done.

Fisherwomen's Group

To date we have used fishermen as the generic term for all those engaged in fishing for a livelihood in N.E. Brazil. The women also fish, both in common with, and independent of the men, and they play as much a part in the work of the movement as the men. Our case study examines one of the movement's groups, a group of fisherwomen in a small riverside community to the north of Recife (which we shall call Bomtempo). We chose this particular group since it is the only group about which there is any individual information; details on the other groups are included generally within the movement's reports and other documents. The author also has visited this group of fisherwomen three times in the past 18 months. The work with this fisherwomen's group is similar in many respects to the work with other groups in the movement.

The work with the fisherwomen in Bomtempo was begun by one of the movement's *animateurs* in early 1975. In early 1977 the *animateur* committed her thoughts on the first two years to paper; she also outlined the later development in a magazine article in 1979; finally the author has known her since then and has been able to establish the main parameters of the group's development. The magazine article graphically portrayed the daily routine of Bomtempo's fisherwomen:

"They are condemned to a life in the swamps, the sticky mud. They leave early in the morning with a basket, a comb and a bit of water and food, usually dry fish and *farinha*. They head out in several crafts, in groups of seven in each one, and are in reality the basis of the swamp society. It is a life of work, struggle, some hope and a few jokes.

In the evening when they return, they bring the shell fish they have caught, which still have to be de-shelled and boiled. They are then sold for about 40p a kilo. Some days they don't even get 500g. and at the end of the week are searching for £1 to pay the rent on the boat".

Their houses are of mud, with no electricity, piped water or sewage disposal. Few have any education. Most of the fisherwomen in the group are married, but receive little support from their husbands and have assumed the major responsibility for feeding and raising the children. In 1975 they had no voice in the running of the colony, as none had the necessary documentation to enable them to participate. Up to that date no service of any kind had made contact with the fisherwomen. The initiative in Bomtempo was the first of its kind and has given rise to similar work with other fisherwomen's groups in the North East.

When the *animateur* began her work with the fisherwomen in 1975 she characterised this work as being one of *descubrimto* (discovery); it was, she felt, time for the fisherwomen to *despertar* (wake up) and not to continue to endure or accept the miserable state of their lives.

In 1975 the *animateur* saw three basic objectives for her work with the fisherwomen:

- i) that the women should begin to assume the responsibility to direct their lives and not merely accept the direction of others;
- ii) that the women should regain some dignity in their lives;
- iii) that the women should begin to bring some influence to bear upon the fishing colony.

These objectives were stated at the beginning and interestingly the three main concerns - responsibility, dignity and influence - have consistently guided the *animateur's* work. If we ask ourselves, however, whether the above have been achieved, we are on difficult ground. Although the *animateur* has committed some thoughts to paper, the detail is not sufficient to gain a comprehensive view of group development since 1975. However, analysing the existing documentation and based upon discussions with the *animateur*, we can identify five main features of the *animateur's* work with the group since 1975.

- i) The process of the development of the group in terms of the kinds of objectives stated above has been slow and unpredictable. A most fascinating account has been written by the *animateur* of how she first made contact with the fisherwomen and began the formation of the group. She spent the first nine months merely living in Bomtempo observing the women and being observed by them. One afternoon one of the fisherwomen stopped to speak to her after the day's fishing. This was repeated on successive days. The *animateur* was then invited to fish with the women - "my baptism in the mud" - and that evening sat and chatted with a group of fisherwomen outside one of the houses. They told her:

"Sister, we have talked a lot about you on the river. We feel that you like us because you live with us at great inconvenience. You speak to everybody and are kind".

In the *animateur's* words, she had broken the barrier and begun to establish the friendship and confidence which she felt would be indispensable for her future work. In early 1976 the first group meeting took place, attended by 16 fisherwomen. The *animateur* has never tried to deliberately hasten the pace of her work with the group. She noted early on that patience was a virtue that most of the women seemed to demonstrate; consequently she patiently established her links with the women and continued in the same vein. The *animateur's* experience has certainly confirmed that group development is a slow, unpredictable process which, if deliberately hastened, can fail.

- ii) Until very recently the *animateur* made little effort to establish any kind of permanent or formal structure to the fisherwomen's group. It was felt both by her and the group that the introduction of any kind of structure would formalise the group and its meetings and result in a hierarchical structure. The group has, therefore, remained unstructured (i.e. no chairperson or secretary) and discussions are held and decisions taken in an atmosphere in which all are encouraged to participate. More recently, however, the group has begun to grow in numbers and to take an active interest in the colony. It is probable that, in these circumstances, the fisherwomen's groups might begin to adopt a more structured internal organisation. This will probably be necessary if it is to have any effective influence in the Colony.
- iii) Fundamental to the *animateur's* work with the group has been the identification of key issues and the structuring of the group's activities around consideration of these issues. The issues have in fact served as the basic dynamic of the group development process. Also the issues have changed over time, thus reflecting the nature of the group's progress and the direction of its development. In the first two years the issues were largely concerned with everyday domestic problems in the lives of the fisherwomen:

- health and hygiene;
- house construction;
- community vegetable garden;
- education and literacy.

The *animateur* used the above issues, on which each fisherwoman would have some kind of view, to encourage discussion and build up confidence. As these developed, so the issues became less domestic and much more related to the role and influence of the fisherwomen in general: for example,

- the need for documentation in order to take an active part in the colony;
- the power of the boat owners and intermediaries;
- the need to take action to tackle such problems as river pollution;
- the causes of their poverty.

At the moment the above are the kinds of issues which more concern the group. Some of the group discussions on such issues have been transcribed by the *animateur* and, in comparison with her transcriptions of the first group discussions, reflect the growing understanding of their situation and the articulateness of the group.

- iv) Since the *animateur's* first substantial contact with the fisherwomen, the group meeting has been the basic instrument of her work. These meetings are held weekly on a Sunday evening and are the basic forum for group discussion. In 1977 the *animateur* commented on the "heroic fidelity" with which the women, despite at times terrible weariness, would attend the meetings. Since the beginning of the work, and apart from breaks for recognised holiday periods, the group has persisted with its weekly meeting.

v) After the first two years, an important feature of the group and its development has been its increasing size and the establishing of other fisherwomen's groups in the state. Sixteen fisherwomen attended the first formal meeting in 1976. By 1981, this number had risen to over 50. In the past two years two other groups of fisherwomen have been formed in nearby villages. There are now almost 100 fisherwomen involved in group work. The groups are purposefully small, to maintain a sense of solidarity and common purpose and to avoid the almost inevitable fragmentation of bigger groups. Some of the original group members have been responsible for diffusing knowledge among the local fisherwomen of the existence of the group and, encouraging new members.

Finally, in August, 1980, the first regional meeting of the different fisherwomen's groups met and brought together some 71 fisherwomen; the first time such a meeting had taken place in N.E. Brazil. The process of articulation between the different groups has begun and will be an important feature in the future of the development of fisherwomen's groups in the North East.

In order to try and more clearly understand the kinds of changes which have taken place in the fisherwomen's group since its first meeting in early 1976, we asked the *animateur* in 1980 to characterise the changes as she has observed them over that period. Her observations are, of course, entirely subjective, but, in view of her unique position in relation to the group, can be considered as valid as one way of trying to follow the progress of such groups. The *animateur*, therefore, explained how she characterised the group (a) during the first stages of her contact with the women and (b) at the end of 1980, and as a result of five years work:

<u>Group in 1976</u>	<u>Group in 1980</u>
No motivation	Feeling of solidarity
Accept paternalistic approach	Willingness to make an effort
Passive	Thinking outside immediate
Suspicious	context
Exploited	Better organised

These terms are adaptations of Portuguese expressions and, in many senses, lose a certain amount of power in translation. Also they present us with enormous problems of understanding and measurement. What, for example, is 'solidarity'? How can we understand it and how can we know when it has been achieved? This kind of work in general with small groups presents us with these substantive problems which few to date have been able to resolve¹⁹.

After six years of dedicated and intensive work, the fisherwomen's group in Bomtempo is at last beginning to have some influence upon and control of its own development. The range of issues discussed, and the nature of those discussed, reflect this increasing involvement. The *animateur* has done an invaluable job in transcribing these discussions as they reveal the extent to which the fisherwomen are beginning to conceptualise their problems. The group is now over 50 strong, which is probably an appropriate size. Most of the group have by now legalised their status as fisherwomen and thus won the corresponding right in the colony. The success of the original group of fisherwomen has also influenced similar initiatives with other fisherwomen in the State.

Thus the development of the group has not been all discussion and meetings, but has also involved action. The main focus of this action has become the colony. Previously the fisherwomen had had absolutely no influence or part in the colony, despite the latter's role supposedly to represent the interests of all those who depend on fishing for a livelihood. For the first time ever fisherwomen now have the necessary legal documentation and thus have the right to play a part in the colony's affairs. This right is about to be put to the test. In late 1981 elections will be held for the Board of Directors of the colony and, for the first time in the history of the government-sponsored colonies, there are several women candidates. A second line of action by the fisherwomen has been in terms of actively enlarging the area of influence of the group and of involving other fisherwomen in its activities. We have already seen that there now exist three fisherwomen's groups in the Bomtempo area.

Outside the immediate context of the groups, however, existing members actively contact other fisherwomen, raise with them the kinds of issues which the group has confronted and encourage these women to seek the legal documentation required to play a role in the running of the colony.

It is still uncertain exactly what direction the future development of the group will take. For the moment the main concern is to establish a base for the fisherwomen in the colony which, after all, is a right they are already supposed to enjoy. Future plans concern some form of collective fishing by the women and the means by which the catch could be profitably commercialised. There is a co-operative organisation attached to the colony, but its membership and activities are limited; and in any case it represents the more established fishermen. Some form of co-operative venture to help organise the women's fishing activities is a distinct possibility. Certainly a base now exists amongst the women for such an activity. Few co-operative organisations exist to cater for the needs of the poorer people within rural communities; the nature of such organisations preclude this.

Our case study has perhaps shown the lengthy and patient educational work which is necessary if such organisations as co-operatives are to be viable propositions for poorer groups which previously had been totally marginalised from the process of development.

REFERENCES AND NOTES

Elliot, C. *The Development Debate*. Pergamon, 1973.

Haque W. et al. *Towards a Theory of Rural Development*. Uppsala, Development Dialogue No. 1, 1977

De Silva, G. V. S. *Bhoomi Sena: A Struggle for People's Power*. Uppsala, Development Dialogue No. 2, 1979

The literature on Friere has now become quite vast. However, apart from his own texts, a useful introduction to the applied aspect of Friere's theories is Smith, W. *The Meaning of Conscientizacao*. University of Massachusetts, Centre for International Education, 1977.

Pearse, A. and Stiefel M. *Inquiry into Participation* UNRISD, Geneva, 1979; also *Participation*. Geneva, UNRISD, Occasional Paper 1980.

Oakley, P. and Winder, D. *The Concept and Practice of Rural Social Development*. University of Manchester, Development Monograph, 1981.

For a discussion of this issue see, for example, Dore, R. and Mars, Z. *Community Development*. Croom Helm, 1981.

For a general review of the work of the Catholic Church with peasant groups in Latin America see, for example: Pitt, J. *Good News to All; Pastoral Planning and Basic Communities*. AFOD/CIIR, London, 1980; Betts, Frei. *Puebla Paro o Poro*. Brazil, Editora Vozes, 1979; Dickinson, R. *To Set at Liberty the Oppressed*. World Council of Churches, Geneva, 1978.

Oakley and Winder, *op. cit.*

Galjart, B. "Counterdevelopment: A Position Paper". *Community Development Journal*, Vol 16, no. 2, 1981, pp 88-96.

REFERENCES AND NOTES (ctd.)

11. Robock, S. *Brazil's Developing North East*. Brooking Institute, 1966.
12. For the most recent study of poverty in N.E. Brazil see Mitchell, S. (Ed.) *The Logic of Poverty: the case of the Brazilian North East*. Routledge & Kegan Paul, 1981.
13. Oakley and Winder, op. cit.
14. Hunter, G. (Ed.) *Agricultural Development and the Rural Poor*. Overseas Development Institute, 1978.
15. Lele, U.
Vol. 9, 1981, pp. 55-72.
16. Mitchell, op. cit.
17. The material for the recent article is taken from existing documentation both on the Fishermen's Movement in general and the Fisherwomen's Group in particular. For reasons which readers will perhaps understand, it would be preferable to maintain the anonymity of the different groups involved.
18. For example, in causing legislation to tackle the problem of river pollution, in helping fishermen obtain the documentation necessary for them to take part in the colony's activities, in literacy work and in achieving the registration of members in existing social, welfare and medical services.
19. Little research has taken place to date into the development of these small groups. The kinds of issues the article poses, however, are considered in the works of Haque (1971) and Oakley and Winder (1981). Another useful text is Galjart, B. *Peasant Mobilisation and Solidarity*. Van Gorcum, Amsterdam. 1976.

THE PROBLEMS OF CO-OPERATION AMONG

BURANO'S LACE-MAKERS .

by

Lidia Sciama*

In his brief history of the co-operative movement published in 1948, shortly after Italian co-operation suffered twenty three years interruption during the Fascist period (1922-1945), Oskar Spinelli introduces a charming photograph of a group of lace-makers. Characteristically, the women's chairs form a wide semi-circle beside a Venetian lagoon and the caption reads:

"Among many wonders and specialities Venice also contains that of lace. Here we see "co-operating women" (*cooperatrici*) happily working together in the incomparable setting of the lagoon." (Spinelli, p. 9)¹

Indeed, pictures of a small group of lace-makers working together, their knees slightly apart to accommodate an embroidery pillow, and their heads bent over the absorbing needlepoint have become quite a commonplace of tourist advertising. But are they there - like many pictures of 'native' craftsmen at work - to emphasize the picturesque and give the tourist the expectation of a bargain, or do they truly describe a social reality? And are the women really "co-operating" in the technical as well as in the etymological sense of the word?

Unfortunately, Spinelli's interpretation of the lace-makers' picture is probably more applicable to a reality yet to come, than an accurate description of the organisation of lace-work in 1948, or earlier.

* Somerville College, Oxford University

This paper, mostly based on anthropological field-work in Burano, but which also draws on secondary sources (particularly on the carefully researched historical essays published in 1981 for the *Consorzio Merletti di Burano*)² should help to illustrate some long-standing problems related to co-operation in lace-making. Such problems are fairly typical of co-operative formation in times of social change and especially in developing or newly constituted states - as Italy was a hundred years ago. Their discussion may therefore be relevant to co-operation in fishing or agriculture, as well as in the organisation of crafts, as in the case about to be described.

Despite allegations to the contrary, lace-making is still very much part of Burano's cultural and economic life. But perhaps not unexpectedly, as the islanders have now reached a standard of living better than they ever enjoyed in the past, and since other occupations have become widespread among women, needlepoint has recently failed to recruit as many workers as it did before World War Two. Clearly, the role of lace-making in the island's economy has dramatically changed and has become less salient in most households than it was in the past. Prophets of doom, however, have vastly exaggerated both the extent to which the craft is dying out and the extent to which its practitioners are underpaid and exploited (cf. Guiton, pp. 94-103)³. Indeed, while it is difficult to assess with any degree of certainty the number of lace-makers it remains certain both that the craft is practiced, and that the product can fetch very high prices.

So, given that a number of women do increment their family or personal budget with needlepoint work, and, given that lace has traditionally been made on a collective and highly co-operative basis, it is something of a puzzle that in 1981 the workers involved should still be at a "pre-co-operative" stage. The desirability of a co-operative was strongly emphasised when, in September 1981, Burano's *Scuola Merletto* (School for Lace-Making) was reopened after over ten years' inactivity, thanks to the initiatives made by the *Consorzio Merletti di Burano* (Consortium of Lace-Makers) recently founded by the Education Department of Venice's Municipality.

The objectives of the leaders of the *Consorzio* and the "Andriana Marcello Foundation were to revalue lace-making - a craft which, like so many female skills, was traditionally taken for granted and underpaid, and which, despite the timeless appeal of the product, has become obsolete because of the archaic nature of its marketing, rather than obsolescence of the product itself:

A Venice newspaper reported on the School's opening ceremony, that:

"enrolment in the courses was most active, especially from outside Burano only the local women failed to respond few local girls applied"

and concluded that it was hoped that more women would participate in the future. A meeting between some of the older lace-makers and their traders was planned so they could choose a trade-mark to distinguish authentic Burano work from: its imitations, but, above all to found a workers' co-operative.⁴

Some of the reasons why this did not come about becomes apparent after a brief glance at the history of Burano's needlepoint work and of one of its central institutions, the old *Scuola Merletti* (1872-1970s) on the basis of which the present one was created (in 1981). Therefore, although it may appear laborious to recall events which took place over a hundred years ago, it may nonetheless prove quite instructive. Indeed the women's hesitation in taking full control over the manufacture and sale of their own product today despite their entirely changed economic circumstances, appears to be related to social and psychological problems which in some ways recall those which beset the foundation of the *Scuola Merletti* in 1872. Such problems mainly stem from the nature of Burano's relations with Venice, and from the fact that too often the city's solicitude for its underdeveloped island periphery, coming after years of abandonment, was all too sudden, unexpected and intrusive, in a way which could not fail to emphasise subordination on the part of Burano, and paternalistic (however gracious) dominance on the part of the city, or, worse still, of the nation as a whole, after Italy was united.

In other words, outside promoters and benefactors, however generously motivated, were bound, in the interests of efficiency to upset the islands's archaic yet valid, forms of co-operation and reciprocity by imposing from above new organising principles and new forms of exchange and remuneration.

As Madile Gambier recalls during the times of the Venetian Republic,

"The island population was always described as mainly composed of 'sailors', 'fishermen' and 'bakers'. In the list of all the inhabitants of the Community of Burano between the ages of eighteen and sixty, all of them are designated as "poor", and there is no reason to suspect that work carried out in their homes emerged from a background different from that described above" (Gambier, page 33)²

Indeed lace-work has traditionally been associated, both in the workers' minds and in the motivation of Venetian philanthropists who organised their work, with poverty and need - a poverty which by all accounts had become either all the more extreme or the more compelling in the eyes of enlightened reformers in the course of the XIX century.

Around 1815,

"The making of lace, although somewhat diminished, was the occupation of more than two thirds of the women of that island (but) no one can say what the yearly production of such manufacture amounts to, since there is no positively identifiable manufacturer as they all work for themselves." (Gambier, p. 32)²

Indeed the making of lace in Burano - so isolated and yet so sensitive and exposed to political change and to the caprice of high fashion - has always been subjected to extremes of organisation and free unstructured modes of work, as domestic production alternated with organised production when attempts were made - often successfully - to bring lace-making into line with modes of work developed in other fields of textile manufacture.

Not surprisingly this harnessing of the girls' work into "schools" mostly took place at times of greatest economic distress. Indeed the most successful took off exactly at such a juncture. As Mottola Molfino recalls,

"When, in 1872 a freezing winter made fishing impossible, poverty and starvation reached such proportions that collections and aid programs were organised throughout Italy."
(p. 37)⁵

A Venetian count, Alessandro Marcello, had already thought, as early as 1862, that the craft needed reviving, but it was in fact Paulo Fambri, one of the Venetian deputies at the newly formed, Italian Parliament, who took the first steps to re-organise lace-making throughout the lagoon islands in order to help raise people out of their destitution. Fambri had previously tried to organise the manufacture of fishing nets - but that initiative had hopelessly failed from the start.

As he clearly understood, it was not enough to gather financial support for the school, since "moral supervision" was wanted, once the material means had been found.

"Things concerning girls had, naturally, to be put into the hands of ladies - good, intelligent, rich, high-placed and possibly beautiful ladies." (Gambier, p. 37)²

The school's first patronesses were then Princess Maria Chigi Giovannelli and Countess Andriana zon Marcello, both court-ladies to the Queen Margherita of Savoy, who also joined them in her support of Burano lace and it was the Countess Marcello, a cultured, sophisticated, Venetian lady, who became the main driving force and organiser of the whole enterprise. The school was supported by Burano's doctor, mayor and schoolteacher but, not surprisingly, it took off to a very uncertain start: the initial number of pupils was no more than five and only an almost blind and illiterate old woman was found to teach the girls their craft, so complete had been its abandonment in the previous years.

Despite initial difficulties the school soon developed and became very successful. It gained a great deal of recognition at international craft exhibitions and conspicuous orders from European Royalty and leader members of the aristocracy and the world of fashion.

Finally between 1884 and 1894 its juridical physiognomy changed from that of a "family concern" to that of a "commercial" or "entrepreneurial" one. The enterprise was then described as a *Società Cooperativa per Azioni* and was made up of "partners" rather than benefactors. The interest yielded by the society's shares however, was absolutely minimal, so that their purchase could only be motivated by philanthropy, rather than by hope of financial gain, but what was really the extent of the women's participation in the co-operative venture, if, at that stage, only one Buranello, and that a man - indeed their authoritarian male designer numbered among the shareholders?

A number of factors may explain Spinelli's misunderstanding of co-operation in Burano's social context. Lacework is, by its nature, "collective" or "team" work, since a number of women are involved in finishing a single piece of work. Thus the facts (a) that lace-makers were - as they still are - frequently seen to work in groups and (b) that the institution which most successfully organised their labour and sold their products was indeed a shareholders' co-operative, may have led number of observers to imagine a much higher degree of formal organisation amongst the lace-workers themselves than there ever was. A first step towards co-operation involving the workers themselves was taken when, in 1895, a Mutual Help Society was instituted, at the suggestion of two of the school's councillors (Count Marcello and Alvise da Schio). The administration then contributed an initial sum, while all workers had to pay a small monthly contribution (just over one day's pay) to provide some protection to those who might have to be away from work through illness. (Mottola Molfino p. 40).⁵ In effect, however, the women, for as long as their work was carried out and sold through the School (or through a number of workshops which were established after it) never were fully in control of their own labour.

Following a long tradition in Venetian institutions, earnings were doled out with iron parsimony and, as a historian very concisely put it, the organisers' "well-meaning solicitude did not prevent the exploitation of the workers" (Comune di Venezia p. 4).⁶

An added reason for the mistaken interpretation of the organisation of lacework may be the fact that a great many co-operatives were in fact being formed very actively throughout Northern Italy between 1860 and the First World War. In the field of women's work, in 1903, a *Società Cooperativa per Azioni* was founded with the intention of federating many diverse and widespread institutions throughout the country. Among other aims, was that of "eliminating intermediaries who exploit women's timid work."

In effect, however, as Mottola Molfino observes, such associations were co-operative only in the sense that capital was in the hands of a group of shareholders (no less than nine) gaining a tiny dividend, which however, did not include the workers who received only a very small wage or were paid on a piecework basis (Gambier p. 39).² Thus, despite the total dedication of generous and enlightened individuals, these initiatives never truly achieved the workers' free participation or put them in complete charge of their own productive and selling activities. The most successful, such as the *Scuola Merletti*, certainly fulfilled their main purpose which was to lift some of the population out of their dire poverty, but they almost inevitably remained paternalistic institutions, imposed from above and outside, and while they did stimulate the workers' loyalty, they certainly did not encourage them to become their own managers.

Some of the social and psychological problems related to a centuries-old tradition of dominance and patronage on the part of Venice over its underdeveloped lagoon islands still seem to linger on and to affect present attitudes to co-operative formation. An added difficulty may be the fear of being heavily taxed, because of the government's lack of sufficiently clear distinctions between purely artisan and industrial activities. Yet, even though most girls were heavily regimented within the school's structure (become ever more authoritarian as well as unremunerative during the Fascist period), after the school's closure around 1970, informal chains of co-operation between women completing a piece of work together always kept the craft alive.

To come back to the state of needlepoint work at the present time, Burano is still very obviously the centre for lace-making and selling but the amount of lace displayed in its shops and stalls, is far greater than the women of a population of about 5,000 could have made - even if they had worked to accumulate it over the years. Such abundance is mainly due to two factors. Firstly, during the fifties and sixties local businessmen had taken into their own hands the lace trade which had been traditionally in the hands of Venetians. Secondly, when over the same period Third World products had started pouring into the European markets, Buranelli traders had again shown their acumen by quickly entering the international market: large quantities of lace made in Hong Kong or China made their appearance alongside their own handiwork in Burano's shops and on those very street - stalls, mostly owned by women who nobody would have thought were in a position to sell anything but their own or their friends' products. With mass tourism, machine-made lace had, in any case, become the most saleable and it now constitutes a reliable, if modest, source of income for a number of families. Thus, keeping in mind that during the days of the Venetian Republic and, to a large extent throughout the nineteenth century, lacemakers were expressly forbidden to sell their own products, their present ability to do so is certainly an important step towards freedom from any exploitative mediation.

Traders too, therefore could greatly benefit from the formation of a co-operative. In particular, it is now realised that a distinctive trademark should be adopted to protect the local from imported products; sale of precious Burano needlepoint and trade in the pleasant but relatively inexpensive, Far Eastern type, then could continue to flourish together, related but independent of each other.

Burano's lace-makers show a great deal of pride in their work but are somewhat uneasy about their status as workers, which, compared with that of women who have taken up other kinds of employment, has remained quite unchanged since the time when their old school dwindled into non-existence. The school's closure in the sixties had left some of them in a state of pleasant freedom but its absence eventually turned out disorientating and even cast some doubt on the future of lace-making.

As we have seen, concern about the stagnation of lace-making had led to the institution of a consortium and the offer of free instruction and as the Venice newspaper reporter affirmed, the new school certainly was not to be the same as it was. The courses would include talks on the history of lace as an art form, design, aesthetics, marketing and co-operation - a far cry from the monotonous instruction imparted in the past.

Although few local women participated in the school's opening ceremony, large numbers started to attend their new 'school' in the following days. The history summed up of politically - influenced social attitudes and the impact of radically new markets on women, whose social status had never allowed them to influence their own organisation structures, may well explain their hesitations and their ambivalent feelings towards an institution which in the past had not, with its asperities and hardships, entirely fulfilled their expectations and whose future they cannot as yet clearly envisage. The main ambition expressed by the Consortium's leaders, now that courses and a permanent lace exhibition has been instituted, is that of seeing the lacemakers freely found a co-operative. Indeed, as Count Girolamo Marcello, president of the *Andriana Marcello Foundation* generously emphasised now that times and social needs have changed, "it is to be hoped that the school will become a meeting place, as well as a place for learning, for the production and - why not? - for the sale of their product." (Marcello, p. 9 cf. also Rossetti, p. 7)⁷ It is to be hoped that, given back their own spacious schoolrooms, but now no more frequented by the straight-laced, forbidding figures of teachers and nuns, the lace-makers will indeed formalise their centuries old custom to constitute informal work chains and finally create their own, legally constituted, workers' and traders' co-operatives.

References

1. Spinelli, Oskar. *Pagine di Vita Cooperativa*. Editrice Libreria Co-op, Roma, 1948.
2. Gambier, Madile. "Testimonianze sulla Laborazione del Merletto nella Repubblica di Venezia." In *La Scuola dei Merletti di Burano*. (Exhibition catalogue of the Consorzio Merletti), Burano, 1981.
3. Guiton, Shirley. *A World by Itself. Tradition and Change in the Venetian Lagoon*. Hamish Hamilton, London, 1977.
4. *Il Gazzettino*. September 24th, 1981.
5. Mottola Molfino, Alessandra. "I Merletti della Scuola di Burano tra Ottocento e Novecento." In *La Scuola dei Merletti di Burano*, 1981.
6. *Commune di Venezia. Sezione Didattica. La Scuola dei Merletti di Burano*, Mostra Permanente. Schede Informative a Cura di: Paola Chiapperino Mazzone, Madile Gambier, Caterina Marcantoni Cherido, Carla Masin Angelino and Doretta Davanzo Poli. 1981.
7. Marcello, Conte Girolamo and Rossetti, Pietro. Inaugural addresses in *La Scuola dei Merletti di Burano*, (Exhibition catalogue) Burano, 1981.

Other References

Mottola Molfino, Alessandra and Binaghi Olivari, Maria Teresa. *I Pizzi: Moda e Simbolo*. Exhibition catalogue. Museo Poldi Pezzoli, Electra Editrice, Milano, 1977.

Thornley, Jenny. *Workers' Co-operatives: Jobs and Dreams*. Heinemann, London, 1981.

CUMULATIVE INDEXES TO
YEAR BOOKS OF AGRICULTURAL CO-OPERATION 1927-81

1. Subject Index

Accounting and Auditing

Co-operative auditing	1932
Auditing in the German rural co-operative movement	1958
Data processing in the German Raiffeisen organisation	1971
Agricultural book-keeping co-operatives in the Netherlands	1976

Agrarian Reform see Land Reform

Agricultural Co-operation, General see also Co-operatives
and the State

Report on agricultural business in Ceylon, Australia, New Zealand and Western Canada	1929
Agriculture in Europe: a post-war survey	1938
Agricultural co-operation in the world today	1939
Co-operative roads to a more equal world	1942
Agricultural co-operation after the war	1947
A century of agricultural co-operation	1948
Agricultural co-operation and the application of agricultural science	1951
Smallholdings and co-operation	1957
Economic analysis of agricultural co-operation	1960
The challenge to traditional co-operation	1962
Productivity in agricultural co-operation	1964
Co-operation in the Common Market	1964
Some problems of agricultural co-operation in South East Asia	1965
Concentration of co-operative undertakings	1966
Swiss agricultural co-operatives in the national economy	1966

Agricultural Co-operation, General contd

Some principles of co-operation: a Swedish view	1967
Co-operation as an antidote to inflation: a South African view	1967
Agricultural co-operative development in the Middle East	1972
Arab co-operation in Israel	1972
East European conference on the problems of co-operation	1972
The size of co-operative organisations	1973
Co-operative growth	1973
Discrepancy between the principles of modern co-operation and those of traditional rural life (with special reference to Japan)	1974
Some lessons in co-operative development: the case of Botswana	1976
Agricultural co-operation in Australia	1977
The establishment of a new co-operative system in Niger	1977
Problems and potential of agricultural co-operatives in Kano State (Nigeria)	1977
Recent developments in agricultural co-operation in Turkey	1977
The struggle for success in rural co-operation: Kabuku Ndani Ujamaa Co-operative Society, Tanzania	1977
Yugoslavia - Slovenia: agriculture and agricultural co-operation	1977
Research into co-operation	1977
Diversification and expansion of agricultural co-operation in the agricultural food economy	1978
The integration of agricultural co-operation in West Germany	1978
The Greek farmers' co-operative movement	1978
Functions and types of agricultural co-operatives in Latin America	1978
The development of contract farming in Japan through the sponsorship of an agricultural co-operative	1978

Agricultural Co-operation, General contd

A producer co-operative for Jacob sheep in the United Kingdom	1978
Forward planning in the supply and marketing co-operatives in six European countries . . .	1979
Problems of agricultural co-operation in Turkey	1979
Participation of agricultural co-operation in international trade. <u>see International Trade</u>	
Agricultural co-operation in Israel	1980
Agricultural co-operatives in Austria	1980
Agricultural co-operatives in Portugal	1980
Co-operatives in Zimbabwe	1981
Agricultural co-operatives in Algeria	1981
Agricultural co-operation in Sri Lanka	1981
Malaysian agricultural co-operatives in the 1980s	1981
Measures to retain the co-operative character of Danish producer co-operatives . . .	1981

Agricultural Machinery

The co-operative use of agricultural machinery in France	1947
Farm mechanisation in England and Wales	1948
Co-operative mechanisation of the small farms	1949
Co-operative distribution and manufacture of agricultural machinery	1950
Belgium: agricultural machinery co-operatives	1953
Co-operative manufacture and distribution of farm machinery in Canada	1966
The Norwegian Maskinring	1966
Machinery syndicates compared	1967
Machinery sharing syndicates in England and Wales	1979

Banking - see Finance

Bibliographies and Library

Select Bibliography of Co-operation appeared
annually until 1979

The Co-operative Reference Library 1941
Co-operative Reference Library:
classification 1948

Biographical see also Principles and Philosophy

Horace Plunkett, 1854-1932 1933
George Russell 1936
Count Alexander Carolyi, founder of the
Hungarian co-operative movement 1938
Albert Thomas and the East 1938
Sir Horace Plunkett as co-operator 1939
Father Thomas Finlay 1939
A memory of Horace Plunkett 1942
Harold Barbour 1943/44
Retirement of Miss Digby, O.B.E. from the
Secretaryship of the Plunkett Foundation 1967

Community Co-operatives

Co-operation and community development 1958
Community co-operatives: a Highlands and
Islands experiment 1979

Consumers

Consumers' co-operation in the village 1949
Report of Independent Co-operative
Commission in Great Britain 1959
Consumer co-operatives in Ceylon 1969

Consumers contd

Co-operation in the age of the supermarket . . .	1970
Consumer co-operatives in the United States . . .	1975

Co-operation - general

Present and future of the the co-operative movement in Latin America	1965
New forms of co-operation and market liability of co-operatives	1968
Growth of Canadian co-operatives	1975
Co-ordination of local and regional co-operatives in Canada	1975
Co-operativism and co-operative socialism in Guyana	1976
Some lessons in co-operative development: the case of Botswana	1976
The development of the co-operative movement in Guatemala: a brief description	1978
The co-operative movement in Jordan	1979
A brief sketch of the co-operative movement in China	1980

Co-operative Farming

Collectivisation and co-operative farming in the U.S.S.R.	1936
Communitarian rural settlement in Palestine	1939
Collective farming in the U.S.S.R.	1942
The modern co-operative community: the Kvutza, the Kolkhoz and the Ejido	1945/46
Co-operative farming in Saskatchewan	1947
Soviet collective farming: post-war development	1948
Collective agriculture in the U.S.S.R.	1950
Collective farming	1951
Co-operative farming in Italy	1953
Collective farming in the U.S.S.R.	1953
Soviet collective farming	1954
Co-operative farming in Sweden	1955
Co-operation in farming operations: some examples in Germany	1959

Co-operative Farming contd

The co-operative settlement movement in Israel	1959
Soviet agriculture	1961, 1962, 1963, 1964
Hungary: agricultural supply and marketing co-operatives	1962
Eastern Europe	1962
China	1962
The co-operative settlements in Israel under new co-operative bill	1966
Co-operative settlements in Israel under the new co-operative law	1967
Co-operative farming in India	1968
Co-operative villages in Africa	1971
Spain - An experiment in co-operative farming	1973
Changes in U.S. Farmers' co-operatives 1969-70 to 1970-71	1974
Farmer Jensen of Denmark, 1973	1974
Role and trend of farmer co-operatives in the United States	1975
Trends in co-operatives purchasing of farm supplies (U.S.A.)	1975
Farm co-operatives in the EEC context	1977
The scope for co-operation at farm level	1979

Co-operatives and the State

Co-operation and the State	1939
The place of co-operatives in the national economy	1950
Co-operation as a commercial, social and political development	1970
Some political aspects of central co-operative organisations	1970
The role of co-operatives in implementing government policy	1973
The relationship between co-operatives and the government	1973
Co-operatives and government	1975
The role of government in agricultural co-operation in the United Kingdom	1976

Credit and Thrift

Co-operative thrift societies	1949
Credit and the farmer	1951
An inquiry into the credit of the small market gardener 1950-51	1953
West Germany: the Raiffeisen banking system	1955
Agricultural credit in the Netherlands	1956
Agricultural credit in the Sudan	1958
Co-operative credit in Finland	1960
Problem of agricultural credit in Pakistan	1960
The farmers' credit co-operatives in the Netherlands	1961
Development of Raiffeisen co-operatives	1965
Short term credit to Norwegian co-operative farmers	1968
Turkish rural credit co-operation in 1966	1968
Agricultural co-operative credit in West Pakistan	1968
Turkish rural credit co-operation in 1968	1969
South African co-operatives and production credit	1969
Raiffeisen co-operatives in Germany	1970
Agricultural credit in India	1971
The U.S. farm credit system	1975
Agricultural credit in Western Europe	1976
Evolution of long term credit institutions in India	1977
Thrift and credit co-operatives for fisheries in Japan <u>see Fisheries</u>	
Agricultural credit and development - a "Farm's eye view"	1981

Developing Countries see also International Organisations

Peasant economy in the tropics	1929
Co-operation and the nutrition of colonial peoples	1938
Co-operation and rural hygiene	1938
A survey of the colonial and tropical empire	1941
The finance of the cultivator: the British, Dutch, French and Colonial territories in Africa and Asia	1945/46
Health and agriculture; human needs in the pastoral economy of Central Africa	1947

Developing Countries (general) contd

Some principles of co-operative development	1953
The promotion and extension of co-operation in newly independent countries	1963
Food industries in developing countries	1964
Co-operation in some developing countries	1967
Course on credit and marketing for developing countries	1970
A comparison of marketing structures for agricultural produce in developing countries	1970
Raiffeisen and the "Third World"	1970
British Government assistance to co-operatives in developing countries	1970
How the U.S. Department of Agriculture assists in international co-operative development	1970
Nordic assistance to the co-operative movement of East Africa	1971
Pre-requisites for the development of agricultural co-operatives in developing countries	1973
Co-operation, the EEC and the world	1978
The programme of action of WCARRD..... <u>see Land Reform</u>	
The co-operative development activities of the United States Agency for International Development	1980
The West German Foundation for International Development	1980
Co-operative support to Egypt - an example of Swedish co-operative assistance	1980

Education and Training

Co-operative education	1932
English and Canadian Schools (non-co-operative)	1941
Agricultural education (non-co-operative)	1943/44
Education for agricultural co-operation	1949
Co-operative training facilities	1953
France: education and training in agricultural co-operation	1955
Brazil: co-operation for education	1955
Co-operative education in Finland	1956
The University Institutes for the study of co-operatives	1958

Federations

Agricultural co-operative federations in France and the United Kingdom	1956
The Federation of Agricultural Co-operatives (U.K.)	1971
Federation of Agricultural Co-operatives (U.K.) Ltd., Progress in 1972	1973
WAOS is 50 years old	1973
The beginnings of the Irish Agricultural Organisation Society	1974
The role of a provincial federal co-operative - the Co-opérative Fédérée de Québec	1975
Federation of Agricultural Co-operatives (U.K.) Ltd	1975
The National Co-operative Federation of France	1977
The Federation of Swedish Farmers	1977
Some consequences of the extension of federal organisation among agricultural co-operatives in the United Kingdom	1979

Finance

Financing of agricultural co-operatives in Norway	1957
Financing of Moroccan co-operatives	1958
Finance of Danish co-operative dairies	1961
National Co-operative Bank and Co-operatives in Brazil	1961
The financing of agricultural co-operatives in the United States and Britain	1962
The nature of capital in a British agricultural co-operative	1963
Finance and economic management of agricultural co-operatives	1966
Financing agricultural co-operatives	1968
State financing of co-operatives leading to self-financing	1973
The problems of financing co-operatives	1973
Co-operative banking in Western Nigeria	1974
The co-operative banking system in the Netherlands, 1960-1975	1978
Co-operative banking in a developing economy	1979

Education and Training contd

Random reflection on the techniques, possibilities and results of international co-operative education	1958
United Kingdom: Business training for staffs of agricultural co-operatives	1959
IFAP co-operative seminars	1959
Administrative and managerial training of agricultural co-operative staffs in France	1959
Co-operative education in Ceylon	1959
Education and training in the Dutch co-operative movement	1960
Development of the co-operative college in Canada	1960
India, Co-operative training and education	1962
Business training for co-operators in developing countries	1963
Co-operative education in Japan	1964
Co-operative training in Africa	1965
The French Institute for Co-operative Action	1965
Co-operative research and teaching conferences in the United States	1966
Agricultural organisation and training in Spain	1966
Education and training of members in the Raiffeisen co-operatives of the FDR	1966
Co-operatives and literacy in Ecuador	1970
The 10th co-operative management training course	1971
Agricultural co-operation and training in Iraq	1972
Eleventh co-operative management training course, Ankara, Turkey 1971	1972
Indonesian training course	1974
American Institute of Co-operation	1975
Training of senior co-operative executives in India	1975
Thirteenth co-operative management training course, Trinidad and Tobago - 1974	1975

Electricity

Rural electrification in Iberia.	1953
Rural electric co-operatives	1975

Farm Relief Services

Farm relief services in the Netherlands	1977
---	------

Fisheries

Smallholders of the sea	1931
Newfoundland and Iceland, a parallel	1935
Co-operative organisation of fishermen	1947
Norwegian fishermen's co-operation	1956
Co-operation in Japanese fisheries	1960
Fisherman's co-operation in Finland	1960
Fisherman's co-operation in New South Wales	1960
Agricultural and fishery co-operation in Japan	1963
Co-operation among fishermen	1972
Indonesia. Fishery co-operatives	1974
Production, processing and export marketing of Icelandic frozen fish	1977
Marketing and distribution of fish and fish products in Japan: organisation and problems	1977
Thrift and credit co-operatives for fisheries in Japan	1977
The Norwegian's Fishermen's organisation and its contribution to the co-operative movement	1977
Fisherwomen and group development in N. E. Brazil	1981

Handicrafts and Small-Scale Industry

Cottage industries and planned economy in India	1958
Village industries and economic reconstruction in India	1960
Federal Republic of Germany: Industrial and Housing Co-operatives	1962
Co-operatives among Canada's Eskimos	1964
Handloom-weavers' co-operatives in India	1966
Western Nigerian integrated rural development scheme	1969
The potential role of industrial co-operatives in rural development in under-developed countries; A case study from Botswana of a construction co-operative	1974
Group problems of lacemakers in Italy	1981

Horticulture

The marketing of Guernsey's glasshouse-grown tomato crop	1977
Success in horticultural marketing co-operation .	1978
Integrated horticultural production and marketing	1980

Housing

Poland: The co-operative housing movement	1949
The Netherlands: agriculture and Housing	1954
Federal Republic of Germany: industrial and housing co-operation	1962
Co-operative housing and building	1963
Co-operative housing societies in Pakistan	1965
The promotion of housing co-operatives in Africa .	1981

Industrial Co-operatives

Workers' co-determination in co-operative enterprise: the German case	1970
Industrial co-operatives in Japan	1979
Promoting industrial co-operatives	1981

Insurance

Co-operative insurance	1935
Agricultural co-operative insurance	1936
Agricultural co-operative insurance	1963
Co-operative insurance and veterinary services in Israel	1964

International Organisations

The ILO and the co-operative movement	1940
International co-operation	1945/46
The ILO and the co-operative movement	1952
FAO in the co-operative field	1952
The Food and Agriculture Organisation: work in relation to co-operatives	1955
Co-operative movement within the territories of the South Pacific Commission	1955
IFAP co-operative seminars	1959

International Organisations contd

The South Pacific Commission and co-operative development	1959
Development in the South Pacific	1962
Co-operation in the South Pacific	1963
Work of the FAO to assist the development of co-operatives	1963
The International Labour Office and co-operation	1963
South Pacific co-operation	1964
Co-operative developments in the area of the South Pacific Commission	1965
Regional collaboration for co-operative development in the South Pacific	1966
The ICA in the last third of the twentieth century	1968
The Plunkett Foundation, 1919-1969	1969
A report of the CEA meeting at Helsinki, 1969	1970
The structural problems of agricultural co-operatives (IFAP Study Session, 1969)	1970
Why and how co-operatives group into COGECA	1973
The International Co-operative Alliance in West Africa	1978

International Trade

International co-operative trade in Asia: retrospect and prospect	1978
Participation of agricultural co-operatives in international trade	1980

Land Reform and Land Settlement

Land settlement enterprise in England	1936
Land reform in Italy and Egypt	1956
Co-operation and changes in land tenure	1963
Land reform and co-operation in India	1967
Agrarian reform and the development of agricultural co-operation in Tunisia	1968
The Land Settlement Association Ltd.	1975
Agrarian reform and co-operation in China	1976
The programme of action in the World Conference on Agrarian Reform and Rural Development (WCARRD); with particular emphasis on people's participation and organisation	1980

Legislation

Digest of co-operative legislation at home and abroad	1933
Supplements	1934-40, 1947-49, 1951
Agricultural emergency legislation in Great Britain, 1939-41 (non-co-operative)	1942
The Netherlands: statutory regulation of co-operatives	1955
Co-operation, competition and cartels	1962
Co-operative law in Sweden and the U.K. . . .	1962
Recent developments in producers' marketing legislation in New Zealand	1964
The law regarding the Kolkhoz in the U.S.S.R. . . .	1966
New ideas on British agricultural co-operative law	1972
A history of United States co-operative legislation	1975
Co-operative law and co-operative development in Ghana	1976
United Kingdom co-operative law - choice or confusion?	1981

Marketing

Empire marketing schemes and agricultural organisation	1927
Co-operative marketing of fruit and vegetables . . .	1934
The Paterson butter scheme	1939
Sweden: the co-operative dairy organisation	1955
Spain: co-operation in poultry-keeping and agriculture	1956
West Germany: co-operative meat and livestock marketing	1956
Co-operative dairying in New Zealand	1960
The co-operative marketing of horticultural produce	1961
The biography of a co-operative	1961
Hungary: Agricultural supply and marketing co-operatives	1962
Dairy co-operatives in Northern Ireland	1963
Suckled-calf marketing in Wales	1966
Producer groups: a European view	1966
Weaner pig marketing in Wales	1967
Co-operative marketing of agricultural produce in Ceylon	1967
Saskatchewan Wheat Pool	1967

Marketing contd

Eurograin	1968
Swedish farmers' co-operation and vertical integration	1968
Co-operative agricultural production and marketing in Ceylon	1968
Co-operative olive oil processing and marketing in Jordan	1969
Co-operative fruit marketing in New Zealand	1970
Co-operative market shares in Europe	1968
Meeting the challenge of new materials	1972
Agricultural co-operatives in the marketing of agricultural produce and inputs	1973
Agricultural co-operative marketing and production with special reference to the changes in Denmark	1973
The role of primary co-operatives	1973
The role of secondary co-operatives	1973
Co-operation and/or statutory boards	1973
The effect of EEC regulations on marketing co-operatives	1973
Producer groups in the EEC	1973
Measures for developing marketing structures in the EEC	1973
Grain handling co-operatives in Western Canada	1975
Primary co-operatives in Jamaica	1975
Lessons to be learned from the experience of the U.K. milk marketing boards	1976
Agricultural marketing co-operatives in Norway	1976
The co-operative marketing of carobs in Cyprus	1976
The marketing of Guernsey's glasshouse-grown tomato crop <u>see Horticulture</u>	
Market development in requisite co-operation: the role of members' buying relations	1978
Co-operative marketing in Bangladesh	1978
Success in horticultural marketing co-operation <u>See Horticulture</u>	
Forward planning in the supply and marketing of co-operatives in six European countries <u>See Agricultural Co-operation, General</u>	
Integrated horticultural marketing <u>See Horticulture</u>	

Marketing contd

Co-operation, General contd

The role of co-operation in agricultural
and food marketing in:

U.K.	1980
Denmark	1980
Netherlands	1980
Hungary	1980
Norway	1980
Sweden	1980
Co-operative agricultural marketing in Switzerland	1980
Co-operatives in agricultural and food marketing in Finland	1980
Co-operation in agricultural and food marketing in Spain	1980
Co-operative marketing of livestock and meat in the U.K.	1981
Livestock and meat co-operatives in the Republic of Ireland	1981
Co-operation in the French livestock and meat sector	1981
General review of cattle and pig production in Belgium	1981
The structure of the co-operative organisation for the marketing of livestock and meat in Sweden	1981
Livestock marketing co-operatives in Botswana's growth economy	1981

Membership Relations

An American co-operative and its members	1958
Members, committees and staffs	1959
Regional member relations conference in United States co-operatives	1964
"Workers" and "Peasants" in the Hungarian co-operative farms	1975
Communication in the function and organisation of agricultural co-operatives	1976
Reasons which justify membership of an agricultural co-operative	1978

Multi-purpose Co-operatives

A French multi-purpose co-operative	1963
The Côtes du Nord and Finistère Farmers' Co-operative	1966
Agricultural collective interest societies (SICA) in France	1973
The SICA aims, functioning and evolution in France	1976

Principles and Philosophy

Co-operative principles	1967
Better ways of living through co-operatives	1978
Patronage and self-reliance in co-operatives from Raiffeisen onwards	1980
Horace Plunkett's social philosophy	1981

Processing

Co-operative processing of agricultural produce in India	1959
Co-operatives and the food industries in developing countries	1964
Organisation and methods of wine co-operatives in Baden	1967
Economic and industrial co-operation of forest owners in Finland	1968
Co-operative olive oil processing and marketing	1969
Processing co-operatives in India	1969
The co-operative sugar-beet industry in the Netherlands	1971
Co-operative sugar-cane supply societies in India	1971

Statistics

Australia	1927-29, 1935-37 (NSW), 1938, 1938-39 (NSW), 1941-42 (NSW), 1950 (Q), 1952, 1964, 1964 (WA).
Bahamas	1927-29
Barbados	1927-29
Belize	1976

Statistics contd

Brazil	1953, 1961
British Commonwealth	1952-64
Bulgaria	1939
Burma	1963
Canada	1927-29, 1937, 1951, 1955-56, 1958-64,
Ceylon	1927-29, 1945/46
China	1932, 1935
Cyprus	1927-29, 1945/46, 1947, 1952, 1963
Czechoslovakia	1936, 1945/46, 1969
Denmark	1936, 1945/46, 1951, 1953, 1958, 1968
Egypt	1947
Eire	1927-29, 1953, 1957, 1960-1, 1963
Finland	1954, 1955, 1957
Germany	1936, 1956 (East), 1965 (West)
Ghana	1939
Greece	1966
Hong Kong	1976
Hungary	1962
India	1927-29, 1931, 1952, 1953
Iraq	1968
Israel	1951
Japan	1933, 1950, 1966
Kenya	1927-29
Latin America	1963
Lithuania	1938
Malaysia	1963
Netherlands	1961, 1963
New Zealand	1927-29
Nigeria	1970
Norway	1976
Palestine	1927-29, 1934, 1936, 1938, 1939, 1941, 1943/44, 1945/46, 1948 1954, 1960, 1964
Papua & New Guinea	1935, 1967
Poland	1927-29, 1948, 1976
Rhodesia	1927-29, 1949, 1964, 1970-76
Scotland	1976
Singapore	1927-29, 1932, 1936 (Transkei), 1938-41, 1945/46, 1947, 1949, 1950, 1952

Statistics contd

South Pacific	1955
Straits Settlements	1927-28
Sudan	1957
Sweden	1938, 1940, 1947, 1950-51
Switzerland	1943/44, 1947, 1968
Taiwan	1958
Thailand	1954
Ulster	1927-29, 1960, 1961, 1970-76
United Kingdom	1927-29, 1936-40, 1943/44, 1945/46, 1947-76, 1977, 1978
Upper Volta	1970
U.S.A.	1937, 1947-48, 1950-51, 1953-57, 1959-66, 1968-71
U.S.S.R.	1933, 1961, 1964, 1966
Wales	1927-29, 1940, 1945/46, 1948/49, 1951-52, 1954-58, 1960-63, 1965, 1970-76
Windward Islands	1927-29
Yugoslavia	1955

Taxation

Taxation of co-operatives	1950
Taxation of agricultural co-operatives in South Africa	1968

Tourism

Tourism - a new subject for co-operation among farmers?	1980
--	------

War-time Developments and Post-War Reconstruction

Emergency distribution of food	1943/44
Co-operation in Europe and post-war reconstruction	1943/44
Nutritional aspects in the emergency of food	1943/44
Co-operatives' part in food distribution	1943/44
Co-operation, relief and reconstruction	1943/44

Women and Co-operation

Women and co-operation in Finland 1958
Fisherwomen and group development in
N. E. Brazil See Fisheries

CUMULATIVE INDEXES TO
YEAR BOOKS OF AGRICULTURAL CO-OPERATION 1927-81

2. Country Index

Aden	1960, 1964, 1966
Africa	(1980) (aid), 1981 (housing) ¹
Africa, West	1978 (ICA in)
Albania	1948, 1949, (1956-59)
Algeria	1931, (1932), (1934-37), (1939), 1952, 1981
Argentina	1932, 1933, 1935-39, 1941, (1942), (1957), (1960), (1962), (1963), 1965, 1968, 1970, 1973
Asia	1978 (interco-operative trade)
Australia	1927, 1929, 1930 (Western Australia, New South Wales, Victoria, Tasmania), 1931, 1932 (Queensland, W.A., N.S.W., and T.), 1933 (Q., W.A., N.S.W.), 1935 (W.A., N.S.W.), 1936 (Q., W.A., N.S.W.), 1937 (W.A., N.S.W.), 1938 (W.A., N.S.W., Australian Phosphate Co-operative Company), 1940 (W.A., N.S.W.), 1941, 1942 (W.A., N.S.W.), 1943-44 (W.A.), 1945-46 (W.A.), 1949 (W.A.), 1951, 1952, (also New Ireland), 1953 (Q.), 1956 (N.S.W., Q.), 1960 (N.S.W., Q.), 1960 (N.S.W. fisheries), 1961 (N.S.W.), 1962 (Q.), 1963 (Q., N.S.W., W.A., V.), 1965 (W.A.), 1966, 1968 (N.S.W., Q., W.A.), 1970, 1973 (N.S.W., Q., V., W.A., Co-op Federation), 1977
Austria	1931, 1932, 1937, 1951, 1953, 1961, 1968, 1970, (1976) (credit), 1977, 1980

¹ Brackets indicate that the country is included in a regional article.

Bangladesh	1980
Barbados	1956
Basutoland <u>see</u> Lesotho	
Bechuanaland <u>see</u> Botswana	
Belgian Congo <u>see</u> Congo	
Belgium	1937, 1943-44, 1948, 1950-52, 1953 (agricultural machinery), 1954 (legislation), 1956, 1957, 1960, 1965, (1968), (1977), 1981
Belize	1931, 1955, 1957, 1958, 1959, 1961, 1964, 1966, 1968, 1970, 1976
Bolivia	1931, (1942), (1957), (1960), (1962), (1963), 1968
Botswana	1949, 1966-70, 1974 (construction), 1976, 1981
Brazil	1937-40, (1942), 1953, 1955 (education), (1956), (1957), (1960), (1962), (1963), 1970, 1981 (fisherwomen)
British Commonwealth General	1945-46, 1948, 1952, 1966, 1969, 1970, (see also individual countries)
British Guiana <u>see</u> Guyana	
British Honduras <u>see</u> Belize	
British Solomon Islands	1961, 1962, 1965-68, 1970, 1972
Bulgaria	1931, (1933), 1934, 1936, 1937, 1939, 1949, (1950-52), 1955, (1956-60)
Burma	1937, 1940, 1949, 1950, 1954, 1958, 1963
Cambodia	1954
Cameroon	1958, 1961, 1962, 1965, 1971
Canada	1928, 1929 (east coast, Manitoba), 1930 (N. Ontario), 1931 (wheat pools), 1932 (wheat pools, O.), 1933, 1934, 1935 (west coast, Nova Scotia), 1936 (west coast), 1937, 1938 (prairie provinces), 1939 (western provinces, N.S.), 1941, 1942 (w. provinces), 1943/33-48 (prairie provinces),

Canada contd	1949 (prairie and maritime provinces), 1950-52, 1953 (also rural electrification in Alberta), 1954, (also co-operative medical services in Ontario), 1955 (also Co-operative Credit Society), 1956 (also merger Saskatchewan and Manitoba Wholesale), 1957-59, 1960 (also Co-operative College), 1961-67, 1970, 1975, (1978) (1971)
Central African Republic	
Ceylon <u>see</u> Sri Lanka	
Chile	1931, 1939, (1942), 1954, (1957), (1960), (1962), (1963)
China	1931-33, 1935, 1937, 1938, 1940, 1942, 1955, 1959, (1960), 1968, 1969, 1980
Colombia	1931, 1934, (1942), 1953, 1955, (1957), (1960), (1962), (1963), 1968
Common Market <u>see</u> EEC	
Congo <u>see</u> Zaire	
Cook Islands	(1960), (1966)
Costa Rica	1955, (1957), (1960), (1963)
Cuba	1945/46, (1957), (1960), (1963)
Cyprus	1931, 1938, 1942-47, 1949-56, 1958, 1959, 1961, 1963, 1965, 1969, (1970), 1971, 1976 (marketing)
Czechoslovakia	1930, 1932-38, 1943/44, 1945/46, 1949, 1951-55, (1956-60), 1969 1971
Dahomey	
Denmark	1931, (1933), 1934-36, 1943/44, 1945/46, 1951, 1953, 1956 (education), 1958, 1965, (1966), 1968, (1969), 1970, 1973 (marketing), 1974, (1976) (credit), (1977), (1978), 1980, 1981
Dominica	(1930), (1950), (1951), 1952, 1953, 1955-57, 1959, 1960, 1961, 1964, 1966, 1968, 1970, 1975
Dominican Republic	(1951), (1957), (1960)
Ecuador	(1942), (1960), (1962), 1968, 1970

Egypt	1932, 1934, 1936, 1940, 1941, 1947, (1951), 1954, 1955, 1956 (land reform), (1966), 1969, 1972, 1980 (aid)
Eire	1927-40, 1942-51, 1953, 1956, 1957, 1960, 1961, 1962, 1963, 1965, 1967 (farm servicing), 1969, 1970, (1978), 1979, 1981
Estonia	1932, 1934, 1936
Ethiopia	1967
Europe	1967, 1968, 1970, 1977
EEC	1964, 1966-68, 1973 (regulations marketing), 1978 (aid), (1980)
Fiji	1932, 1950-56, 1958-60, 1961, 1962, 1964, 1966-68, 1972, 1974
Finland	1932, 1953-55, 1956 (education), 1957, 1958 (women), 1959 (sales promotion), 1960 (credit and fisheries), 1967, 1968 (forestry), 1970, 1979, 1980
Formosa	1958
France	1930-39, 1943/44, 1947, 1948, 1950-52, 1954, 1955 (education), 1956 (federations), 1959 (education), 1963, 1964, 1966-68, 1970, 1973 (SICA), 1976, 1977, 1978 (1979, banking), 1980 (international trade), 1981 (1934-37), (1939), 1951, 1954
French Equatorial Africa	
French Indo-China	(1932), (1934-37), (1939), 1949..
French Overseas Territories General	1958 (see also individual countries)
French West Africa	(1932), (1934-37), (1939)
French West Indies and Reunion	(1932), (1934-37), (1939)
French-Speaking African Countries	1963
Gambia	1959, 1961, 1964, 1968, 1969
Germany	1930-34, 1936, 1937, 1939, Eastern: (1948), 1953, 1956; Western: 1952, 1953, 1955 (Raiffeisen banks), 1956 (meat and livestock), 1958 (audit), 1959 (co-operative farming), 1962, 1964, 1965, 1966, 1967 (wine co-operatives),

Germany contd	(1968), 1970 (Raiffeisen), 1971 (centralised accounting), (1976) (credit), 1977 (workers' co-determination), 1978, (1979), (banking), 1980 (aid)
Ghana	1932, 1934, (1935), 1939, 1945/46, 1953, 1955-57, 1959, 1962, 1966-71, 1976 (legislation)
Gilbert & Ellice Islands	1950-52, 1955-60, 1961, 1962, 1964, 1965, 1966-69
Greece	1931, 1932, 1934-37, 1939, 1943/44-47, 1950, 1952, 1964, 1966, 1978
Grenada	1969
Guam	1960, (1966)
Guatemala	1931, (1960), 1978
Guernsey	1977
Guyana	(1930), 1932-34, 1936-42, 1947, 1952-57, 1959, 1961, 1964, 1967, 1969, 1976
Haiti	(1951), (1960)
Honduras	1956, (1960), (1963)
Hong Kong	1952-62, 1964, 1965, 1970, 1976
Hungary	1931, 1932, (1933), 1934-38, 1949, (1950-52), (1956-60), 1969, 1975, 1980
Iceland	1932, 1935-38, 1940, 1941, 1956, 1976, 1977 (fisheries)
India	1927, 1929-33, 1935, 1937 (Hyderabad), 1938, 1939 (Punjab), 1940, 1941, (Kashmir), 1945/46, 1947, 1949 (Hyderabad), 1952, 1953 (also cottage industries), 1957, 1958 (also cottage industries), 1959, 1960 (also cottage industries), 1963, 1964, 1966-68, 1969 (processing), (1970), 1971 (credit), 1975, 1977 (credit), (1979, banking), (1981) (industrial)

Indo China	(1932), (1934-37), (1939), 1949, 1954
Indonesia	1931, 1932, 1934-36, 1938, 1939, 1943/44, 1949 (Java), 1951, 1958
Iran	1968-70, 1972
Iraq	1950, (1951), (1955), 1956, 1968, 1972
Ireland, Republic of	
<u>see</u> Eire	
Israel	1927, 1929, 1933, 1934, 1936, 1938, 1939, 1941, 1943/44, 1945/46, 1948, 1951, 1952, 1954, 1956 (absorption of immigrants), 1958, 1959, 1961, 1964, 1966, 1967, 1972, 1974, 1980
Italy	1931, 1932, 1934, 1936, 1939, 1948, 1950, 1952, 1953 (co-operative farming), 1954, 1956 (land reform), 1966, (1968), 1976, (1977)
Jamaica	(1930), (1931), 1932, (1933), 1937, 1939, 1955-58, 1962, 1975
Japan	1931, 1933, 1949-53, 1955-59, 1960 (fisheries), 1963, 1964, 1966, 1969, 1974, 1977 (fisheries), 1978, 1979 (industrial), (1980)
Jordan	(1954), (1955), 1960, 1964, 1966, 1969, 1979
Kenya	1931, 1932, 1934, (1935), (1938), 1948, 1950, 1954, 1957-59, 1962, 1964, 1965, 1968, 1970, (1971)
Korea	1934, (1960: North), 1974
Laos	1954
Latin America	1978, (1980) (aid)
Latvia	1931, 1932, 1937, 1939
Lebanon	(1951), (1954), (1955), 1972
Lesotho	1949-52, 1954, 1956, 1957, 1962, 1965, 1967, 1970, 1972
Liberia	1975
Libya	(1955)
Lithuania	1934-38, 1940
Luxemburg	1939, 1941, 1947, 1966, (1968), (1977)
Madagascar <u>see</u>	
Malagasy	

Malagasy (1932), (1934-37), (1939),
 1971
 Malawi 1939, 1948-52, 1954-56, 1958,
 1959, 1961, 1965, (1970)
 Malaysia 1931-33, 1935-40, 1942, 1943/44,
 1947-53, 1955, 1957, 1958,
 1963, 1968, 1972, 1974, 1981
 Malta 1949, 1950
 Mauritius 1950, 1952, 1961-65, 1968, 1970,
 1971, 1972, 1975
 Mexico 1932, 1934, 1936, 1939, (1942),
 1955, 1956, (1957), (1960), (1963),
 (1966), 1968
 Morocco (1932), (1934-37), 1938, (1939),
 1952, 1955, 1958 (finance), 1964,
 1966
 Netherlands 1931, 1934, 1936, 1938, 1940,
 1943/44-47, 1951, 1952, 1954,
 1955 (legislation), 1956 (credit),
 1959, 1960 (education), 1963
 (management), 1967-69, 1971,
 1976, 1977, 1978 (banking), 1980
 (1966)
 New Caledonia
 New Guinea 1954, (1960), (1966), (1970)
 New Hebrides (1966), 1968, 1970, 1974,
 1975
 New Zealand 1927, 1929-38, 1941, 1950,
 1955, 1960 (dairy), 1964
 (legislation), 1968, 1970, 1971
 Newfoundland 1935-39, 1941, 1948, (1966)
 (1963)
 Nicaragua
 Niger 1977
 Nigeria 1932, 1936, 1938, 1939, 1942-45/46,
 1948-54, 1955 (E. & N.), 1956
 (N.), 1957 (N.), 1958 (E. N. &
 S. Cam.), 1959 (E. & N.), 1961,
 1963 (W. & E.), 1965, 1966-68,
 1969 (Western), 1970, 1974
 (Western banking), 1977, 1979
 (banking)
 Northern Ireland
 see Ulster
 Northern Rhodesia
 see Zambia
 Norway 1931, 1932, (1933), 1934-39,
 1943/44-48, 1956 (fisheries),

Norway contd 1957 (financing), 1959, 1966,
1968, 1976 (marketing), 1977
(fisheries), 1979, 1980

Nyasaland see Malawi

Pakistan 1952, 1953, 1955, 1956, 1960
(credit), 1964, 1965 (housing),
1968, 1974

Panama 1956, (1957), (1960), (1973)

Papua 1954, (1960), (1966), (1970)

Paraguay (1942), (1960)

Persia see Iran

Peru 1940, (1942), (1957), (1960),
(1962), 1968, 1973, (1981)
(industrial)

Philippines 1931 (co-operative banks), 1940,
1954, 1957, 1959, 1965, 1969

Poland 1932, 1934-38, 1943/44, 1949
(housing), 1955, (1956-59), 1960,
1967, 1969

Portugal 1938, 1953, 1980

Puerto Rico 1955, (1957), (1963)

Rhodesia 1947, 1951, 1954, 1965, 1971,
1976

Rumania 1930, (1933), 1935, 1937,
1949, (1950), (1951), (1956-60),
1969

Sabah 1965

St. Helena 1952

St. Lucia 1955, 1969

St. Vincent 1962, 1964, 1966, 1968

Salvador (1957), (1960), (1963)

Samoa, Western 1957, 1959, (1960), (1966),
(1970)

Sarawak 1950-57, 1959, 1961, 1962, 1964,
1966-69

Saudi Arabia 1972

Scotland 1927-40, 1942, 1943/44, 1949,
1951, 1952, 1954, 1955, 1959, 1960
(W. Highlands), 1961-65, 1966,
1969-71, 1975, (1976), 1979
(community)

Senegal (1981) (industrial)

Seychelles 1964, 1965, 1967, 1973-74

Sierra Leone (1933), 1940, 1949, 1951, 1952,
1954, 1955, 1958, 1959, 1965, 1967,
1971, 1975

Singapore 1957-59, 1961, 1972, 1975, 1976
 South Africa 1927-29, 1931-35, 1937-42,
 1945/46, 1947, 1948 (Bantu
 co-operative adult education),
 1949, 1950, 1952, 1955 (service),
 1956-61, 1966, 1967, 1968
 (taxation), 1969-71, 1973

 South Arabia see
 Yemen
 South Pacific 1955, 1959, 1962-66
 South Yemen 1967, 1969, 1970
 Southern Rhodesia
 see Rhodesia
 Spain 1938 (Catalonia), 1953, 1954,
 1955, 1956 (poultry and
 horticulture), 1961, 1966
 (training), 1967, 1973, 1980
 Sri Lanka 1928, 1929, 1931-34, 1936-39,
 1941, 1945/46, 1947, 1949, 1952,
 1955, 1957, 1959 (education),
 1966, 1967 (marketing), 1968
 (marketing), 1969 (consumer),
 (1970), 1981
 Sudan (1951), (1955), 1957, 1958
 (credit), 1965, 1967, 1968,
 (1971)
 Swaziland 1966-68, 1974
 Sweden (1933), 1934-36, 1939, 1940,
 1947, 1948, 1950, 1951, 1954
 (education), 1955 (dairies and
 co-operative farming), 1960
 (requirements), 1966-68, (1976)
 (credit), 1977, (1978), 1979,
 1980, 1981
 Switzerland 1930, 1931, 1933, 1935-38,
 1940, 1943/44, 1947, 1954,
 1955, 1966, 1968, 1980
 (1951), (1954), (1955), 1972
 Syria Tanganyika, 1931, (1935), 1948-50,
 1952-60, 1961, 1965
 Zanzibar, 1933, 1934, 1957, 1958,
 1961, 1962, 1963, 1965, 1967,
 (1970), (1971), 1977
 Thailand 1931, 1954, 1974
 Togo (1971)
 Tonga (1966)
 Trinidad and Tobago (1930), (1931), 1932, (1933),
 1936, 1937, (1951), 1953, 1956,
 1957, 1969

Tunisia (1932), (1934-37), (1939),
1949, 1952, 1968, (1971)

Turkey 1939, 1953, 1961, 1967, 1968.
(credit), 1969 (credit), 1972,
1977, 1979

United Kingdom 1928-40, 1942-58, 1959 (also
education and consumer movement),
1960-71, 1973, 1974, 1975,
(1976), 1977 (research), 1978,
1979, 1980 (horticulture), 1981
(and law)

U.S.A. 1931, 1933-39, 1940 (Eastern
States), 1942-57, 1958 (membership
relations), 1959-65, 1966, 1967
(dividend), 1968 (mergers),
1969-71, 1974, 1975, (1977),
(1978), 1980 (aid)

U.S.S.R. 1933, 1936, 1937, 1942, 1943/44,
1947-48, 1950, 1953-55, 1957-64,
1966

Uganda 1931, (1938), 1949-54, 1956,
1958-62, 1965, 1967-70, (1971)

Ulster 1927-40, 1942-65, 1967, 1969-71,
1976

Upper Volta 1970

Uruguay (1942), (1957), (1960), (1962),
(1963)

Venezuela (1942), (1957), (1962), (1963),
1970

Vietnam 1954, (1960: North)

Wales 1928-30, 1932, 1933, 1936-52,
1954-58, 1959 (forestry),
1960-65, 1966, 1967, 1969-71,
1974-76, 1979

Yemen 1972

Yugoslavia (1933), 1934, 1936, 1937, 1939,
1943/44, 1947-49, (1950), (1951),
1952, (1953), 1955, 1956,
1963, 1967, 1977

Zaire (Belgian) 1951, 1953: (Brazzaville)
(1971), (Kinshasa)

Zambia 1948-50, 1952-56, 1958, 1961,
1964, 1965, 1966-69, (1970),
(1971), 1976

Zimbabwe 1981

INDEX TO 1981 YEAR BOOK

- AFRICA, 1, 141-154
Agency support, 127-129, 130-133 (Senegal)
Agrarian reform, 169-190 (Algeria)
ALGERIA, 169-190
Auctions, 41 (Irish), 70, 72 (Belgian)
Autogestion, 169-190 (Algeria)
- BELGIUM, 63-77
BRAZIL, 229-244
BOTSWANA, 83-100
- Co-operative farming Societies, 166-7 (Zimbabwe)
Co-operative unions, 165-167 (Zimbabwe)
Credit, 101-112 (agricultural), 164-5 (Zimbabwe),
205-6, (Sri Lanka), 221 (Malaysia)
- DENMARK, 25-32
- Energy, 1-5
ETHIOPIA, 151-152 (housing)
- Farmers' associations, 217-8 (Malaysia)
Financing, 44 (Irish) 51,54 (French),
Fisherwomen, 229-244, (Brazil),
FRANCE, 47-62
- Government policy, 121, 123 (Peru), 124-127 (Punjab)
- Handicraft co-operatives (lace-makers), 245-254
Housing co-operatives, 141-154
- Indexes, cumulative, 255-284
Industrial co-operatives, 113-139
IRELAND, 7-14, 39-46
ITALY, 245-254
- KENYA, 148-9 (housing)

Law, 15-24 (U.K.), 53-54 (France), 155-156 (Zimbabwe)
LESOTHO, 147-8 (housing)
Livestock and meat marketing, 1-4, 33-100 ,

MALAYSIA, 213-227
Marketing, 33-100 (livestock and meat) 160-161
(Zimbabwe), 208-9 (Sri Lanka)
Meat, see Livestock
Multipurpose societies, 193 (Sri Lanka)

PERU, 121-123
Philosophy, 7-14
Plunkett, Sir Horace, 7-14
PUNJAB, 124-127

Savings, 163 (Zimbabwe)
Secondary co-operatives, 133-136 (industrial)
SICA, 52
SRI LANKA, 191-212
SWEDEN, 79-82

TANZANIA, 149-151 (housing)

UNITED KINGDOM, 15-24, (law), 33-38 (livestock marketing)

ZIMBABWE, 155-168

