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YEAR BOOK OF
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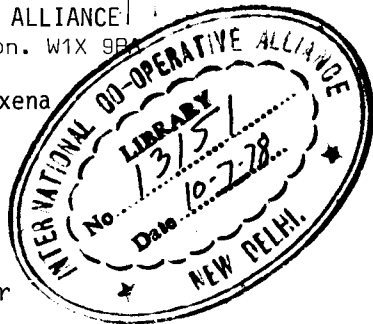
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EDITORIAL

There has been a growing feeling in recent years that the much-vaunted advantages of scale may be an economic justification of technological development, rather than being the best means of adding to the wealth and health of nations. In fact they may destroy or smother other features, which in the long run may be more desirable. Dr. Schumacher drew attention to this.

"Even today, we are generally told that gigantic organisations are inescapably necessary; but when we look closely we can notice that as soon as great size has been created there is often a strenuous attempt to attain smallness within bigness. The great achievement of Mr. Sloan of General Motors was to structure this gigantic firm in such a manner that it became, in fact, a federation of fairly reasonably sized firms. In the British National Coal Board, one of the biggest firms of Western Europe, something very similar was attempted under the Chairmanship of Lord Robens; strenuous efforts were made to evolve a structure which would maintain the unity of one big organisation and at the same time create the 'climate' or feeling of there being a federation of numerous 'quasi-firms'. The monolith was transformed into a well-co-ordinated assembly of lively, semi-autonomous units, each with its own drive and sense of achievement. While many theoreticians - who may not be too closely in touch with real life - are still engaging in the idolatry of large size, with practical people in the actual world there is a tremendous longing and striving to profit, if at all possible, from the convenience, humanity, and manageability of smallness. This, also, is a tendency which anyone can easily observe for himself."*

The small business can create an atmosphere of personal involvement and a sense of belonging: responsibility and decision-making can be more easily exercised. Satisfaction in the work situation is easier to achieve. There are also disadvantages: access to capital for development, a need to watch cash flows and working capital levels closely, the temptation to expand unwisely, and

* "Small is Beautiful" by E. F. Schumacher - Blond and Briggs Ltd, 1973

the feeling that the business may be taken over and independence be lost.

If the choice to remain small is no more than that - a choice - then there is little difficulty. Unfortunately, however, the 30 years since 1945 have seen the rapid expansion of a society geared to the supply of consumer goods. The increase in the number of motor cars, refrigerators, caravans, television sets, and other durable goods, of convenience, plastic-packaged foods, the rapidity of communication, and the ease and speed with which people may travel, have all served to transform the world - in particular the developed section at the expense of the developing section. Most people in the developed countries now live in much greater comfort and affluence - but at a cost.

The cost can be seen in larger and larger factories designed to make more consumer goods more quickly. It is no longer economic to produce small quantities: the investment in people and machines (particularly machines) is too high to allow short production runs at a competitive price. The cost is also evident in the pollution of the atmosphere by factory and power station exhaust gases. The second most serious polluter of the air is the motor car. The waterways and the sea are also becoming polluted by the run-off from fertiliser, from pesticides, and from factory effluents. Nor are developing countries free of these problems. "The Damodar (river) running through India's major industrial area in West Bengal, carries effluents which equal the sewage of a city of a million people: yet two-thirds of the industries have no treatment systems of any kind and include in their pollutants such killers as cyanide. In Bangkok, where three million people and a growing industrial complex discharge all their effluents untreated into the Chao Phraya River and into the city's canals, experts estimate these water systems to be well on their way to irreversible degradation". At the present rate of increase the world population will have doubled by the year 2000. Thus there is a need to increase food production, and an equal need to reverse pollution, to avoid upsetting the delicate ecological balance of the earth. This presents the world with enormous problems: problems that the developed and affluent countries, despite their own difficulties, must provide powerful assistance to help solve.

* "Only One Earth: The Care and Maintenance of a Small Planet"
Barbara Ward and René Dubois - Penguin Books, 1972.

Where does agricultural co-operation stand in all this? Firstly, by modern standards, most agricultural co-operatives are small businesses, when measured against the size and output of large private and national enterprise companies. The reasons for this are (a) they distribute or process but they do not manufacture on a large scale, nor do they, except in some European countries, integrate vertically or horizontally to any great extent. (b) They do not advantage capital or attract capitalists and so lack capital for quick growth. (c) They are controlled by their members and such control must be local.

Secondly, co-operatives ought to be more efficient than private enterprise, because (a) with the commitment of its members, the co-operative should be able to supply its members' needs without carrying large and unnecessary stocks; (b) a marketing co-operative is dealing with a known quantity and quality of produce and can arrange regular outlets. Thirdly, are co-operatives socially responsible or should they be more socially responsible? Agricultural co-operatives are businesses and must be managed as businesses. They are unique, however, in that the core and policy of their business should be the economic welfare of their farmer members. It is not enough to sell requisites or market produce or livestock: the care of the co-operative should be to encourage good husbandry, to provide the most suitable requisites - whether they are seeds or fertiliser - better farming, better business, better living. Unfortunately in the late 1970's even this is not so simple - if indeed it ever was - and the reason once more is that the ecological balance is in danger. In the developed countries, land is being lost to agriculture through urban development and motorways, while the centres of large towns are populated only by commuting daily workpeople. The large inputs of fertiliser and pesticides may be causing damage to future crops by changing the character of the soil, and to waterways because the residue is washed into them. In developing countries there is a need to reverse the flow of people to the capital city, to build smaller urban centres which will be fed by rural areas and provide employment; to improve yields without damaging the soil, to maintain a high proportion of labour content in work and to improve farm efficiency. Such problems may only be solved by national, and probably in some cases international action but it is also necessary for there to be an awareness of the problems and of the need for action at much lower levels than that of national governments. Is it not appropriate that because of their nature and structure, co-operatives should be sensitive to these problems, and that they should conduct their business in such a way so as not to add to the difficulties but rather to reduce

them? Should not co-operatives at least maintain close contact with agriculturalists, foresters, planners, and others involved in maintaining the ecological balance? In brief should not co-operatives be the social conscience of agricultural businesses?

WORKERS' CO-DETERMINATION IN CO-OPERATIVE ENTERPRISE: THE GERMAN CASE

by

Hans-H. Münkner*

1. Introduction

When the Workers' Co-determination Act, 1976 (Mitbestimmungsgesetz vom 4.5.1976) was promulgated in the Federal Republic of Germany, a long and heated discussion on possibilities and problems of workers' participation with equal rights and weight in the decision-making process within the corporate structure of large-scale enterprises - including co-operative enterprises - came to a temporary halt.

In order to analyse the consequences which may result from workers' co-determination under the new law it is necessary (i) to study the reasons why workers' co-determination was introduced; (ii) to survey the areas in which workers' co-determination affects the functioning of enterprises; (iii) the various forms of workers' co-determination which were introduced and (iv) the organisational framework in which workers' co-determination is carried out. There is also need for a concise summary of the contents of the two laws (Betriebsverfassungsgesetz, 1952 in der Fassung von 1972 - BetrVG - Act Governing the Relationship between Employers and Employees in Private Enterprises, 1952, (amended 1972) - and Mitbestimmungsgesetz, 1976 - MitbestG - Workers' Determination Act 1972) which currently govern workers' co-determination in the Federal Republic of Germany.

Only on the basis of this information will it be possible to discuss

- if it is reasonable to apply the provisions developed for workers' co-determination in large-scale private enterprise, to co-operatives
- whether co-operatives, as a special type of organisation within the law of private corporations, constitute a peculiar legal form which would justify their exemption from workers' co-determination

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- whether co-operatives above a certain size should be subject to the same provisions regarding workers' co-determination as commercial firms in the legal form of a company or
- whether specific forms of workers' co-determination in co-operatives should be developed.

Finally, suggested forms of workers' co-determination in co-operatives devised by representatives of German co-operatives to solve the problems raised by the new law on workers' co-determination, and to establish appropriate rules for the future relationship between co-operatives and their employees, will be given.

2. The Meaning of Workers' Co-determination

2.1 Reasons for Introducing Workers' Co-determination

The demand for workers' co-determination in private enterprise, made by the Trade Unions in political discussions, cannot be classified as an expression of class struggle, or as an agitation, to solve a pretended conflict between Capital and Labour in which the shareholders representing capital act as masters and the employees as dependent servants and objects, rather than partners¹⁾

It is true that the current company law reserves the right of decision-making in all important issues to the shareholders. However, the labour law which was especially developed to protect the workers, the principles of the social state, and the social limitations of private property guaranteed under the Federal German Constitution²⁾, prevent shareholders from pursuing their interests without restrictions and in an uncontrolled way. This is obvious in the case of workers' co-determination, where the legislation limits the power of large scale private enterprise³⁾ by providing for more participation of workers in decision-making and control of such enterprises⁴⁾.

Over the years the intensity of workers' co-determination has increased, starting from rights of information and consultation; to disapprove certain decisions; to participate as an equal partner but in a minority position; to full participation in decision-making within the corporate structure with equal rights and equal weight (50 per cent of the seats) on the supervisory council.

The legislation's main target is to check the unrestricted and uncontrolled power of shareholders in the large public companies, while partnerships in which the partners are actively engaged and personally liable are exempted from the provisions governing workers' co-determination⁵⁾. Hence, the main reasons for introducing workers' co-determination are to enable the workers to represent their own interests vis-à-vis their employer and to limit the power of shareholders in large scale companies, but without endangering their economic efficiency⁶⁾.

By institutionalising workers' participation in decision-making within the corporate structure of large-scale private enterprise it was intended to create an instrument for co-ordinating the interests of shareholders and employees, with the built-in requirement to compromise in case of conflict of interests.

2.2 Areas Covered by Workers' Co-determination

The term "Workers' Co-determination" covers three broad areas which cannot always be clearly separated one from another which, however, affect different spheres in the enterprise and aim at different targets so that - with regard to its impact - each of these areas can be assessed in a different way.

2.2.1 Co-determination at the Workplace

Under the BetrVG (sec. 82(1)) the individual employee has the right to be heard by, and to discuss with, the employer all matters related to his employment; he has the right to express his opinion on all measures taken by the employer which affect him and to submit suggestions for improving his workplace and the flow process. In addition the works council has the right to be informed and consulted by the employer on any plans to change the methods of operation, the flow process or the workplaces, and is empowered to oppose such measures if the changes would result in/a deterioration of working conditions (sec. 90,91 BetrVG)⁷⁾.

2.2.2 Co-determination in the Sphere of Labour Law

This area of workers' co-determination deals exclusively with representation of the interests of the employees vis-à-vis the employer and covers mainly labour and social matters such as the contents and observance of employment contracts, personnel problems and social services. The main object in this area is to protect the employee and to control the directors of the enterprise in their capacity as employers, i.e. to ensure that the

directors comply with all obligations which are imposed on them under the labour law⁸⁾. The works council, as the representative of the work force, is given the right to be informed and consulted by the employer and certain decisions of the employer are subject to the approval of the works council⁹⁾.

2.2.3 Co-determination in Decision-making within the Corporate Structure of Enterprises

In this area workers' co-determination refers to active participation of workers' representatives in the decision-making process at the top, where the objectives and the policy of the enterprise are decided ¹⁰⁾.

Traditionally, this area was exclusively reserved for the representatives of the shareholders and even after BetrVG of 1952 they maintained their dominating influence. Now, under the MitbestG of 1976 the representatives of the employees participate with equal rights and equal weight in the decision-making process on the supervisory board.

As long as the interests of the shareholders and of the employees are parallel or basically complementary, workers' co-determination in this sphere may be a suitable instrument to bring about a harmonisation of the interests of all parties concerned in the long-term benefit of the shareholders, the employees and the enterprise. However, in case of conflict there is the danger that the economic efficiency and possibly the survival of the enterprise may be questioned.

Such conflicts of interest may arise, for instance, where the workers' interests are mainly focussed on protecting the employment of the work force and on higher wages, whereas the directors and the shareholders press for the introduction of new technologies and adaptation to changing market conditions which may eventually result in the need to lay off some of the employees¹¹⁾.

If in such conflicts the interests of the workers prevail either totally or in part over those of the shareholders and their representatives on the board, the results for the enterprise might be -

- continued employment of personnel which - as a result of rationalisation - are no longer required;
- delay or cancellation of new technologies or changing production which may result in a reduced share of the market;

- a more heavy financial burden on the enterprise as a consequence of meeting the demands of the employees while the productivity and/or profits of the enterprise are not increasing in the same proportion;
- increased prices for the products or services of the enterprise resulting in a reduction of its capacity to compete with other firms 12).

Thus it can be seen that the interests of the workers - at least as long as they are employees of the respective enterprise - are not necessarily opposed to the interests of the shareholders and their representatives on the board. On the contrary, an agreement of interests, as it is intended by the legalisation of workers' participation in the decision-making process' is not only necessary and possible for maintaining economic efficiency and competitive ability but also for securing employment and payment of wages. 13)

2.3 Forms of Workers' Co-determination

Based on the assumption that workers' co-determination is an instrument for the protection of the interests of the employees, and that active participation of workers' representatives in decisions at the top is a means to safeguard the workers' voice in matters which directly affect their own position, the demand for workers' co-determination can only refer to the employees of the enterprise concerned (in firm co-determination).

The Trade Unions hold the view - which is also expressed in the Statment of Objects and Reasons to the MitbestG of 1976 14) - that workers' co-determination with equal rights and equal weight in the decision-making processes of large-scale enterprises can only be achieved where representatives of organised labour outside the firm (i.e. Trade Union representatives) participate (external co-determination). This demand is based on the argument that the Trade Unions, as spokesmen for the interests of organised labour at regional and national levels, have such a particular and important position that they cannot be excluded from representing the interests of workers under the new Workers' Co-determination Law of 1976 15).

2.4 Organisational Framework for Workers' Co-determination

Apart from rights of co-determination which can be used by the individual employee, the organisational framework in which the

principal powers of workers' co-determination can be exercised are the works council (Betriebsrat) and the supervisory council (Aufsichtsrat).

2.4.1 The Works Council

According to sec. 1 BetrVG of 1972 a shop steward (Betriebsobmann) must be elected in every factory where the regular number of permanent employees is at least 5 and not more than 20 (sec. 9 BetrVG of 1972) and a works council must be elected in every factory where more than 20 persons are permanently employed. The works council is elected by the employees of the factory, and represents the entire work force. Employees eligible to serve on the works council must have been employed in the factory for more than six months, i.e. the works council is a body for in-firm co-determination and is independent of Trade Unions ¹⁶).

A representative of a Trade Union which has a membership base in a factory may be admitted on application of one quarter of the members of the works council or of the majority of one of the groups represented in the works council (workers, employees), to participate in the meetings of the works council as an advisor (sec. 31 BetrVG of 1972). Furthermore, the works council and the employer must work together for the benefit of the enterprise and of the employees in an atmosphere of mutual trust and in close collaboration with the Trade Unions and Employers Associations represented in the factory (sec. 2(1) BetrVG of 1972).

The general remit of the works council is to ensure that the board of directors meets all its obligations as an employer, respects all provisions of the labour law which protect the employees and fulfils all its social obligations (sec. 80 BetrVG of 1972).

Social matters, such as shop rules, working hours, introduction of devices for control of work performance, rate setting and pay system, administration of welfare facilities etc, must be agreed upon by the employer and the works council (sec. 87 BetrVG of 1972).

In staff matters the works council has a right of full and timely information on all measures concerning personnel planning (sec. 92 BetrVG of 1972). Certain decisions in this field, e.g. drawing up of personnel data forms, recruitment, transfer or lay off of employees, and every individual case of engaging, transferring or

dismissing of employees are subject to the approval of the works council (sec. 94, 95, 99, 102 BetrVG of 1972).

In order to inform the employees on the economic situation of the firm an economic committee (Wirtschaftsausschuss) must be established in enterprises with a regular work force of more than one hundred employees. At least one member of this economic committee must be a member of the works council (sec. 106 BetrVG of 1972).

2.4.2. The Supervisory Council

Under German Company Law and Co-operative Law the functions of corporate management and control of management are separated. Each company or co-operative society has to elect or appoint two bodies, one - the board of directors (Vorstand) - in charge of directing and managing the affairs and the second - the supervisory council (Aufsichtsrat) - in charge of controlling the management. Workers' co-determination by participation in the decision-making process is effected by appointing workers' representatives to the supervisory council.

The fact that the designation of the controlling body of companies and co-operative societies is identical cannot be construed to mean that the composition and functions of supervisory boards of companies and of co-operatives are also identical¹⁷⁾.

In both cases the members of the supervisory council are elected by the shareholders in general meeting, but, in the case of a company there are no direct links between the persons elected to serve on the supervisory council and the shareholders. As a rule the persons elected are representatives of business partners, banks with which the company works or specialists in economic affairs, i.e. persons elected from outside the corporate enterprise. In other words the supervisory council of a company is not a sub-committee of the meeting of shareholders but a body of experts to whom the task of controlling the management is entrusted by the shareholders¹⁸⁾.

The supervisory council of a company is responsible for appointing and dismissing the board of directors (sec. 84 Companies Act of 1965 - AktG) and for supervising the management (sec. 111(1) AktG). Under the articles of association certain kinds of business transactions and decisions of the board of directors can be made subject to the approval of the supervisory council.

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The power to determine the composition of the board of directors and the right to participate in most of the important policy decisions by way of approving or disapproving decisions taken by the board of directors give the supervisory council of a company an influence on the management which usually goes far beyond that of a merely controlling body.

In co-operative societies it is a legal requirement that only members/shareholders can be elected to serve on the board of directors or supervisory council (sec. 9(2) Co-operative Societies Act of 1973 - GenG). Therefore, the supervisory council is a standing sub-committee of the general meeting of members ¹⁹⁾ in charge of supervising the management. This aspect is of particular importance in the case of large co-operatives, where often highly-trained economists are elected to serve on the board and are admitted to membership of the society in order to be eligible, but who do not belong to the sociological group of the members. Where this is done, the supervisory council becomes the main body representing the members' interests.

Under co-operative law (sec. 24(2) GenG) the board of directors is elected by the members in general meeting, but the law enables the co-operatives to provide for different ways of electing the board in their by-laws. In practice, the election of board members is very often delegated to the supervisory council, yet, different from company law, the original power to elect and dismiss the board members of co-operatives is vested in the general meeting of members.

As already indicated the supervisory council of co-operatives has an important role to play as the representative of members' interests vis-à-vis the board of directors. Its task in this respect is to act as an intermediary between the board of directors and the members and to assist in maintaining and strengthening the economic ties between the co-operative and the members' enterprises ²⁰⁾. For instance, where a co-operative covers several villages, usually every village is represented on the supervisory council with one or several council members commensurate to its importance.

According to co-operative law (sec. 38(3) GenG) additional tasks may be allotted to the supervisory council under the by-laws. In practice this is done in such a way that the supervisory council assumes the role of an advisor to the board of directors. Nearly all important decisions (with regard to investments, acquisition and sales of real estate, fixing the limit of credit,

granting of loans above a certain amount, engagement of staff etc.) are usually listed in the by-laws as matters which have to be discussed in joint meetings of the board of directors and the supervisory council and which in many societies can only be decided by the board in a legally binding form with the approval of the supervisory council.

This comparison of the composition and functions of the supervisory boards of companies and co-operatives shows that despite some similarities there is a basic difference between the two bodies. Nevertheless the lawmakers have decided not to differentiate between the supervisory council of companies and that of co-operatives as far as workers' co-determination is concerned ²¹⁾.

3. Workers' Co-determination under German Law

In Germany the first attempts to institutionalise workers' co-determination date back to 1891 when the Worker Protection Act (Arbeiterschutzgesetz) provided for the formation of factory committees. In 1920 a Works Council Act (Betriebsratengesetz) was promulgated, but the works councils were abolished in 1933. After 1945 several Works Council Acts were introduced in the different States of the Federal Republic of Germany and in 1952, a unified Act governing the relationship between employer and employees in private enterprise (Betriebsverfassungsgesetz vom 11.10.1952, BetrVG) was put into force in the Federal Republic. This law was adapted to the changing economic and political situation in 1972.

Finally, in 1976 after a long political discussion the Workers' Co-determination Act (Gesetz über die Mitbestimmung der Arbeitnehmer vom 4.5.1976 MitbestG) was enacted.

In both the BetrVG and the MitbestG the size of the enterprise - measured by the number of permanently employed staff - and the Act under which the enterprise is incorporated are used as criteria for the application of the provisions concerning workers' co-determination.

For the sake of completeness it should be mentioned that workers' co-determination can also be introduced under the articles of association or by-laws of individual companies or societies or under contract. In fact, some of the larger consumers' co-operatives had introduced workers' participation in the supervisory council, with equal rights and in equal number, before the MitbestG came into force.

3.1 The Act Governing the Relationship between Employer and Employees in Private Enterprise (BetrVG) of 1952 with Amendments up to 1972

The BetrVG is based on a clear separation between employer and employee but, it does not consider the employer as the master who exercises absolute power over his employees and the employee as the subordinate servant who has only to follow orders. Under the BetrVG the employee is given the position of an equal partner who shares powers and responsibilities in the enterprise 22), with rights of information and consultation and powers to participate in the decision-making process at the workplace, in the sphere of labour relations and within the corporate structure.

Only small scale enterprises are exempted from institutionalised co-determination. According to sec. 1 BetrVG every factory with at least five permanently-employed staff must elect a shop steward or works council with the powers which were described earlier. Furthermore, the BetrVG of 1952 provides (sec. 76, 77) that in companies (with the exception of family-owned companies with less than 500 permanent employees) and in co-operative societies with more than 500 permanent employees, one third of the seats on the supervisory council must be filled with workers' representatives. Candidates are nominated by the works council or by a certain minimum number of the employees and elected by the staff of the respective enterprise.

In this way the workers' representatives in companies and large co-operative enterprises are participating as full members of supervisory councils in the decision-making process at the top. They have all the powers and responsibilities of elected office-bearers under the company law or the co-operative law respectively 23).

Thus, the same type of workers' participation in decision-making with equal rights, but without equal weight, was introduced for companies and larger co-operative societies. The shareholders maintain two thirds of the seats and thereby the dominating influence on the supervisory council.

3.2 The Workers' Co-determination Act (MitbestG) of 1976

After long discussions among political parties and in the legislative bodies the MitbestG of 1976 has gone one step further by providing that enterprises incorporated under company law, co-operative law and some other enactments, with more than

2000 permanent employees (which do not come under the Workers' Co-determination Act in the Mining and Steel Industry) must introduce workers' participation with equal rights and in equal numbers on the supervisory council (sec. 1, 7 MitbestG of 1976).

Under this new law the supervisory council of an enterprise in the legal form of a company or a co-operative is composed as follows -

- in enterprises with more than 2000 but not more than 10,000 employees, 6 representatives of the shareholders and 6 representatives of the employees;
- in enterprises with more than 10,000 but not more than 20,000 employees, 8 representatives of the shareholders and 8 representatives of the employees;
- in enterprises with more than 20,000 employees, 10 representatives of the shareholders and 10 representatives of the employees.

Unlike the BetrVG, the MitbestG of 1976 gives Trade Unions the right to be represented on the supervisory councils. According to sec. 7 of the MitbestG of 1976 the workers' representatives on the supervisory council must include the following number of Trade Union representatives -

- on supervisory councils with 6 or 8 representatives of the employees 2 representatives of Trade Unions;
- on supervisory councils with 10 representatives of the employees 3 representatives of Trade Unions.

The Trade Unions only have the right to nominate candidates, but representatives must be elected by the staff of the enterprise. However, in practice the right to nominate candidates amounts to the right to appoint the Trade Unions representatives 24). Only such Trade Unions have the right to nominate candidates for election to the supervisory council which have a membership base in the respective enterprise.

The principle of workers' participation with equal weight was not fully implemented in the MitbestG of 1976. Where the chairman of the supervisory council cannot be elected with the required two thirds majority of the council members, the shareholders' representatives are given the power to elect the

chairman (sec. 27(2) MitbestG of 1976) and where the votes on the supervisory council are equally divided, the chairman has a casting vote (sec. 29(2) MitbestG of 1976).

Furthermore, the Act provides that in co-operatives which come under this law the board of directors must be elected and eventually dismissed by the supervisory council as in the case of companies. To this effect sec. 24 of the Co-operative Societies Act of 1973, which reserves this power for the members in general meeting, is repealed (sec. 30, 31 MitbestG of 1975) 25). In corporate enterprises which come under the MitbestG, a workers' representative must be appointed to the board of directors as a director of labour relations (sec. 33 MitbestG of 1976) 26).

4. The Applicability of Provisions Concerning Workers' Co-determination in Co-operative Enterprise

Workers' co-determination within the organisational framework of the works council, which has been practised since 1952 in a great number of co-operatives, is considered by many co-operative leaders to be an adequate means of allowing the employees to pursue their interests and to share responsibility in the enterprise in which they work 27).

In the assessment of workers' participation in the decision-making process through workers' representatives on the supervisory council of co-operatives, views differ considerably. Many representatives of the co-operative movement and of co-operative science are of the opinion that workers' participation with equal rights and in equal numbers as provided under the MitbestG of 1976, interferes with the substance of co-operative work and, therefore, should be rejected 28). In view of this controversy only the problems related to workers' participation on supervisory councils will be dealt with in the following.

As far as workers' participation on supervisory councils is concerned there are at present three groups of co-operatives in the Federal Republic of Germany -

- co-operative societies with less than 500 permanent employees, which neither under sections 76, 77 of the BetrVG of 1952 nor under the MitbestG of 1976 have to admit workers' representatives on their supervisory councils - the majority of co-operatives registered under the Co-operative Societies Act are in this group;

- co-operative societies with more than 500 but less than 2000 permanent employees, which under sections 76, 77 of the BetrVG of 1952 have to fill one third of the seats on the supervisory council with workers' representatives - a substantial number of co-operatives partly registered under the Co-operative Societies Act, partly registered under different enactments; and
- co-operative societies with more than 2000 permanent employees which come under the MitbestG of 1976 and must fill half of the seats on the supervisory council with workers' representatives - at present, six enterprises of which two are registered co-operatives. 29)

The centre of all co-operative activities lies in the 14,000 primary societies which, with very few exceptions, are registered under the Co-operative Societies Act and which mostly have a work force of less than 500 permanent employees so that they are exempted from workers' participation on the supervisory board.

Most of the co-operative enterprises with more than 500 permanent employees are secondary or tertiary societies, working at regional or national level, the members of which are primary co-operatives. Their objects are to promote the economic interests of their members and, therefore, they can be considered as co-operative societies in the economic sense. However, many of these enterprises are registered under the Companies Act or other enactments, and would come under the MitbestG even if registered co-operatives were exempted from workers' participation on the supervisory council.

One could argue that because of the relatively small number of co-operatives that are affected by workers' participation on the supervisory council, the problems related to this question are mainly of academic interest. The criteria of 500 or 2000 permanent employees respectively are fixed in an arbitrary manner however, and a lower limit could be set, so that more co-operatives would be involved.

The way in which companies and co-operatives were put on the same footing in the Workers' Co-determination Acts has been strongly criticised. The major arguments against workers' participation on co-operative supervisory councils in general, and participation of workers' representatives in equal numbers in particular, are the following³⁰⁾ -

- workers' participation on the supervisory council contradicts the object of member promotion which is the sole legitimate object of societies under the Co-operative Societies Act (sec. 1(1));
- workers' participation on the supervisory council militates against the co-operative principles of self-help, self-administration and self-responsibility;
- co-operative societies are democratically organised associations of persons of a non-profit nature and, therefore, cannot be treated in the same manner as anonymous companies;
- in co-operative societies the economic ties between the enterprise and the members' enterprises are so strong that decisions taken by the governing body of co-operative societies with workers' participation would have a direct effect on members' enterprises which are exempt from workers' co-determination.

4.1 Member Promotion and Workers' Co-determination

The object of member promotion which is the only legal object of registered co-operatives under the Co-operative Societies Act is more than merely an abstract principle ³¹).

The specifically co-operative object of member promotion is defined by law to mean member promotion through services rendered to members' enterprises or households by means of a jointly owned and managed co-operative enterprise. The concrete forms of this service relationship between the co-operative and the members' enterprises has to be determined in the by-laws of each individual society.

Unlike companies, the members/shareholders are linked to their co-operative in a dual way, as co-owners and as customers, utilising the promotional services of their co-operative enterprise ³²). When the co-operative fails to render promotional services, there is a twofold danger of separation of members from their co-operative society -

- by discontinuing business transactions with the co-operative enterprise, and
- by withdrawal from membership.

Hence the capacity of the co-operative to render the kind of promotional services which the members expect from their society, i.e. the capacity of the co-operative to meet its principal object, is decisive for its continued existence. Member promotion and survival of the organisation are identical 33).

The object of member promotion however does not include the promotion of the interests of the employees. There is no doubt that through workers' participation on the supervisory council of co-operatives, the workers' representatives will use the opportunity to enforce the interests of the employees more effectively than hitherto. This means that the efforts of the board of directors to provide optimal promotional services in favour of the members / shareholders, (i.e. the uncontrolled pursuit of members' interests), will be restricted, a result which was intended by the lawmakers 34).

The question is however, whether it is correct to assume that the object of member promotion is necessarily in contradiction to workers' interests, because reduced member promotion may lead to withdrawal of members, decreased volume of business, reduction of equity capital and, as a consequence, may endanger the employment 35). On the other hand, where the board of directors gives more consideration to the interests of the workers this may result in an increase in productivity and improve the capacity of the co-operative to provide services for the members.

This is true at least for all those co-operatives which work in close collaboration with their members and in which the services are performed in direct response to directives given by the members ("traditional co-operative"), 36) or for those co-operatives where the service relations between the co-operative and the members' enterprises are so intense that the management of the co-operative has a strong influence on the management of the members' enterprises ("integrated co-operative") 37).

For these two types of co-operatives workers' co-determination on the supervisory council does not necessarily contradict the object of member promotion. Where member promotion and survival of the co-operative are identical, the interests of the workers and of the members are complementary. However, the need to harmonise the interests of the members of the co-operative and of the workers will complicate the decision-making process in the supervisory council 38).

But there is still another type of co-operative, which has developed into an economic unit which is largely independent

of the members' enterprises or households, in which the management of the co-operative determines which services it will offer to its members, and where the management is free to enter into business transactions with non-members whenever the members do not utilise the services offered to them ("marketing co-operative") 38).

In co-operatives of this type, where the management is autonomous in determining what services to offer in anticipation of members' interests, workers' representatives on the supervisory board must still orientate their activities to the need to maintain the economic efficiency and competitive capacity of the co-operative as a precondition to secure employment. However, where the members do not want to or cannot participate in determining the policy of the co-operative and leave it to management to pursue the interests of the enterprise as an independent economic unit, there is the danger that workers' representatives on the supervisory council may form a coalition with the management and thereby strengthen the tendency to turn the co-operative into a commercial business undertaking with the principal aim to maximise economic success from transactions both with members and non-members. In this case the specifically co-operative object of member promotion would gradually disappear and the organisation will eventually be de-registered under the Co-operative Societies Act because of the lack of the legally required object of member promotion (sec. 81 GenG).

Where workers participate on the supervisory council with equal rights, and in equal numbers, there is a real danger of their representatives enforcing their interests, irrespective of the capacity of the co-operative to promote the interests of its members, and thereby gradually eating away the substance of their employer. It should not be overrated however as long as the member / customer relationship between the members and their co-operative is intact.

In the case of workers' participation with one third of the seats on the supervisory council (sections 76, 77 BetrVG of 1952) this danger is very remote. The influence of workers' representatives will not usually go beyond checking the unrestricted pursuit of members' interest.

4.2 Co-operative Principles and Workers' Co-determination

4.2.1 Self-help and self-administration

As voluntary self-help organisations, co-operatives are based

on the initiative and active participation of their members 39). Therefore, the position of the member of a co-operative in his dual role as shareholder and customer cannot be equated to that of a shareholder in a company 40).

The nature of a co-operative as a self-help organisation is reflected in the organisational structure and in provisions with regard to self-administration, included in the law.

The members in general meeting hold a dominant position. The members have the right to elect and to dismiss the board of directors and the supervisory council. Until the new Co-operative Societies Act of 1973 41) came into force the members in general meeting had power to decide all matters concerning the co-operative including the management of the enterprise. Under the new Co-operative Societies Act of 1973 the board of directors has become a more independent decision-making body, but under the by-laws the members may still reserve to themselves certain powers concerning the management of their society 42).

As a matter of principle, only members of the co-operative are eligible to serve as office-bearers (sec. 9(2) GenG). Therefore, the supervisory council is practically a standing sub-committee of the general meeting of members with special functions which were described earlier. The general meeting of members, the supervisory council and the board of directors thus form a management team 43), dominated by the members, with the object of promoting the interests of the members.

By introducing workers' participation on the supervisory council, this particular organisational structure is seriously affected. The powers of the members decrease in the same ratio as workers' participation increases 44), and the powers of the members in general meeting are restricted in the following way -

- one third (under the BetrVG of 1952) or one half (under the MitbestG of 1976) of the seats on the supervisory council are no longer controlled by the members. The workers' representatives are elected and dismissed by the staff of the co-operative.
- the power of the members in general meeting to elect the board of directors, which is laid down in the Co-operative Societies Act (sec. 24(2) GenG), a power which in practice is often delegated under the by-laws to the supervisory council, but which

can be brought back by the general meeting of members by change of by-laws, is removed from the general meeting and transferred to the supervisory council under the MitbestG of 1976 (sec. 30, 31).

The functions of the supervisory council as a body to advise and control the board of directors are changed: it is no longer the controlling agent acting on behalf of the general meeting of members. Section 9(2) of the Co-operative Societies Act providing that only members can be elected to serve on the supervisory council was amended by the BetrVG of 1952 and the MitbestG of 1976 so that workers' representatives who are non-members can become office-bearers.

Thus the position of the workers' representatives on the supervisory council of co-operatives is very peculiar. In their capacity as office-bearers of the society they have the same rights as the members of the supervisory council elected by the general meeting. As non-members, however, they are outsiders, especially if they are Trade Union representatives and not employees of that particular society.

Under co-operative law workers' representatives on the supervisory council who are non-members do not even have the right of attending general meetings of members 45). Thus, in co-operatives which come under workers' participation on the supervisory council there are two types of council members, namely those who as members of the co-operative society have all the duties and responsibilities connected with membership, (e.g. duty to be loyal to the society, duty to comply with majority decisions of the members in general meeting, liability for debts of the society etc.) and those without such duties and responsibilities 46). Yet, the workers' representatives who serve on the supervisory council are not exempted from the normal responsibilities of an office-bearer of a co-operative society.

A different problem is whether the workers' representatives on the supervisory council are bound to pursue the object of the co-operative, which is member promotion, and whether they are entitled to pursue only workers' interests, as long as such interests are compatible with the object of member promotion 47).

In common with all members of the supervisory council, the workers' representatives are obliged to protect the interests of the co-operative as a whole. They are not entitled to concentrate their activities on pursuing only workers' interests.

The supervisory council has the duty to supervise the board of directors and to ensure that it does all things necessary to achieve the objects of the society as laid down in the by-laws. In addition the workers' representatives may of course concentrate their attention on ensuring that the directors fulfil their obligations as employers vis-à-vis the employees of the co-operative 48).

Still a different question is whether workers' representatives on supervisory councils of co-operative societies should be requested to become members of that society.

In workers' productive societies it is a rule that all workers of the co-operative are also members, and the problems of workers' co-determination are carried to the extreme. However, these societies are a special case and cannot be used to develop general solutions to the problems of workers' co-determination in co-operatives 49).

In co-operatives of consumers (including consumers' co-operatives, housing and certain types of credit co-operatives) most representatives of the workers are also members of the society. But in the case of co-operative societies in which membership is based on certain professions, e.g. craftsmen, traders, agricultural producers, it is impossible for employees to become members, because they lack the qualifications for membership.

Irrespective of whether the workers' representatives on the supervisory council are members or non-members, they are in a position in which conflict of interest is unavoidable. Their mandate is to give priority to the long-term interests of the co-operative (to improve its economic efficiency, its capacity to produce promotional services, to compete with private firms, to secure employment) and by so doing may come into conflict with the short-term interests of the members as well as of the employees whom they represent.

4.2.2 Self-responsibility

Self-responsibility is another characteristic feature of co-operative societies which is said to be incompatible with workers' participation in the decision-making process within the corporate structure of co-operatives 50). However, this argument lost weight when the new Co-operative Societies Act of 1973 enabled co-operatives to limit the liability of members for the debts of the society to the paid-up shares.

In co-operatives with unlimited liability, the personal risk of the individual member is so high that the participation of workers' representatives in deciding important matters concerning the co-operative without such personal liability must be rejected for the same reasons for which partnerships have been exempted from workers' participation in decision-making 51).

Workers' participation on the supervisory board of co-operatives with unlimited liability would mean that the personal property of the members and their constitutionally guaranteed right of self-determination in their private enterprises, would be subject to social limitations which go beyond the social restrictions attached to private property in the form of shares in corporate enterprise 52).

In co-operatives with liability limited by shares, a form of liability which can be introduced since 1974 as a result of the new Co-operative Societies Act of 1973 (sec. 93 Nr. 3, 105(1) GenG), these arguments against workers' co-determination are no longer valid. It is doubtful if co-operatives with liability limited by guarantee (where the member agrees to make a contribution up to a certain amount to the capital of the society in case of liquidation) can claim exemption from workers' participation on the supervisory board with reference to the principles of co-operative self-responsibility. Liability limited by guarantee is just a special form of limited share capital investment but the amount of liability undertaken by the member in addition to the share contribution is essential for its assessment. It appears to be justified to exempt co-operatives with liability limited by guarantee from workers' participation on the supervisory council, where the additional personal liability is a substantial sum, but where it is only a nominal sum such exemption could not be granted for the reason of co-operative self-responsibility.

4.3 Co-operatives as Associations of Persons with an Internal Democratic Structure and Non-profit Orientation

The demand for more workers' participation in the decision-making process of corporate enterprise is largely based on the constitutional provision of social limitations of private property.

Partnerships (as associations of persons rather than of capital) are exempted from workers' co-determination because the partners themselves act as entrepreneurs and private property used by the proprietor in person as a means of production is subject to less

social limitations than in the form of shares in corporate enterprise. Another reason why partnerships are exempted from workers' co-determination is the unlimited liability of the partners. This means that in workers' participation in decision-making in partnerships the social limitation of private property would not only cover the part of property invested in the partnership but would cover the entire private property of the partner and thereby would exceed the intended scope of social limitations attached to private property invested in means of production ⁵⁴).

Co-operative societies would also have to be exempted from workers' participation in decision-making if they were classified under the law as associations of persons similar to partnerships. However, under the laws on workers' co-determination (BetrVG of 1952 and MitbestG of 1976) co-operatives are subject to the same provisions regarding workers' participation as companies (associations of capital).

The fact that co-operatives were put on an equal footing with companies has been heavily criticised by co-operative leaders ⁵⁵) as follows:-

- (a) As a rule a member of a co-operative has close economic ties with the co-operative that through his dual role as shareholder and customer the member has a direct influence on decision-making in the co-operative and that in this way the power of the management is restricted so that a one-sided orientation of the business policy of the co-operative on profit-making is prevented. Therefore, it is unjustified to treat a member of a co-operative in the same way as a shareholder of a company ⁵⁶). The distance between a member of a co-operative and his society is smaller than that between a shareholder and the company. The personal involvement of members of co-operatives in the affairs of their societies is therefore more similar to that of a partner in his partnership.
- (b) co-operatives have an internal democratic structure, where the members are given equal rights irrespective of their capital contribution. This is seen as proof that in co-operatives capital does not play a dominant role as in companies, but a subsidiary one. Thus, the democratic structure prevents the accumulation of power in the hands of a few ⁵⁷).

- (c) co-operative societies are non-profit organisations for member promotion which do not aim at maximisation of profit but rather at the maximisation of services for the members, so that there is no unrestricted profit orientation which should be checked by workers' participation on the supervisory board.
- (d) the idea of the enterprise being made up of the factors "capital" on the one hand and "labour" on the other, may fit companies, but does not fit co-operatives 58].

The answer to all these arguments is that they may be true for many co-operatives but not for all of them. Especially in larger societies which come under the provisions of workers' participation on the supervisory council, the close economic ties between the members' enterprises or households and the co-operative no longer exist. The direct participation of members in decision-making at the top is often missing. The tendency to make the board of directors more autonomous which has been in practice for some time was legalised under the new Co-operative Societies Act of 1973. (sec. 27(1) GenG) according to which the board directs the affairs of the co-operative in its own responsibility subject only to restrictions laid down in the by-laws.

As the co-operative grows so does the distance between it and the member, but this is not valid for all co-operatives. It refers more to large co-operatives of consumers and less to large co-operatives of agricultural producers or retail traders.

The internal democratic structure of co-operatives has not been affected by the modest attempts to introduce plural voting rights under the new Co-operative Societies Act of 1973 under which a member may have up to three votes, if this is provided in the by-laws. However, it should be mentioned in this context that this provision (sec. 43(3) GenG) (under which all members have equal or nearly equal voting rights) does apply to all registered co-operatives, but that secondary or tertiary societies with enterprises large enough to come under the Workers' Co-determination Acts, are often registered under the Companies Act or other enactments where the voting rights follow different rules.

As to the ancillary role of capital in co-operatives, the new Co-operative Societies Act of 1973 has opened up a number of possibilities to make capital investment in co-operative more

attractive (e.g. abolition of compulsory additional liability by guarantee; interest on paid-up shares rather than only dividend; distribution of part of the reserve fund among members upon withdrawal etc. 59)).

While these enabling provisions do not turn co-operatives into associations of capital investors, the new Co-operative legislation of 1973 allows co-operatives many opportunities to bring their organisations closer to the company type by way of amendment of by-laws.

Thus, co-operatives exist in heterogeneous forms. There are "traditional co-operatives" in which the members have a dominating influence on the decision-making process, "marketing co-operatives" where the management is largely autonomous vis-à-vis the members and their enterprises, and there are "integrated co-operatives" where the members' enterprises and the co-operative are closely linked together under the direction of the co-operative management. Therefore, to say that co-operatives are closer to partnerships than to companies cannot be used to exempt all registered co-operatives from workers' participation on the supervisory council.

As far as the factors "capital" and "labour" are concerned, it is correct to state that in co-operatives, in addition to capital (members in their capacity as shareholders) and labour, the service relationship between the co-operative and the members' enterprises or households (members in their capacity as customers) is essential for the continued existence of the co-operative 60).

However, except in the case of workers' productive societies this statement has no bearing on the fact that in co-operatives, as in any other enterprise, the interests of the members / shareholders represented by the board of directors' are confronted with the interests of the employees, so that from the workers' point of view the dual position of the members as co-owners and customers has no effect on the relationship between "capital" and "labour" 61). What could be said is that in co-operatives which are advocating economic democracy, this democracy should not stop short of the employees 62) and that, therefore, collaboration between the members (representing capital) and the workers should be more easy in co-operatives than in commercial firms.

4.4 Workers' Co-determination in Integrated Co-operatives

The argument that the economic ties between co-operatives and members' enterprises are so close that workers' participation in decision-making would have direct effects on the economic activities of the members so that workers' co-determination would affect the entrepreneurial activities of the members which are exempted from workers' co-determination, also does not refer to all registered co-operatives, but only to certain types of co-operatives.

In the case of all co-operatives of consumers, workers' co-determination on the supervisory council of the co-operative cannot affect the entrepreneurial activities of the members because the co-operative does not deal with members' enterprises but with members' households. The situation is different where the members themselves are entrepreneurs and where the members' enterprises are integrated into the co-operative in such a way that policy decisions at the level of the co-operative influence the economic activities of the members' enterprises, either because they have delegated certain economic functions to the co-operative or because the members are bound by contract or under the by-laws to follow directives given by the co-operative ("integrated co-operative" of producers or retailers 63)). For such "integrated co-operatives" exemption from workers' co-determination could be demanded on the ground that workers' participation on the supervisory council of the co-operative would directly or indirectly affect the entrepreneurial self-determination of the member which is guaranteed by the constitution and does not come under the Workers' Co-determination Acts.

Again, the problem is how to distinguish strongly integrated co-operatives from other co-operatives 64). The possibility of exempting entire branches of the co-operative movement in which strongly integrated co-operatives prevail (e.g. retail traders in foodstuffs or agricultural producers) from certain provisions of workers' co-determination has been mooted.

4.5 Summary

The points discussed in this paper can be summarised as follows -

- Total equalisation of co-operatives and companies as far as workers' co-determination is concerned is unjustified because of the different structure of

these two forms of organisation. While co-operatives cannot demand complete exemption from workers' co-determination, it is necessary to adjust the provisions to the peculiar structure of co-operatives as a form of self-help organisation of a non-profit nature.

- The specifically co-operative object of member promotion, which under the Co-operative Societies Act is the only legal object of co-operatives, cannot be used as an argument against workers' participation in decision-making on the supervisory council of co-operatives. The participation of workers' representatives in important decisions of the co-operative may have the effect that the policy of optimal pursuit of members' interests should be abandoned and compromise solutions must be found to harmonise members' and workers' interests. However, this consequence of workers' co-determination was the intention of the law.

For an organisation with the legally prescribed object of member promotion by means of service relations between the co-operative and members' enterprises or households workers' co-determination under the BetrVG of 1952 (with amendments up to 1972) appears to be more appropriate than workers' co-determination under the MitbestG of 1976.

- For the realisation of the co-operative principles of self-help and self-administration a peculiar organisational structure of co-operatives is needed. Especially with regard to the composition, powers and voting rights of the general meeting, the supervisory council and the board of directors; co-operatives differ from companies because of the different motives for, and objectives of, forming the organisation. The powers of the members in general meeting are restricted by workers' participation on the supervisory council under the BetrVG of 1952, but are retained in substance (power to elect and to dismiss the board of directors).

The peculiar position of the supervisory council as a standing sub-committee of the general meeting of members is changed by workers' participation on the supervisory council under the BetrVG of 1952, this being the most serious interference with the organisational structure

of co-operatives. Yet, the participation of workers' representatives who are employees, in the decision-making process may at the same time lead to an improved collaboration between employer and employees and may eventually help to improve the efficiency of the co-operative, especially in view of the fact that workers' representatives on the supervisory board are bound by their mandate to respect the principal object of the co-operative, which is member promotion.

The argument against equalisation of co-operatives and companies under the Workers' Co-determination Act (MitbestG) of 1976 are stronger. Under this Act the powers of the members in general meeting are restricted to such an extent (election and dismissal of only half of the members of the supervisory council; loss of the power to elect and dismiss the board of directors) that the functioning of the co-operative as a member-oriented and member-supported self-help organisation is questionable. Furthermore, the provisions institutionalising the participation of Trade Union representatives on the supervisory council militate against the principle of co-operative self-administration.

The argument that co-operatives should be exempted from workers' participation on the supervisory council because of the personal liability of co-operative members for the debts of their society is only valid for co-operatives with unlimited liability or with liability limited by guarantee where the amount of additional personal liability of the members is substantial.

- The question of whether co-operatives should be exempted from workers' participation on the supervisory council because as associations of persons they resemble partnerships rather than associations of capital, cannot be answered for all co-operatives, in the same way.

Close economic ties between the co-operative and the members' enterprises, personal participation of members in the decision-making process and substantial personal liability of members for the debts of their society which would justify the equalisation of co-operatives and partnerships and thereby would justify exemption from workers' co-determination in decision-making are

not the characteristics of all co-operatives but only of certain groups of co-operatives. Thus a clear definition of those co-operatives which should and those which should not come under the provisions regarding workers' participation on the supervisory council would be extremely difficult.

Furthermore, the idea that co-operatives are non-profit organisations with an internal democratic structure, in which capital does not play a dominating but an ancillary role, does not provide strong arguments against workers' participation on the supervisory council of co-operatives. The board of directors of a co-operative as representative of the members / shareholders is confronted with the employees of the co-operative in the same way as in commercial business firms.

- Close economic collaboration between the co-operative and members' enterprises may lead to the effect that workers' participation in decision-making on the supervisory council of the co-operative has a direct or indirect influence on the entrepreneurial self-determination of the members, so that workers' co-determination reaches an area which is exempted from co-determination. Again, this argument is only valid for certain groups of co-operatives ("integrated co-operatives"). It cannot serve as a general argument for exempting all registered co-operatives from workers' participation on the supervisory council.

To sum up it can be stated that important arguments for exempting co-operatives in general from the provisions concerning workers' participation on the supervisory councils can only be derived from the peculiar organisational structure of co-operatives as member-orientated and member-supported self-help organisations. These arguments are not against workers' participation as such but rather

- against excessive restrictions of the powers of the members in general meeting,
- against participation of workers' representatives in equal numbers as members' representatives on the supervisory council and

- against institutionalised participation of Trade Union representatives from outside the co-operative in the decision-making process in an organisation which is based on the principle of self-administration 65).

5. Approaches to Find Forms of Workers' Co-determination Specifically Adjusted to the Requirements of Co-operatives

Among co-operative leaders the view prevails that employees in co-operatives cannot be excluded from workers' co-determination, that discrimination of employees in co-operatives against employees in commercial business firms would lead to tensions 66).

Attempts to evade workers' participation on the supervisory council which would be possible under the current co-operative law, e.g. by reducing the powers of the supervisory council to a minimum and by forming an additional standing sub-committee of the general meeting of members in which workers' representatives would not participate and to which most of the former powers of the supervisory council would be transferred 67), are rejected because it is felt that such actions would lead to conflicts with the employees 68).

The representatives of the co-operative movement start from the assumption that the interests of the employees in co-operatives are basically complementary to those of the members and of the management. Accordingly, attempts are made to include the employees as much as practicable in the responsibility for the co-operative, while safeguarding as far as possible the principle of self-administration 69). This will be done through full and comprehensive information on all matters concerning the co-operative and co-determination of workers' representatives with equal rights. It is hoped that this will bring about the atmosphere of mutual trust which according to the first Co-determination Act (BetrvG) of 1952 should characterise the relationship between the employer and the employees.

The adaptation of the co-operative structure to the new requirements can be carried out by way of reorganising the size and powers of the supervisory council, not in order to make its role less important, but rather to define more clearly the powers and responsibilities of the three governing bodies of a co-operative society (general meeting of members, supervisory council and board of directors) 70). This will mean among other things to stress more than hitherto the function of control of the supervisory council and a more clear separation of functions between

the board of directors and the supervisory council 71).

Furthermore, it is proposed to analyse the decisions that are typical in co-operatives and to classify them according to their relevance for workers' participation. A catalogue of typical decisions which are or are not subject to workers' participation could be laid down in internal regulations for the supervisory council and for the board of directors 72).

6. Conclusion

In view of the multitude of forms and types in which co-operatives operate in practice it is extremely difficult, if not impossible, to come to a general conclusion as to whether or not co-operatives should be exempted from certain forms of workers' co-determination.

The first German Co-operative Law of 1889, gave co-operatives a legal framework which left the members with ample autonomy to make by-laws and to develop the large variety of forms which make it so difficult today to draw general conclusions for all co-operatives alike. Under the new Co-operative Societies Act of 1973 the freedom to make by-laws that differ from the standard pattern, has been further increased so that co-operatives are enabled to adopt provisions in their by-laws which bring them very close to companies. The problems discussed in this paper have shown very clearly that the main difficulty in assessing the justification of workers' co-determination in co-operatives is the diffuse character of the co-operative as a legal form of organisation, a difficulty which has become even greater with the new Co-operative Societies Act of 1973.

One cannot complain of the difficulty of distinguishing between co-operative societies and companies, and of equalisation of co-operatives and companies in matters concerning workers' co-determination -

- Where registered co-operative societies are enabled to operate without a substantial capital contribution from its members,
- where personal liability of the members can be excluded under the by-laws,
- where there is no active participation of members in the decision-making process and a largely autonomous

co-operative management is empowered to decide on behalf of the members,

- where a decline in business relations between the members' enterprises and the co-operative can be balanced without restrictions by business with non-members,
- where members receive interest on invested capital and eventually have a right to participate in the economic results of the co-operative enterprise which are accumulated in a special reserve fund for distribution among members upon withdrawal.

Where co-operative societies cease to be member-orientated and member-supported self-help organisations they lose their co-operative character and should as a consequence also lose the right to be registered under the Co-operative Societies Act.

On the other hand -

- where active member participation in decision-making and management of the co-operative is maintained,
- where the personal involvement of members is demonstrated by substantial share contributions and additional personal liability for the debts of the society,
- where policy-making of the co-operative is principally concerned with member promotion, and
- where close economic ties exist between the co-operative and the members' enterprises.

It is obvious that an equalisation of such co-operative societies with companies in matters concerning workers' co-determination is not justified.

Since the legal framework of co-operative societies has become diffuse it is to a very large extent the task of the co-operative societies themselves to provide arguments for or against equal treatment with companies through their internal organisation and working.

Notes

1. Cf. Hueck, A., Nipperdey, H.C.: Grundriss des Arbeitsrechts, 3rd Edition, Berlin 1965, pp. 21, 22; Marburger Gespräch Über Eigentum - Gesellschaftsrecht - Mitbestimmung, Marburger Rechts- und Staatswissenschaftliche Abhandlungen, Marburg, 1967, p. 39; Beuthien, Volker: Arbeitnehmermitbestimmung in Genossenschaften, in: Zeitschrift für das gesamte Genossenschaftswesen (ZfgG), Bd. 26 (1976), S. 324.
2. Art. 20(1), 28(1), 14(2) of the Constitution of the Federal Republic of Germany (Grundgesetz - GG).
3. Cf. Blomeyer, Wolfgang: Die Genossenschaft als mitbestimmtes Unternehmen - hat der Genossenschaftsgedanke noch eine Chance? in: ZfgG, Bd. 26 (1976), S. 45.
4. Cf. Hamm, Walter: Gesamtwirtschaftliche Aspekte der paritätischen Mitbestimmung in Genossenschaften, in: ZfgG, Bd. 26 (1976), S. 337.
5. Cf. Beuthien, Volker: Arbeitnehmermitbestimmung, op.cit., pp. 330, 331 especially note 23.
6. ibid, p. 323, note 9.
7. For details see Dohne, Ute: Möglichkeiten und Grenzen der Mitbestimmung am Arbeitsplatz, Diss., Marburg, 1975.
8. Cf. Beuthien, Volker: Arbeitnehmermitbestimmung . . ., op.cit., p. 328.
9. Cf. Marburger Gespräch Über Eigentum - Gesellschaftsrecht - Mitbestimmung, op.cit., pp. 38, 39.
10. Cf. Schubert, Rolf: Die Auswirkungen des Betriebsverfassungsgesetzes auf die Genossenschaften, in: Zur Reform des Genossenschaftsrechts, Referate und Materialien, 2. Band, herausgegeben vom Bundesjustizministerium, Bonn 1958, p. 166; Dulfer, Eberhard: Arbeitnehmer - Mitbestimmung in Genossenschaften aus betriebswirtschaftlicher Sicht, in: ZfgG, Bd. 26 (1976), S. 306.
11. Cf. Hamm, Walter, op.cit., p. 339.

12. *ibid.*, pp. 338, 339.
13. Cf. Metz, Egon: Die Mitbestimmung aus der Sicht der genossenschaftlichen Praxis, in: ZfgG, Bd. 26 (1976), pp. 347 *et. seq.*
14. Cf. Deutscher Bundestag, 7. Wahlperiode, Gesetzesentwurf der Bundesregierung, Entwurf eines Gesetzes über die Mitbestimmung der Arbeitnehmer, Drucksache 7/2172 of 29.4.74, p. 17.
15. Cf. Deutscher Bundestag, 7. Wahlperiode, Bericht des Ausschusses für Arbeit und sozialordnung zu dem vom der Bundesregierung eingebrachten Entwurf eines Gesetzes über die Mitbestimmung der Arbeitnehmer, Drucksache 7/4845 of 10.3.1976, p. 5.
16. Cf. Galperin, Hans, Löwisch, Manfred: Kommentar zum Betriebsverfassungsgesetz, 5th Ed., Vol. 1, Heidelberg, 1975, Vorbem. 58, 60, 62 vor § 1; Anm. 51 f zu § 2.
17. Cf. Schubert, Rolf, *op.cit.*, p. 169.
18. *ibid.*
19. Cf. Schubert, Rolf, *op.cit.*, p. 168.
20. *ibid.*
21. Schubert, Rolf, *op.cit.*, p. 176; Henzler, Reinhold: Die Auswirkungen des Betriebsverfassungsgesetzes auf die Genossenschaften, in: Zur Reform des Genossenschaftsrechts, Referate und Materialien, 2. Band, herausgegeben vom Bundesjustizministerium, Bonn 1958, p. 150.
22. Cf. Marburger Gespräch über Eigentum - Gesellschaftsrecht - Mitbestimmung, *op.cit.*, p. 39; Galperin, Hans, Löwisch, Manfred: Kommentar zum Betriebsverfassungsgesetz, *op.cit.*, Vorbem. 1 zu § 1.
23. Cf. Henzler, Reinhold, *op.cit.*, p. 156.

Deutscher Bundestag, 7. Wahlperiode, Gesetzesentwurf der Bundesregierung, Entwurf eines Gesetzes über die Mitbestimmung der Arbeitnehmer, Drucksache 7/2172 of 29.4.74, p. 31.

25. see also Meilicke, Heinz und Meilicke, Wienand: Kommentar zum Mitbestimmungsgesetz, 2nd Edition, Heidelberg, Anm. 1 zu §§ 30, 31.
26. see also sec. 13 of the Workers' Co-determination Act in the Mining and Steel Industry of 1951.
27. Cf. Metz, Egon, op.cit., pp. 346, 347.
28. e.g. Paritätische Mitbestimmung: Gefahr für genossenschaftlichen Forderungsauftrag, kritische Stellungnahme des Deutschen Genossenschafts- und Raiffeisenverbandes, in: Genossenschaftsforum, 1974, Heft 11, pp. 19, 20.
29. Cf. Metz, Egon, op.cit., p. 347
30. Cf. Paritätische Mitbestimmung: Gefahr für den genossenschaftlichen Forderungsauftrag, op.cit., pp. 19, 20.
31. e.g. Beuthien, Volker: Arbeitnehmermitbestimmung ..., op.cit., p. 326.
32. For details see Münkner, Hans-H.: Co-operative Principles and Co-operative Law, Institute for Co-operation in Developing Countries, Papers and Reports, No. 5, Marburg 1974, pp. 31 et seq.
33. Cf. Dülfer, Eberhard: Arbeitnehmer - Mitbestimmung in Genossenschaften ..., op.cit., p. 309.
34. Cf. Hamm, Walter, op.cit., p. 338.
35. Cf. Henzler, Reinhold, op.cit., p. 158; Hamm, Walter op.cit., p. 338.
36. For details see Dülfer, Eberhard: Organisation and Management in Co-operatives, in: Sixth International Conference on Co-operative Science, Giessen 1969, Göttingen 1971, pp. 74 et seq., especially pp. 83 et seq.; Dülfer, Eberhard: Arbeitnehmer- Mitbestimmung in Genossenschaften ..., op.cit., pp. 305, 312.
37. For details see Dülfer, Eberhard: Organisation and Management ..., op.cit., pp. 94 et seq; Dülfer, Eberhard: Arbeitnehmer-Mitbestimmung in Genossenschaften ..., op.cit., pp. 315, 316.

38. For details see Dülfer, Eberhard: *Organisation and Management ...*, op.cit., pp. 88 et seq.; Dülfer, Eberhard: *Arbeitnehmer-Mitbestimmung in Genossenschaften*, op.cit., p. 310.
39. Cf. Münkner, Hans-H.: *Co-operative Principles and Co-operative Law*, op.cit., pp. 31 et seq.
40. Cf. Henzler, Reinhold, op.cit., p. 154.
41. For details see Münkner, Hans-H.: *The New German Co-operative Societies Act of 1973*, in: *Co-operative Information*, published by the International Labour Office, Geneva, No. 2/74, pp. 47 et seq.
42. For details see Beuthien, Volker: *Die Leitungsmachtgrenzen des Genossenschaftsvorstandes*, in: *ZfgG*, Bd. 25 (1975), S. 180 ff.
43. Cf. Watzlawiok, Helmut: *Aspects of Co-operative Management*, in: *Management and Productivity*, published by the International Labour Office, Geneva, 1971/1, No. 36, pp. 43 et seq.
44. Cf. Henzler, Reinhold, op.cit., p. 155; Hamm, Walter, op.cit., p. 338.
45. Cf. Schubert, Rolf, op.cit., pp. 1970, 171; there is no provision like section 118 (2) of the Companies Act of 1965 in the Co-operative Societies Act, allowing office-bearers who are non-members to attend general meetings.
46. Cf. Henzler, Reinhold, op.cit., p. 156.
47. See also Blomeyer, Wolfgang, op.cit., pp. 42 et. seq.; Schubert, Rolf, op.cit., p. 164; Dülfer, Eberhard: *Arbeitnehmer-Mitbestimmung in Genossenschaften ...*, op.cit., p. 314; Beuthien, Volker: *Arbeitnehmermitbestimmung ...*, op.cit., p. 328.
48. Cf. Beuthien, Volker: *Arbeitnehmermitbestimmung ...*, op.cit., p. 328; Henzler, Reinhold, op.cit., p. 158.
49. For details see Henzler, Reinhold, op.cit., p. 150; Münkner, Hans-H.: *Co-operatives and Trade Unions*, Marburg, 1976, pp. 20 et seq.

50. Cf. Blomeyer, Wolfgang, op.cit., pp. 41, 42; Beuthien, Volker: Arbeitnehmermitbestimmung ..., op.cit., S. 321.
51. Cf. Beuthien, Volker: Arbeitnehmermitbestimmung ..., op.cit., pp. 323, 330, 331.
52. *ibid*, pp. 330, 331.
53. *ibid*, p. 331
54. *ibid*, p. 331
55. Cf. Schubert, Rolf, op.cit., p. 170; Paritätische Mitbestimmung: Gefahr für genossenschaftlichen Förderungsauftrag, op.cit., p. 19.
56. Cf. Schubert, Rolf, op.cit., p. 176.
57. Cf. Paritätische Mitbestimmung: Gefahr für genossenschaftlichen Förderungsauftrag, op.cit., p. 19; Henzler, Reinhold, op.cit., p. 154.
58. Cf. Schubert, Rolf, op.cit., p. 175.
59. Cf. Münkner, Hans-H.: The New German Co-operative Societies Act of 1973, op.cit., pp. 52 et seq.
60. Paritätische Mitbestimmung: Gefahr für genossenschaftlichen Förderungsauftrag, op.cit., p. 19.
61. Cf. Münkner, Hans-H.: Co-operatives and Trade Unions, op.cit., pp. 18 et seq.
62. Cf. Henzler, Reinhold, op.cit., p. 154.
63. Cf. Dülfer, Eberhard: Organisation and Management ..., op.cit., pp. 94 et seq.
64. Cf. Beuthien, Volker: Arbeitnehmermitbestimmung ..., op.cit., p. 333, note 27.
65. Cf. Metz, Egon, op.cit., p. 348; Dülfer, Bernhard: Arbeitnehmer-Mitbestimmung ..., op.cit., p. 317.
66. Cf. Schubert, Rolf, op.cit., p. 165.

67. *ibid.*, pp. 173, 174; Blomeyer, Wolfgang, *op.cit.*, p. 40.
68. Cf. Protokoll zur Votrags- und Diskussionsveranstaltung des Instituts für Genossenschaftswesen an der Philipps-Universität Marburg/Lahn am 21. Juni 1976 zum Thema Arbeitnehmer - Mitbestimmung in Genossenschaften, in: *ZfgG*, Bd. 26 (1976), p. 354.
69. Cf. Metz, Egon, *op.cit.*, p. 348.
70. Cf. Protokoll zur Vortrags- und Diskussionsveranstaltung ..., *op.cit.*, p. 354.
71. Cf. Henzler, Reinhold, *op.cit.*, p. 159.
72. Cf. Protokoll zur Vortrags- und Diskussionsveranstaltung ..., *op.cit.*, p. 354.

AGRICULTURAL CO-OPERATION IN AUSTRALIA

by

W.W. Rawlinson *

1. Introduction

Australia comprises land area of some 7.7 million square kilometres (about the same as the U.S.A. excluding Alaska and about 32 times greater than the United Kingdom) situated between latitudes 10° 41'S and 43° 39'S and longitude 113° 09'E and 153° 39'E. Its climate therefore varies from tropical in the north to temperate in the south with the centre of the continent a very arid region. In 1973, the population of Australia was 13,168 million, of which 86% was based in urban areas.

European settlement commenced in 1788 and the Commonwealth of Australia came into being in 1901 by the federation of the six former colonies of Great Britain. It now comprises six states, each with its own legislature and administration, plus two Territories administered by the federal Government with the Federal Parliament as the national legislative power.

The value of agricultural production in Australia in the year 1972/73, excluding forestry and fishing, was A\$4,984 million, an increase of 27% on that of 1968/69. This compares with mineral production value of A\$1,732 million, an increase of 100% in the same five year period, and factory production of A\$10,750 million an increase of 44%. In the same period it is estimated that business done by agricultural co-operatives was A\$972 million and A\$43 million by fishermen's co-operatives. An estimate of the market share of agricultural co-operatives in specified agricultural products is set out in Appendix 1.

2. Legislation

2.1 Corporate

Corporate legislation, including co-operative legislation, is a state responsibility, whilst progress has been made towards achieving a degree of uniformity in general company legislation amongst the various states, the same cannot be said of co-operative legislation. In some states specific

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co-operative legislation has been enacted, but prior to such enactment co-operatives in those states and in some of the other states were, and are, required to register under industrial and provident societies legislation or, in some cases, Company legislation. The effect of this is that some agricultural co-operatives are registered as companies with a nominal capital structure, and others as co-operative societies with a capital structure related to its membership and the statutory maximum holdings per member.

2.2 Taxation

Taxation of individuals and companies is imposed under federal Government uniform taxation legislation. Provision is made for organisations which qualify as co-operatives under the legislation to deduct from assessable income;

- (a) monies distributed to members as rebates based on their business done with their co-operative and
- (b) monies distributed to members as interest or dividends on shares
- (c) in the case of agricultural co-operatives, having as their primary object the acquisition of commodities or animals from their members for disposal or distribution, repayment of monies loaned to the co-operative by State or Commonwealth Governments to acquire assets to carry on the business.

To qualify as a co-operative for taxation purposes the law requires;

- (a) that 90% of the co-operative's business must be with its members
- (b) a co-operative's shares may not be quoted for sale or purchase at any stock exchange or in any other public manner
- (c) that the rules of the co-operative must limit the number of shares which may be held by or on behalf of any one member.

3. Financing Agricultural Co-operatives

Agricultural co-operatives, like other co-operatives and economic enterprises, share and in many cases, compete for, the same financing sources. However co-operatives experience inhibitions not applicable to other companies in the raising of capital from members. These include the necessity to limit the reward to capital i.e. interest or dividend and also usually to restrict capital raising to persons wishing to trade with the co-operative. There are also restrictions on co-operative members' voting power in relation to share capital and transferability of share capital.

Some agricultural co-operatives have recruited preferential capital with redemption rights as a supplement to members' ordinary capital. The well-established practice of revolving capital by retention for fixed periods of part of members' share of surplus is also followed. In some situations agricultural co-operatives have retained small proportions of surplus specifically as a non-returnable reserve fund to accumulate capital. Joint ventures both with co-operatives and non-co-operative organisations have been entered into by some agricultural co-operatives when capital required is beyond existing or foreseeable resources of those co-operatives.

Many co-operatives have established their eligibility to obtain funds from the Reserve Bank of Australia, which makes advances on specified commodities to enable co-operatives to meet processing and marketing costs on behalf of their producer members. These advances require compliance with certain rules and principles established by the Bank which are compatible with co-operative principles. Given basic security and sound management experience, the level of advances available generally expands in relation to the level of production delivered and market prospects and value. The rate of interest charged is favourable and advances are normally re-negotiated each year or each season.

The use of this form of finance places processing and marketing co-operatives in a favourable competitive situation for a large part of their working funds. In most cases these funds are only marginally more costly to eligible co-operatives than to statutory marketing authorities operating under Government guarantees.

4. Marketing of Agricultural Produce

Although it would be correct to say that the strength of the Australian agricultural movement has been in the area of

marketing, many commodities produced in Australia are disposed of through statutory marketing boards, some of which developed after trial periods of co-operative pooling schemes for marketing of primary products. Marketing boards are constituted at the Federal and State Government levels.

At the Federal level recently, some statutory marketing boards have been replaced by corporations with a wider role than the export control and regulatory functions of the former boards. Power to trade, charter ships for such trade, borrowing of funds and promotion of research are some of these functions. For a list of these federally constituted statutory authorities see Appendix 2.

In general, the interest of producers, processors, marketers and Government are represented on each federally constituted board. The interests of agricultural co-operatives are in some cases specifically provided for in membership of the marketing board or corporation. In others, co-operative representatives are appointed for their individual personal qualities in their particular industry. In many instances Co-operatives are appointed as selling agents by trading boards.

Whilst all Australian States have established pools or marketing boards for some of their primary produce, for the purposes of this paper we will elaborate only on the system currently practised in the State of Queensland.

In that State, statutory marketing authorities are essentially producer-controlled whilst the interests of the consumer are safeguarded by the provision that the State Director of Marketing, or his representative, must also be in membership of the board. The growers, through their elected representatives, determine their own selling policy.

The very considerable extent to which primary producers themselves determine whether a primary producer controlled marketing board shall be set up or abolished is defined in the legislation which provides that on receipt of a petition to the effect from no less than 50 growers of any particular commodity, the Governor in Council may issue notice of intention to make an Order in Council for the setting up of a board in relation to that commodity. If 50 or more growers request it, then a producer poll is held before the board is set up. The board is set up only if it has been assented to by no less than $\frac{3}{5}$ th of the total vote cast and by no less than half the number of producers entitled to vote.

Unlike other States of Australia, Queensland marketing legislation presents a uniform pattern. Instead of a separate Act for each commodity or industry there is one enabling statute forming the basis of a variety of boards and products each depending for continued existence on the approval of the growers. Commodities for which statutory marketing authorities have been set up in Queensland by legislation are listed at Appendix 3.

Marketing of fruit and vegetables in Queensland is also controlled by legislation. A Committee of Direction has been established which is in essence a co-operative. This name is derived from the fact that the Committee has power authorising it to direct that all marketing of fruit and vegetables in Queensland shall only be done by its agents or servants and shall be handled or disposed of only as it may determine.

The Committee of Direction (C.O.D.) does not acquire ownership of the commodity but by "direction" the C.O.D.'s legal powers can be applied to any crop or portion of crop constituting a marketing problem. For example, it may take charge of the factory portion of any crop while exempting from its control all other marketing activities associated with that crop. In all other phases of the C.O.D.'s marketing activities - transportation, cold storage, wholesale and retail distribution, supply of growers' requirements - it is essentially a co-operative enterprise dependent on the voluntary support of growers and without any compulsory powers to place it at an advantage over the traders and processors who are its competitors.

5. Co-operation in Production

Statistics show that in the year 1972/73 there were 244,255 rural holdings in Australia (down from 254,300 in 1968/69) occupying an area of 500 million hectares (1,235 million acres) (up from 491 million hectares in 1968/69). Despite an average holding of about 2,000 hectares (5,000 acres) the social and economic effects of practical co-operation in production are as real and beneficial in Australia as in those countries where rural holdings are of much smaller dimensions. Good neighbourly practice of mutual help have always been a feature of rural activity, even of the "rugged individualist" Australian farmer, but usually these have been of an informal nature.

In recent years there has, perforce, been an increasing acceptance and application of co-operative principles and practice in common utilisation of one or more of the factors of farm production. The simplest form is the joint use of machinery

and formal machinery syndicates are now operating in most States of Australia. A less common Co-operative practise in farm production in this country - but nevertheless one that is proving highly successful where correctly researched, planned, developed and managed - is for integration and joint use of the factors of capital, labour, machinery and crops with land remaining under individual ownership on lease to the Co-operative.

Two State Governments have allocated funds and/or personnel for the purpose of promotion of this concept of co-operation in farm production.

6. Collaboration Between Agricultural Marketing Co-operatives

For the past fifty seven years major Australian Agricultural Co-operatives have effectively demonstrated the vitality and efficiency of collaboration in marketing primary produce. In 1920, eight major producer co-operatives, representing all Australian States, formally associated themselves into a Federation. In turn they opened a selling office in London and associated with national agricultural co-operative associations from New Zealand, South Africa and Rhodesia. In addition to handling commodities directed to it by its members, this London office renders marketing services to a number of commodity boards from member countries.

In more recent times sixteen Australian Agricultural Co-operatives have become share holders in the international co-operative trading organisation established in Singapore by the International Co-operative Alliance. The Australian Director on this trading organisation is the President of the Co-operative Federation of Australia.

7. Vertical Integration and Diversification of Agricultural Co-operatives

The example of Australia's major Agricultural Co-operative Westralian Farmers' Co-operative Limited, has been followed in varying degrees by other co-operatives. Westralian Farmers' Co-operative has developed a fully integrated meat division which includes livestock sale yards, abattoirs, local wholesale, retail and export business on behalf of its members. This co-operative has entered into joint ventures with co-operative and non-co-operative partners to the mutual benefit of both parties and the members thereof. Westralian Farmers' Co-operative is active in the fields of wool marketing, livestock, dairying, fruit, farm inputs, land, industrial gases, ship chartering, air cargo, retailing and insurance.

In common with experiences in other countries and other industries, business in the co-operative sector has carefully studied programmes of rationalisation. In the dairy industry in particular, moves to reduce the number of co-operatives by merger, amalgamation or closure has been steadily going on. Co-operatives in Australia, like other businesses, are subject to the requirements of the Trade Practices legislation where matters of merger are concerned.

8. Rural Credit

There is no co-operative bank in Australia. Commercial banking in Australia is carried on by thirteen trading banks. The Commonwealth Bank, established by Government legislation, and six large private trading banks provide widespread banking facilities throughout Australia.

The Reserve Bank of Australia was established in 1959 as the nation's central bank to regulate the banking system as a whole.

Lending by trading banks is generally conducted on an overdraft basis. In 1962 by agreement between the Commonwealth Government, the Reserve Bank and the major trading banks, a Term Loan Fund was established, the resources of which are employed to make loans for capital expenditure in production in the rural fields (and others) and to finance exports. The loans are for fixed term and vary between three and eight years.

In 1966 another Fund was established, known as the Farm Development Loan Fund, to provide rural producers, particularly smaller producers, with greater access to medium and long term finance.

Since then various schemes under the heading Rural Reconstruction of one form or another have been introduced to assist primary producers. Mention should also be made of funds for co-operative marketing of primary produce available under certain conditions from the Rural Credit Department of the Reserve Bank referred to in paragraph 3 above.

The present Government of Australia has announced its policy to form a National Rural Bank to generally improve the rural credit supply and system.

The Co-operative Federation of Australia has made submissions to the Australian Government on the need for rationalisation and reform of rural credit facilities and has strongly recommended that any reconstruction should provide for a co-operatively structured scheme to be introduced.

9. Fishermen's Co-operatives

The Australian coastline extends for 36,700 kilometres (about 6,100 miles). In 1972/73 the value of fish production in Australia (excluding edible molluscs) was A\$78,000,000. It is estimated 35 Fishermen's Co-operatives were responsible for A\$43,000,000 of this total.

Australian Fishermen's Co-operatives provide varying services to their members, including finance for purchase and improving standards of boats and processing, transport, local and export marketing of their product.

10. Communication and Member Relations

Whilst an important ingredient to success of any trading concern is good communication between Boardroom policy-makers, top executives of those policies and the clients, in the Co-operative situation where the clients are the owners, controllers and beneficiaries, good communication is absolutely imperative. As in other countries, Australian Agricultural Co-operatives operate in a competitive environment. Unlike many other countries, Australia does not have any formal co-operative educational institution; instead federations of co-operatives exist in each mainland State with one of their responsibilities being advisory services on programmes of co-operative education and training, of working with extension services of Government Departments of Education and Agriculture and tertiary level academic institutions in areas where development through co-operatives is desirable.

Most of the major Agricultural Co-operatives issue regular (in some cases weekly and in others monthly) journals and/or news-sheets to all members. These vary from "in-house" type of newsletter to the commercial standard newspaper, relaying information on what is happening in their co-operative, marketing information, production techniques, sources of supply, product knowledge and general news items.

There is increasing attention being given to the standard of production of annual reports of major Agricultural Co-operatives - their presentation and disclosure of information, far in excess of statutory requirements, but considered to be in the best interests of boards, management, members of co-operatives and the community generally. Some Agricultural Co-operatives' annual reports have received awards from top level national and international management, accounting and secretarial bodies.

Major Agricultural Co-operatives covering large areas of territory in general provide for Board representation on a regional or zone electoral basis. These regions or zones are generally serviced by branches and/or head office outside staff for regular discussions on co-operative matters. In addition, zone meetings are a regular feature of most Agricultural Co-operatives when local directors with supporting head office management representation exchange information with local members on the co-operative's performance, services and needs. Social and sporting programmes are also part of this communication flow.

Leaders of rural co-operatives supplying farm inputs including consumer goods for the farm house, as well as the production type of co-operative in Australia are conscious of the importance of women in the social and economic aspects of their activities. In some instances provision is made for women representatives on the board. In others, womens' committees are set up with a management representative attending meetings to ensure exchange of information.

The conversion of a group of family farms into an integrated production co-operative unit creates special needs to cater for the changed status of wives who are traditionally decision-making partners with their farmer husbands. This subject will be covered in a subsequent article.

Whether the co-operative be comprised of a few members, as in the production type, or many as in the case of a multi-purpose agricultural marketing co-operatives, the importance of communication, of reporting, of building understanding between member-owners and their management and boards is generally realised. Competition and criticism grow in direct proportion to the size of the co-operative's operations. Increased efficiency in performance, increased attention to member 'relations' programmes are part of the pattern of growth and development ever present with boards and management of developing Australian agricultural co-operatives.

11. Agricultural Co-operatives, the Co-operative Federation of Australia and the Australian Government

The Co-operative Federation of Australia is set up as the apex organisation of co-operatives in Australia. It has operated its own national secretariat in the federal capital, financed voluntarily by co-operatives in most parts of the country through member state federations.

It is estimated that at 30th June 1973, co-operatives in Australia had in membership 3.4 million people, 26% of the Australian population.

It is estimated proportionate membership was:

Agricultural Co-operative Members ...	12%
Consumer Co-operative Members	17%
Community and Miscellaneous Co-operative Members	7%
Credit Union Memberships	20%
Building Society Membership	44%

	100%
	=====

Of the business done by co-operatives, excluding credit unions and building societies, in the financial year ending 30th June 1973:

Agricultural Co-operatives did	80%
Consumer Co-operatives did	15%
Community and Miscellaneous Co-operatives did	5%

Agricultural Co-operatives did business in excess of A\$1,000 million

Credit Unions advanced loans in excess of A\$307 million

Building Societies advanced money on mortgage in excess of A\$3,200 million.

Whilst much is being done within the resources available to it, by the Co-operative Federation of Australia in the area of co-ordination, promotion, liaison with Governments, research, better utilisation of resources, there are limits to the extent of self help that such voluntarily financed organisations can provide. Beyond these limits the assistance of Government is sought. This assistance could take a variety of forms.

In general all major Australian political parties have expressed support for the country's significant co-operative sector and progress has been advanced to the establishment of a senior position in the Federal Department of Primary Industry of Director of a new section to be formed, styled "Farmer Co-op-

erative Service". However current Government policies of economic restraint and reduction of expenditure in the public sector have resulted in the temporary deferral of filling the appointment of Director and development of a federally based Government sponsored Farmer Co-operative Service.

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APPENDIX I

Estimated extent of co-operative involvement in some Australian primary production and marketing.

WOOL - One-Sixth of the world's population of wool-producing sheep are bred in Australia and these are estimated to produce about 1/3rd of the world's wool. Of this, 20% is marketed co-operatively in Australia.

GRAIN - The sole marketing authority of wheat in Australia is the Australian Wheat Board. Coarse grains, however, are marketed by various authorities including some State marketing boards; but in Western Australia the Grain Pool, a co-operative organisation, markets coarse grains on behalf of growers. Grain is handled throughout Australia in bulk on behalf of the various commodity marketing authorities. In Western Australia and South Australia this bulk handling service comprises grower-owned and controlled co-operative organisations.

RICE - Rice production, processing and marketing in Australia is entirely co-operatively controlled and organised.

DAIRYING - Dairying co-operatives account for the major part of the Australian production of butter. About half of the liquid milk trade in Australia is handled co-operatively.

SUGAR - Fifty per cent of the sugar mills engaged in extracting sugar in its raw state are grower-owned and operate as full co-operatives. Shareholding is maintained among active growers by trying the membership shares to the farm. When a can grower sells his farm, his shares in the co-operative are automatically transferred to the new owner.

COTTON - Seventy per cent of Australian cotton is produced and processed up to the milling stage by co-operative organisations.

VEGETABLES - The bulk of vegetable trading takes place at the metropolitan markets of the cities concerned. While accurate figures are not available it is estimated by the Co-operative Federation of Australia that about 40 per cent of the country's vegetable production and marketing operations are controlled co-operatively.

FRUIT, WINES AND WINE INDUSTRY - Australia is able to produce all its requirements of fresh fruit. The majority of the fruit canning industry is co-operatively organised by producers.

Nearly all the Australian dried fruits are produced along the Murrey River in Victoria and South Australia. In the main this is controlled co-operatively from production through to marketing. It is estimated that twenty-five percent of Australian wine producing operations are co-operatively structured.

HONEY - It is estimated that about twenty-five percent of the bulk honey and forty percent of the jar pre-packed honey market in Australia is handled co-operatively.

FISHERIES - Of the total fisheries operations within Australia and around its coasts it is estimated that fifty-five percent are controlled by fishermen operating through co-operative organisations.

APPENDIX 2

Federal Statutory Marketing Authorities of Australian Primary Produce

Apple and Pear Corporation
 Dairy Corporation
 Dried Fruits Control Board
 Egg Board
 Honey Board
 Meat Board
 Tobacco Board
 Wheat Board
 Wine Board
 Wool Corporation
 Wool Testing Authority

APPENDIX 3

Commodities for which Statutory Boards have been established in Queensland

Barley	Milk
Butter	Grain Sorghum
Cheese	Navy Beans
Cotton	Peanuts
Eggs	Rice
Ginger	Tobacco Leaf
Maize	State Wheat
Committee of Direction of Fruit Marketing	

FARM CO-OPERATIVES IN THE EEC CONTEXT

by

Gregory C. Tierney*

Introduction

The European Community celebrates its twentieth year of existence this year. During that period the Community has grown from six Member States to nine, and is now showing every possibility of growing to twelve Member States within the next decade. During its first twenty years, the Community has developed very considerable cohesion and is now speaking more and more with one voice on matters of major international importance. It is still far from perfect. Nevertheless it is reasonable to assume that when Robert Schuman, the French Foreign Minister, spoke in 1950 about the need for "a bold act - a constructive act" towards European unity he could hardly have envisaged the European Economic Community which we have today. It is impossible now even to think of any of the Member States of the EEC going back to the battlefield to settle political or economic differences. Yet when Robert Schuman spoke in 1950 that possibility still existed.

Despite the extraordinary progress there are many weaknesses. In truth the only areas of economic activity where common policies have been developed are in the Coal and Steel and Agriculture sectors. Even although the Coal and Steel Community pre-dates the Common Market there is no doubt that it is only in Agriculture that the full extent of a Common EEC Policy can be found.

Background

Firstly it is worth examining briefly the background against which farm co-operatives must work in the EEC. The total value of the final production of agriculture in 1975 was 70,900m EUR (93,588m dollars, or £41,618m at 1975 conversion). It seems that despite this very high figure, Agriculture represented only about 7% of Gross Domestic Product in 1972, and presumably by 1975 the figure was even smaller. Furthermore in 1975 the number

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of persons engaged in Agriculture in the EEC represented only 8.7% of total employment, even although the variation for individual Member States ranged from under 3% in the U.K. to over 20% in Ireland. Despite opinions to the contrary, almost half of all farms in the EEC, which are over one hectare, fall into the category of under five hectares. It is reasonable to expect that in the context of a predominance of small holdings, agricultural co-operatives would be of great significance. While as a generalisation for the EEC this is true, it is also a fact that in some regions (e.g. Italy) where farm size is particularly small, there is still much scope for co-operative development. Equally in the U.K., where farm size is well above the EEC average, the development of traditional co-operatives is limited.

On an international basis the EEC now ranks amongst the largest economic units in the world. The following figures for 1973/74 give some idea of the significance of the EEC when compared to the U.S.A., the U.S.S.R. and Japan.

TABLE 1 - Comparison of EEC with U.S.A.; U.S.S.R.; and Japan

	EEC	USA	USSR	JAPAN
Population (millions)	256.6	210.4	247.5	108.4
Gross Domestic Product - million EUR	835,600	1,038,000	N.A.	331,700
Cereal Production - average 1972-74 million tonnes	105.8	219.0	185.5	60.6
Meat Production - 1974 - million tonnes	20.4	24.8	14.7	2.2
Milk production - 1974 - million tonnes	101.9	52.4	92.3	4.8

In the context of the world as a whole the EEC accounts for about 10% of cereal production, 20% of meat production and 24% of milk production. It was self-sufficient in 1975 to the extent of about 95% in the case of cereals, excluding rice, about 96% in the case of meat and over 100% in the case of milk. This never-

theless tends to conceal the extent to which the Community is involved in international trade in agricultural products. For example in 1975 the Community imported 24,500m EUR (32,340 dollars, or £14,381m) worth of agricultural products, and exported only 8,800m EUR (11,616 dollars, or £5,165m). In the case of the U.S.A. itself the EEC had a deficit in trade in agricultural products in 1975 amounting to 4,600m, with imports from the U.S.A. being 5,600m dollars, and exports to the U.S.A. only 1,000m dollars.

The main reason for this imbalance is as the former Commissioner for Agriculture, Mr. Lardinois said: "(EEC) exports have been shut out of one American market after another". This has been achieved through a rigid system of U.S.A. quotas and import controls and it is in this context that the European farmer co-operatives have to carry out their trading operations.

Although the EEC presents an immense internal market (almost 260m people) it is important to note that in the main agricultural products, the Community is at or near self-sufficiency levels. This inevitably means that farm co-operatives, and, indeed, all who market or process agricultural products must be fully aware of the very detailed, and often complex structure which has come to be known as the CAP or more fully, the Common Agricultural Policy. Its internal aspects, such as support buying (intervention), are important in times of surplus, but so also are its protective measures (threshold prices and levies) and its aid to exports (restitutions). The EEC has from time to time come under extreme criticism for operating a protective system for the European farmers, but there are very few countries or regions in the world which do not attempt to protect their farmers, if only from the point of view of security of foodstuff supplies and protecting farmers' incomes.

The Common Agricultural Policy

The essential feature of the setting up of the original Common Market was the establishment of a customs union, with the elimination of customs duties between Member States. Nevertheless, the provisions relating to agriculture in the Rome Treaty go much further. Article 39 of the Treaty outlines the objectives of the Common Agricultural Policy. These include (a) improving productivity; (b) ensuring a fair standard of living for farmers; (c) stabilising markets; (d) ensuring availability to supplies, and (e) ensuring a reasonable price to the consumer.

The very elaborate set of regulations applying to agriculture which are such a feature of Community legislation were in previous years more a reflection of protecting farmer incomes and ensuring supplies. In more recent times, however, the importance of ensuring reasonable prices to the consumer has become more obvious.

The rise of consumer influence has been very noticeable during 1976 and the early part of 1977. It affects not only the question of prices, but also such matters as presentation of foodstuffs (labelling etc), and quality of such products (liability for defective products) and the quality of packaging. All of these matters are of day-to-day concern to marketing co-operatives, not so much as co-operatives, but more as processors and sellers of food. Many of the regulations being proposed do not in fact arise from the Common Agricultural Policy at all, but quite often find their origin in articles of the Treaty dealing with the free movement of goods, the rules on competition or even the general provisions for the approximation of laws of Member States.

What is, however, particularly important about the Common Agricultural Policy is that it has attempted to make rules which should enable farmers in one Member State producing a particular item to get the same price as a farmer producing a similar item in another Member State. Even allowing for normal differences which might arise from more efficient processing or distribution, the theoretical aim of the Treaty has not been achieved in full. In the case of Denmark, Ireland and the U.K. this is understandable because the transition period only comes to an end on December 31st, 1977. In the case of the other countries (as well as the three new Members) there has, however, been the major problem of the instability of the value of currencies. This has led to an elaborate mechanism of Compensatory Amounts (levies and subsidies) designed to offset any advantage or disadvantage which might arise from variations in the value of national currencies.

There seems little doubt that without these compensatory amounts the very existence of the Common Agricultural Policy would have been threatened. Yet when these amounts reach levels of almost 40% of the market price of the product further distortions obviously begin to develop, since the system was designed to meet temporary variations in currency values. Furthermore, when farm co-operatives are involved in trading, either inside or outside the Community, they must take account of all the circumstances of such trade, including the question of Compensatory

Amounts. This in turn has the effect that the farmers who make up the Boards of Directors of co-operatives must acquaint themselves at least with a knowledge of the essential elements of the operation of the CAP.

Concentration in Co-operatives

The question of the ability, skill and knowledge of farmer directors is becoming more important, not just because of the complexity of the environment in which co-operatives operate but also because of the scale of operation in many individual ones. As in the case of private industry, co-operatives have been going through, and are still going through, a period of considerable concentration. If they are to remain competitive this process must continue, but it does bring with it certain organisational risks for the co-operative.

The greatest of these is the risk of losing direct contact with the farmer members. Where a co-operative reaches the stage of having, for example, over 25,000 members (as is the case even in Ireland) the need to undertake a specific programme of member contact becomes very great. Yet, even with such a large membership the economically large co-operative is better placed than either the private or multi-national company trading at the same level. It is better placed in the sense that, because of its very large farmer involvement, its activities are of benefit to a larger section of the community. As a consequence the very existence of co-operative enterprise operating on a large scale is more socially acceptable than is the case with similar scale joint-stock organisations. On the one hand the benefit accrues to a large number of people who are, in all probability, less well-off than workers in industry. On the other hand, in the case of the privately-owned or multi-nationally owned joint-stock company, the benefits in general accrue to a small number of people (quite often even financial institutions) who are considerably better-off than the average citizen.

The process of concentration which has been operating among co-operatives for some time now does not, therefore, bring with it the less acceptable aspects of merging because it has its base at a local level. It does create, nevertheless, a new challenge internally. Determined efforts have to be made to keep all of the members informed about activities within the co-operative. Furthermore, schemes have to be designed to ensure that democracy is maintained; that the voice of the individual member can continue to be heard right up to Board level if necessary.



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Significance of Co-operatives in the EEC

All co-operatives in the European Community are not operating on a large scale, but in most Member States they do in their totality occupy an important place in agriculture. The amount of statistical information available on co-operatives varies from one country to another, but it is clear, nevertheless, that in the case of some products in particular they predominate. This is particularly so in the case of milk. In the 1976 report of the EEC on the Agricultural Situation in the Community, figures of the share of agricultural products sold through co-operatives are given. The following table summarises the information given in respect of milk, beef, pigmeat, fruit, vegetables and cereals.

TABLE II - Percentage sold through Co-operatives (1975)

	MILK	BEEF	PIGMEAT	FRUIT	VEGETABLES	CEREALS
Germany	78	19	20	26	36	52
France	46	15	50	40	30	70
Italy	35	5	5	46	5	15
Netherlands	90	20	30	82	85	60
Belgium	65	small	15	35	50	15
Luxembourg	90	22 |		30-35	-	65-70
U.K.	-	9	5	15	9	20
Ireland	88	28	32	16	18	30
Denmark	87	60	90	55-60	50	40

SOURCE: EEC Commission - The Agricultural Situation in the Community - based on estimates by Commission departments.

Unfortunately, some of the figures contained in this table do not agree with those supplied by member organisations of COGECA (EEC organisation of farm co-operatives). The explanation may be that

definitions are not clear enough, or that many of the figures are merely estimates and not based on statistical surveys. There are also, however, significant differences between the figures given by the EEC Commission in the table on page 56 and those contained in another EEC publication: "The Agricultural Co-operatives in the Enlarged Community" (Ref: X/346/73E). Even though the figures in this latter document refer to 1971, the differences between the two in some sectors are very great and the accuracy of either must be questioned. Nevertheless some useful facts do emerge. In the case of milk there is a consistent similarity in all the sets of figures. One must, therefore, presume that this arises from a necessity at national level to file regular returns with the national authorities. It is also in the case of milk that one finds a consistently high level of market share amongst the co-operatives. The exception of the U.K. arises from the existence of the marketing boards.

The strength of co-operatives in the milk sector can in many cases be attributed to the fact that in the last century when co-operation was developing in Europe in its present form, the mechanisation of milk processing (butter and cheese making) was also beginning to take place. Furthermore since milk could not be sold at a great distance from where it was produced it seemed natural that groups of farmers should handle their own supplies together. Aside from milk, however, the figures establish in a general sense that farmer co-operatives are particularly important in the cereals sector as well as in fruit and vegetables.

Development of Co-op Market Share

Although co-operatives occupy an important place in EEC agriculture their development does not seem to have been either assisted or hindered by the Common Agricultural Policy. In an attempt to assess the influence of either the CAP or indeed membership of the EEC on agricultural co-operatives, figures relating to the development of co-operative market share have been compiled for four countries. These figures compare 1971 with 1975/76 in the case of four EEC countries - two new members and two of the old Member States.

From Table III it seems obvious that membership of the EEC has not been a factor in determining the growth of co-operative market share. The variations between the four countries and between the various products are such as to preclude any conclusion being drawn. At best one might be inclined to say that the Community is neutral as between co-operatives and other forms of business activity.

TABLE III - Development of Co-op Market Share 1971 to 1975/76

		MILK (i)	BEEF (ii)	PIGMEAT	VEGETABLES	FRUIT	CEREALS (iii)
Belgium	1971	53%	N.A.	12%	55%	50%	10%
	1976	52.4%	N.A.	18%	65%	60%	12%
Denmark	1971	86%	40%	92%	N.A.	N.A.	N.A.
	1975/6	87%	44%	90%	50%		41%
Ireland	1971	82%	65%	35%			40%
	1975	100%	64%	37%	30%		41%
Germany	1971	78%	23%	29%	36%	19%	57%
	1975	78.4%	34.3%	33.5%	46.8%	27.4%	52%

NOTES

(i) In the case of Ireland figures do not include "consumption" milk.

(ii) In the case of Ireland and Germany figures for beef include live cattle sales.

(iii) In the case of Ireland the figure is for barley only.

N.A. Not available.

SOURCE

Compiled from information supplied by national co-operative federations.

Nevertheless there are ways in which the community institutions could help co-operative development and so far have not taken the necessary action. One of these ways concerns the legislative framework within which co-operatives must work in their trading activities. Most of the European co-operatives which have helped to maintain or develop a high market share are very export conscious. This often shows itself most clearly in the desire to trade on an international basis with other co-operatives. The development of Eurograin - admittedly covering more

than EEC countries - was a clear example of this. In the context of the EEC, however, the degree of co-operation could go even further if the right legal framework existed. It is possible to envisage either cross-frontier co-operative mergers or cross-frontier joint ventures, if the right conditions prevailed. With this in mind COGECA, many years ago, attempted to convince the Commission of the EEC of the necessity to have a legal instrument allowing for the establishment of co-operatives at European level. This has in fact been proposed by the Commission for companies but so far nothing has been done in regard to co-operatives. The absence of action could be said to be favouring non-co-operative enterprise.

Competition Rules

On the other hand the EEC has been specific in relieving co-operatives of some obligations under the Community's rules of competition. Basically the Treaty of Rome in Article 85 prohibits agreements which, inter alia, fix purchase or selling prices, or for example share markets or sources of supply. Article 42 of the Treaty provides, however, that the sections of the Treaty dealing with Competition Rules shall apply to agricultural products only to the extent determined by the Council of Ministers. In exercise of this power the Council in 1962 adopted Regulation 26 which exempts associations of producers (co-operatives) from the provisions of the relevant section of Article 85, provided that the agreements concern only the domestic (or national) market of the country concerned. This decision of the Council recognised that a co-operative was in many regards a producers' cartel but at the same time acknowledged that such a cartel could be in the interests of the Common Agricultural Policy.

This is as near as the EEC has come in its legislation to giving any priority or even recognition to the special nature of co-operatives. It compares rather unfavourably with the United States' Agricultural Marketing Act which states that "it is hereby declared to be the policy of Congress to promote the effective merchandising of agricultural commodities by encouraging the organisation of producers into effective associations or corporations under their own control". The Act goes on to speak about promoting the establishment and financing of "producer-owned and producer-controlled co-operative associations". It is probably unreasonable to expect from either the Commission or the Council of Ministers as clear-cut a commitment as that. The structure of government in the U.S. and the structure of "government" in the EEC are so different that the same kind of public commitment is probably impossible in the EEC context.

Even the limited recognition or special position given to farm co-operatives in Regulation 26 of 1962 seems to be coming under attack. The explanation of this may lie in the fact that there was a feeling in many co-operative circles that this regulation exempted co-operatives from Article 86 of the Treaty, which deals with the abuse of a dominant position in the market. The fact that the Commission has, on two occasions, challenged the applicability of regulation 26 in specific cases indicates nevertheless that this regulation cannot be assumed to be an expression of the EEC Commission support for the co-operative movement. Indeed the very fact that the Commission proposed to the Council regulations which would involve the creation of new agricultural marketing structures, suggests that the existing co-operative structure does not find complete acceptance within the Commission.

Producer Groups

By far the most important of the new proposals relating to marketing structures is that concerning producer groups. This particular proposal was introduced to the Council by the Commission as long as seven years ago and has still not been adopted. In recent times, however, the Council has agreed to consider the matter in detail and to take a decision on the proposal during 1977. This particular proposal provides for a regulation which would be applicable for all sectors of agricultural production.

There are nevertheless regulations already in existence authorising the establishment of producer groups in a few individual produce sectors. These are fisheries, fruit and vegetables, hops and silkworms. Furthermore, proposals exist to extend the producer group concept into other individual product areas such as seeds and potatoes. The adoption of the producer group idea on a product by product basis would seem to reflect a certain frustration on the part of the Commission at not being able to gain acceptance of the proposal for a general regulation.

Essentially what is envisaged by the Commission in the producer group context is that agricultural producers (as well as fishermen) would be encouraged to establish groupings in order to market their produce in common. The encouragement intended is certain financial assistance at the commencement of operations, and for the first three years of operation, but it would be limited to that aspect of the group's operation which concerns the first point of sale. In other words, there would be no

financial or other incentive for the group to become involved in any form of processing or more sophisticated marketing. Any legal form (co-operative, joint-stock company, or partnership) would seem to be acceptable.

It would be necessary, in order that a producer group receive recognition, that its members are committed to market the whole of their production of the products concerned through the group. Furthermore in the proposal as it presently stands a producer may only withdraw from membership after he has been a member for three years and even then he must give one year's notice. A basic objective of the producer group should be to adapt production of the product concerned to the market requirements.

During the discussions which have taken place within working parties of the Council of Ministers in the past year or so, some changes have been made in the original proposal but the essential elements remain. Nevertheless representatives of some member states have expressed reservations on the very concept itself and as a result a certain stalemate situation had been reached. The matter has, however, been brought under active consideration again because of an agreement at a Council meeting early in 1977 to come to a decision on the matter before the summer vacation. Most experienced observers consider this promise of the Council very optimistic.

When the proposal was introduced many years ago the European farm co-operative organisation, COGECA, welcomed the idea as being a useful contribution to the organisation of agricultural marketing. Since then, however, both France and Germany have had some experience with producer groups in the sectors for which EEC regulations exist and also in other sectors where national legislation has promoted their establishment. Despite the fact that the vast majority of existing producer groups are registered as co-operatives, the experience has not been very satisfactory. Apart from the fact that these groups have not had the impact expected, there has also been a noticeable tendency for the formation of these groups to lead to the fragmentation of the efforts of existing traditional co-operatives. During a period when co-operatives have been obliged to merge with one another in order to maintain economic competitiveness this is a dangerous development. It is worth noting that in some cases groups of larger producers have proceeded to deal with their own co-operative in the same way as they might deal with a private enterprise company. Inevitably this will be to the general disadvantage of the remaining members in the co-operative who have continued to deal in the normal way as members.

The views of the traditional co-operatives in the EEC, as expressed through COGECA, have not yet, however, been altered to the point of rejecting the producer group concept. It would be unlikely that this would happen since in many respects the producer group is a co-operative form of marketing. There are many regions in the EEC where co-operatives at any stage of development do not exist for the marketing of some products. It would not make sense for COGECA to object to a proposal which might help producers in such circumstances. On the other hand COGECA must protect the legitimate interests of the traditional co-operatives. Any development which would oblige the Member States of the EEC to support financially, new structures which could fragment existing co-operatives, must be watched very carefully. In this connection the role of COGECA is to point out to the Community authorities the fears of the existing co-operatives in order to try to find a compromise solution.

In another respect too, there is cause for concern. The Commission of the European Communities in proposing the draft regulation on producer groups speaks at all times about the first stage of marketing i.e. "at the farm gate". By implication, producers would seem to have no place in the processing and marketing chain after that point. Traditional co-operatives in the EEC have become very highly developed, both in the processing and marketing of agricultural and food products. They could not, and do not, accept that efforts on behalf of producers should be limited in any way. Nevertheless the absence of the type of commitment to the co-operative way of conducting farm business, as outlined in the US Agricultural Marketing Act, does inhibit the Commission or the Council from appearing to support the development of farm co-operatives as opposed to any other legal form. The policy of the Community towards co-operatives is essentially one of neutrality.

The Role of Agricultural Guidance & Guarantee Fund (FEOGA)

By accident rather than design co-operatives have obtained a certain priority in the question of capital grants from the guidance section of the farm fund (FEOGA). In the original regulation of 1964 which allowed for capital aid for processing and marketing of agricultural products it was necessary for each individual project to prove that there was a lasting economic benefit to producers. Obviously where the producers themselves were the owners of the enterprise undertaking the project, such proof was easy to furnish. Equally where a co-operative was involved, proving certain aspects of economic viability (such as security of supply) was often that little bit easier to

establish. There has been, therefore, a certain *de facto* priority for co-operatively owned projects. It must be stressed, however, that there is no question of a *de jure* priority and indeed it is highly unlikely that it was intended or perhaps even acknowledged that a *de facto* priority could or should arise from the regulation.

The scheme of 1964 is now coming to an end. It has been replaced by a regulation which allows aid for projects provided they fit into an overall programme. In the past aid was given without any real reference to an overall strategy. The result is that many people, particularly within the Commission of the EEC, have questioned the value of the old scheme in re-structuring and modernising the *food processing and marketing* sector. The new regulation requires the Member Governments to submit programmes for re-structuring and development of the processing and marketing of agricultural produce within their own country. The programmes must specify the products and the geographical region covered. Once these programmes have been accepted all projects, in order to receive aid, must be shown to fit in with the plans.

This is a significant change *but has been welcomed* by the co-operatives largely because it is expected to lead to a more rational use of Community finances. Provided the Member Governments carry out their responsibilities in preparing programmes the co-operatives are confident that they can fit into these plans. Furthermore, the concepts of lasting economic benefit to the producer and general economic viability which were in the old scheme, are carried into the new regulation. As a result the *de facto* advantage which co-operatives had in the past, in proving the value of their projects, *remains*.

Growth of Consumer Influence

Any review of developments in the EEC affecting farm co-operatives would be incomplete without a reference to the considerable and increasing consumer influence. Although the consumer organisations, as such, are not very big or influential organisations in most EEC countries, they have been given a specific recognition by the Commission. Furthermore, some of the Members of the European Parliament as well as the Trade Unions and the Consumer Co-operatives have taken up the cause of consumer protection as well. The Commission itself has a special service devoted exclusively to consumer affairs and of course the governments of the various Member States often have specific ministries looking after consumer matters.

The importance of this development for agricultural co-operatives lies in the fact that consumer interests, because of their great political strength, are having more and more influence on farm prices. Since the agricultural co-operatives are selling on behalf of the farmer to the consumer (either directly or indirectly) they are beginning to find themselves "caught in the middle". As the responsible commercial arm of the farmer the co-operative must ensure that the product is competitive in price and can therefore be sold. On the other hand, as a farmer-owned enterprise, the co-operative must strive to get the best possible price. In attempting to satisfy both the short and the long-term interests of farmers, the co-operatives are obviously in a very difficult position and it seems reasonable to predict that this difficulty will not diminish in the near future, unless the EEC decides to establish some other way of remunerating farmers than through the market place.

Already farmers are complaining about the small percentage of the retail price they obtain and consumers are concerned about the constant rise in food prices. This has to be put in perspective. Recent figures for the consumer milk co-operatives in Ireland show that between 1973 and 1977 the producer share of the final retail price has remained static at 58%. On the other hand, if we go back a further decade to 1963 as the Danish farm organisations do in their booklet - "Landøkonomisk Oversigt 1976" - the position is noticeably different. In this case the farmer share has dropped from 62% to 47% in twelve years. This, of course, may be a reflection of changing patterns applying in the Danish consumer milk industry over the period, whereas little basic change occurred in Ireland.

The Future

Although farm co-operatives will tend to be caught more and more between producers and consumers in the future this may in fact present opportunities as well as difficulties. It seems feasible and indeed desirable that farm co-operatives will interest themselves in explaining and defending the farmers' position to the general public, particularly as consumers. It is, for instance, a statistical fact that in order to buy the same quantity of a given food in 1975 as compared with 1963 the consumer had, on average, to work for about half the length of time in order to earn the necessary money. Yet this kind of fact is rarely mentioned on the occasion of the farm price discussions. There is clearly here a role of explanation which the farm co-operatives can, and hopefully will, take up.

Of more immediate significance to the co-operatives themselves, however, is the tendency towards greater inter-co-operative trading. This has always existed to some extent even on an international basis as the existence of Eurograin shows. More recently there has been increasing interest, and COGECA has prepared a directory of co-operatives within the EEC which are interested in trading with co-operatives in other Member States. Furthermore the European consumer co-operative organisation - Eurocoop - has expressed interest in putting consumer co-operatives in direct contact with producer co-operatives capable of supplying their requirements.

The results of these developments have yet to be seen. It must nevertheless make sound economic and co-operative sense if this idea matures into reality. For too long the farm and consumer co-operative organisations in many European countries have virtually ignored one another as far as trade is concerned. With processing and particularly distribution costs rising all the time, it would seem to make sense that the two streams of the co-operative movement should work more closely together. The European Community seems to have provided a framework in which this may happen. Perhaps ultimately it may even lead to joint ventures which would be for the mutual benefit of farmer and consumer without the need for any middleman.

THE NATIONAL CO-OPERATIVE FEDERATION (NCF) of FRANCE
Groupement National de la Coopération (GNC) de la France

by

Bernard Belleville*

Although officially formed in November 1968, the National Co-operative Federation (NCF) is a direct result of the 1968/69 plan for regional reform. But it has also evolved through a long effort, begun in 1945, to strengthen inter-co-operative relations in France, for which three organisations were mainly responsible:-

National Council of Co-operative Work & Understanding
French Institute of Co-operation
Co-operative College

However, it was not until October 1973 when the new framework of inter-co-operative organisations was agreed by the founding co-operative enterprises, that the N.C.F. was truly recognised as the political organisation for all co-operatives, and provided with its own funds to carry out its objects.

Member Organisations

Clause 1 of its constitution states that the N.C.F. should unite all the French co-operatives representative of sectors for agriculture, consumers, credit, housing, fisheries, productive and non-agricultural family groups.** These sectors are represented in the N.C.F. by one or more federations. The founder members were:-

The National Confederation of Mutuality, of Co-operation
and Agricultural Credit

(La Confédération Nationale de la Mutualité, de la
Coopération et du Crédit Agricoles)

The National Centre for Co-operative Housing

(Le Centre National de la Coopération d'Habitation)

* Director of the N.C.F. Secretariat.

** These are usually family business (mostly shops) who have formed co-operatives to buy goods in bulk.

**The General Confederation of Workers' Productive
Co-operatives**

(La Confédération Générale des Sociétés Coopératives
Ouvrières de Production)

**The Confederation of Maritime Credit and Mutual
Organisations**

(La Confédération des Organismes de Crédit Maritime
Mutuel)

The National Federation of Consumer Co-operatives

(La Fédération Nationale des Coopératives de
Consommateurs)

**The National Federation of Co-operatives for Low Rent
Housing Schemes**

(La Fédération Nationale des Sociétés Coopératives
d'H.L.M.)

NOTE

These are usually blocks of apartments owned by the co-operative and rented to members who live there:-

The Co-operative Credit Union

(L'Union du Crédit Coopératif)

**The National Federation of Mutual Credit - formed
July 1976**

(La Confédération Nationale du Crédit Mutuel)

In addition to the national members, the N.C.F. also unites 21 regional co-operative groups each representing, at regional level, all the different branches of co-operation present. The regional groups attend the annual general meeting, and also form the Consultative Committee of Regional Co-operative Groups, whose task is to ensure that the views of the regions on common co-operative problems are made known to the N.C.F.

Objects

According to Clause 2 of its constitution the purpose of the N.C.F. is to: "defend and promote the basic principles of co-operation as defined by the International Co-operative Alliance". Within the framework of this objective, the N.C.F. maintains a permanent information and co-ordination role among its members. It can define certain lines of action for all members, or for a particular section, and hold a watching brief to ensure success. In general however the member organisations are responsible for implementing action, since the N.C.F. has no power to do so,

except where it is so authorised by its Board of Directors. In general the N.C.F. delegates the execution of its projects to specific organisations.

The N.C.F. therefore has a double role in pursuit of its objects:-

- (a) Defence and promotion of the Co-operative idea - Beyond those objects specific to each co-operative sector, there is a common basic ideology that creates community of thought and actions among all the co-operative sectors united in the N.C.F. It is this basic ideology that is the first care of NCF to defend and develop; and to do so it uses all the means appropriate: liaison with the public service, study tours, public relations exercises, newspaper articles, audio-visual aids etc.
- (b) Continuing Purpose of Co-ordination - Gathering the principal co-operative sectors within the N.C.F. has allowed them to meet regularly to exchange information, to agree on problems of common interest, and to consider and discuss future developments and the role of French co-operatives as a whole.

The objective, however, is to intervene with all members, or certain members, first to define common policy and then to carry it out. Areas of inter-co-operative action concern such diverse fields as legislation, training, information and economic links. These areas of common action, agreed by the Board of Directors of N.C.F., may either be effected directly by N.C.F. or through means deployed especially to this end.

Structure

The N.C.F. is an association registered under the Act of 1901. Its registered office is in Paris,* in the same building as the French Institute of Co-operation and the Co-operative College. Ultimate authority is vested in the General Meeting, while the Board of Directors and a Permanent Committee oversee day-to-day management. There are also working parties or special committees when necessary, and a permanent secretariat, with a triple role of executive action, of research and of preparation of proposals for consideration.

* The address is: 7 Avenue Franco-Russe, Paris 75007, France.

The Board of Directors determines the main lines of action, allocates general resources for their achievement and maintains control by monitoring progress of the work. The Board is composed of the top leaders of each member organisation: the President is Roger Kerinec who is also President of the National Federation of Consumer Co-operatives.*

The Permanent Committee, which meets at least once a month, initiates and stimulates the work of the N.C.F.; it is the means of maintaining the inter-co-operative spirit. It prepares the grounds for the Board's decisions and directs the work of the Secretariat. In addition each member of the Permanent Committee is responsible:-

(a) for making known to his own organisation the decisions taken by the N.C.F.,

and

(b) for ensuring that any action recommended is in fact taken.

The Chairman of the Committee is Jean-Paul Champeaux (National Federation of Consumer Co-operatives).

The working parties have no power of decision-making, but allow co-ordination and exchange of views on different subjects. The working parties may be permanent or have a limited life, or discuss a particular problem. Working parties or special committees are at present concerned with the following subjects:-

Training

Law

Co-operative and Mutual Press

Co-operative Aid to Developing Countries

Co-operative Banks

After three years of working, this structure has met the expectations of the co-operatives and demonstrated its complete effectiveness.

* M. Kerinec was also elected President of the International Co-operative Alliance in September 1976.

Objectives

The actions of N.C.F. either completed or in the course of realisation may be grouped under five headings:-

(a) General Policy

- i. Formation of a Co-operative Parliamentary Group at the National Assembly. The Group's Chairman is M. Gaillard (Deputy Mayor of Niort) and includes five vice-chairmen representing the five large political parties of the Assembly: 70 members of Parliament were members of the group at the end of 1976. The objective of the Group is "to establish a fruitful collaboration between Parliament and co-operatives, to encourage a better understanding of the co-operative movement, and to create a means of dialogue and ideas capable of proposing co-operative solutions to current problems". During the early part of 1977 a Co-operative Group may be formed within the Senate.
- ii. Revival of the Higher Council of Co-operation, which has been dormant since 1968. Members of Parliament, civil servants and co-operative organisations are members of the Council whose object is "to study and follow up, especially in the office of the Prime Minister, all questions of interest to co-operation, and to suggest measures which would be useful in developing all forms of co-operatives".
- iii. Preparation and organisation of the 26th Congress of the International Co-operative Alliance, held in Paris in September 1976. The I.C.A. is an independent organisation recognised by the United Nations, representative of 320 million members of 63 countries.

(b) Information

- i. Issue of a monthly bulletin "Information Cooperatives" which contains news of all inter-co-operative organisations and of each sector, and the regional and national members of N.C.F. The bulletin is sent to all co-operatives, members of Parliament, senior civil servants and trade officials.

- ii. An illustrated brochure in four languages, and a short film about French co-operatives, entitled "A Better Way of Life".
- (c) Training - Training may be run directly by the N.C.F. or more often jointly with the French Institute of Co-operation and the Co-operative College.
- i. Direct Training - From 1971 to the end of 1973 information relative to the Vocational Training Law of July 1971 was made available in all regions. A 36-page brochure was issued, "Information on Vocational Training Schemes". In July 1974 a conference was held of those responsible for training in French Co-operatives. A paper on organisation of training within the member co-operatives of N.C.F. was published in No. 179 of the Revue des Etudes Cooperatives. With the CHIPE a seminar was held in May 1975 to continue an examination of legislation relative to training. Lastly, the Training Group is a permanent medium of discussion and continuing study of training needs common to all co-operatives.
 - ii. Joint Training - In close collaboration with the Co-operative College, the French Institute of Co-operation and the Regional Groups, the N.C.F. is helping to form regional co-operative centres for training, information and research. Two co-operative colleges have been formed at Bordeaux and in Rhône-Alpes, and further projects are being studied for Nancy, Lille, Montpellier and Aix-en-Provence.

The N.C.F. and the French Institute of Co-operation have also supported the post-graduate Diploma of Special Studies in Co-operative Organisation, at the Faculty of Economic Sciences at Bordeaux University. The Diploma was founded in November 1975 and is the first University degree in co-operative training to be sanctioned.

Regional Action

Formed at the same time as the regional reform, the N.C.F. could not ignore regional differences. It has helped in the formation,

in each geographical division, of a Regional Co-operative Group. The N.C.F. also provides assistance with the work of the Regional Groups, and offers them, on request, help and assistance in carrying out actions which the N.C.F. have decided at regional level. These regional groups allow co-operators to get to know one another better and get themselves better known in the economic and social development of the region. In fact twelve regional groups are sufficiently well organised to take part in joint activities such as the formation of regional institutes or colleges for study and research, or in public events, in fairs such as Strasbourg, Toulouse etc, and Co-operative Days. The Regional Groups will take a growing part in the development of inter-co-operation in France in years to come.

Research

Two studies of a general nature are being carried out:-

"The Co-operative Contribution to Changing French Society"

The aim of this study is to show the valid contribution which the co-operative formula can make towards finding a solution to present-day problems.

"Aid to Developing Countries by the French Co-operative Movement". Proposals for each co-operative sector, and suggestions for action have already been made, and the programme should be carried on in collaboration with that of Government.

The result of three years' work have shown the road taken so far and that which must be followed to achieve a movement that is truly inter-co-operative. But in addition to what has been done, which itself is far from negligible, the most important is perhaps the spirit that has enabled the new structures to be formed. It is in fact a voluntary inter-co-operative solidarity that becomes a little more obvious each day. This has not only made general inter-co-operative action possible, but has also generated more frequent contacts between sectors that are likely to lead to fruitful bi-lateral and multi-lateral action.

Now the objectives of the N.C.F. for future years are clear therefore, it must first develop and deepen the activities already under way, which for the most part, are not limited by a time scale. It must then pursue a policy of consultation at all levels in the spheres of politics, economics and education.

Finally N.C.F. must study communal approaches that will be capable in the future of creating a real unity of interests and thought.

The various sectors of co-operative activity now feel strong enough, not only to tackle jointly the problem of co-ordination and of strengthening the inter-co-operative structure, but also to express a common co-operative view at national level, and will not accept that the rich experience of co-operation, successful for more than a century, should be ignored by Government.

The French co-operative organisations, through the N.C.F., have revived the sixth principle recognised by the I.C.A. that asks: "each co-operative organisation, to co-operate actively and in every way possible with other co-operatives, at each level, local, national and international".

Economic Importance of Agricultural Co-operation

In 1972, the turnover of 4,700 co-operatives at primary and secondary level, including SICA's,* but excluding service co-operatives, was 50.7 thousand million francs (without taxes). This represents 57% of the value of agricultural production, against 50.6% in 1970. The average turnover of 10.8 million francs per organisation may seem small, but in fact 350 co-operatives account for almost 60% of the total co-operative turnover, and the individual average is 86 million francs in this group. The individual average of the rest is 4.6 million francs.

In 1972 there were 19 co-operatives with a turnover in excess of 220 million francs. A feature of this group which included co-operative unions, SICA's and multi-purpose primary co-operatives, was an increase in turnover greater than that of all co-operatives: a 55% increase from 1965 to 1972, against 38% for the whole movement.

In 1973 the total turnover of all agricultural co-operatives rose to 61 thousand million francs, and almost 75,000 million in 1974. One co-operative union is officially classed among the largest French firms exporting agricultural produce and animal feed. Eight unions and primary co-operatives (cereals, dairy products, meat, fruit and vegetables) are

* SICA - Syndicat d'Intérêt Co-opérative Agricole - See Article in 1976 Year Book of Agricultural Co-operation.

among the 40 largest French agricultural food businesses and 36 among the 1,363 largest firms in all branches of export business.

The co-operative sector handles 22% of the total turnover of the agriculture and food industry, and a feature of the last 10 years was the establishment of a national trade mark, particularly in the dairy produce sector.

Four sectors accounted for 85% of co-operative turnover: cereals and vegetable oils 26%, requisites supplies, including animal feeds 21%, milk and milk products 26%, meat and livestock 12%.

Finally almost all farmers are members of one or more co-operatives. In 1972 there were 3,250,000 members, of whom 2,232,000 were active members of requisites and marketing co-operatives, covering 1.5 million farms. Agricultural co-operatives employ 95,000 full-time workers plus 125,000 in-service co-operatives.

Structural Changes in French Agricultural Co-operation

	1965	1970	1972	1974 (est.)
Supplies and Marketing Co-operatives	5,700	5,050	4,700	4,500
Service Co-operatives	11,500	10,400	10,000	9,045
Total Co-operatives	19,217	15,450	14,700	13,545
Number of Member 000's	3,379	3,599	3,247	
Total Turnover - thousand million francs	19,9	36,2	50,7	75
Proportion of agricultural production by value	48%	50.6%	57%	68%
Owned capital - million francs	891	1,283	1,583	
Employees	95,248	118,000	118,700	125,000

Proportion of Co-operative Trade in Marketing, Trade and Production of Agricultural Products

(Latest figures available 1973 or 1974)

Sector	Number of Co-operatives, Unions and SICA's	% of Market and/or of Production
Milk Products	850	46% of market/ 43% of production of dairy farmers 51% liquid milk 46% butter 33% cheese 44% milk powder 32% yoghurt
Meat and Livestock	196	50% pork 15% beef of which 50% calves 18% mutton and lamb which is 46% of livestock slaughtered in abattoirs
Poultry	42	25% eggs 40-45% chickens
Wool	8	42% wool
Cereals including milling	550	72% storage capacity 68.5% harvest of which 72% soft wheat 68% barley 62% maize 62% other cereals
Vegetable Oils	350	70% of oilseed harvest
Wine and Alcohol	1195 wineries 105 distilleries	50% wine sold 42% total production of which 35% pure alcohol 51% table wine 65% distilled wine and marc

continued

Sector	Number of Co-operatives, Unions and SICA's *	% of Market and/or of Production
Fruit and Vegetables	420	40% fresh fruit 30% fresh vegetables 30% potatoes
Food processing	63	40% preserves 30% canned vegetables of which 25% peas, beans 71% mushrooms 50% tomatoes
Sugar Beet	10	7% sugar 45% alcohol from sugar
Hemp and Flax	21	33% of flax grown 40% of hemp grown
Dried Lucerne	59	95%
Requisites (Supplies)	740	Distribution: 50% straight fertiliser 45% compound fertiliser 50-55% pesticides & animal health 30-50% agricultural tools 12% agricultural machinery 35-40% animal feed
Feed	182	32% manufacture of animal feed
Seeds	90	73% cereals 65% maize 65% rape and other crucifers 25% fodder
Other sectors	70	forestry, beekeeping, olive oil, perfume plants etc.

* The total of this column is more than 4,700 thousand million francs because there is an element of double counting. For example co-operatives that market oilseeds also market cereals and the total turnover may be included twice.

Service Co-operatives

These are not included in the turnover of agricultural co-operatives

Service	Number of Co-operatives	Uses
C.U.M.A. (Co-operatives for joint use of agricultural machinery)	8,000 of which 72 specialise in drainage and preparation of soil	30% combine harvesters 4% tractors 30-35% cultivating machinery (ploughs, mowers and silos) 16% spreader 10% labour
Artificial Insemination	95	Inseminated 70% of fertile cows
Cheese co-operatives of Jura	950	Small co-operatives which produce gruyère cheese in the mountain area of Franche-Comté of Savoie and Jura

THE MARKETING OF GUERNSEY'S GLASSHOUSE-GROWN TOMATO CROP

by

R. G. Kimber *

Guernsey, the second largest in the English Channel Islands group, is only 25 square miles in extent but is the producer of no less than 50,000 tons of glasshouse-grown tomatoes each year. Guernsey is of course, very well known as a tourist resort, attracting some $\frac{1}{2}$ million visitors each summer season, but horticulture as a whole, and tomatoes in particular, continue to be the mainspring of the Island economy. The first interest in the commercial production of tomatoes in Guernsey goes back more than 100 years, but it was in the 1920's that tomato growing really developed apace and by 1939 there were 1,000 acres of glasshouses covering one-fifteenth of the entire Island. However, the glasshouse industry ran down considerably during the blockade conditions between 1939 and 1945.

The whole of the Guernsey tomato crop is sold through the wholesale markets of the United Kingdom and this has always been so. Prior to the war years, growers sent their tomatoes to wholesalers of their choice, using the service of exporting agents on the Island if they so wished. When peace was declared in 1945, the tomato industry was by then desperately in need of rehabilitation and, coupled with the very restricted shipping and transport services, an emergency organisation was set up by the Island authorities, charged with the responsibility of marketing the tomato crop, and generally to get the industry, back on its feet. This organisation was kept in being initially, on a year by year basis, and gradually developed and consolidated marketing and transport procedures as the United Kingdom settled back to normal in the post-war climate. As time went by it became increasingly clear in the Island that for the future, Guernsey's tomato producers, and the wholesale markets of the United Kingdom, as well as their customers the retail traders, would be best served by a completely co-ordinated marketing, distribution and transport system. Because of the sweeping changes which had occurred both in methods of transport and requirements of the fruit trade, it was quite impossible for Guernsey to think of going back to the methods of selling of the late 1930's and so, after a few transitional years, a statutory body was set up in 1953, namely the present Guernsey Tomato Marketing Board.

* Manager, Guernsey Tomato Marketing Board.

Within the law under which the Board operates, all producers must deliver all their tomatoes to the Board for sale. The law also provides that the method of payment to producers will be an average price for each day for each separate quality, of which there are seven grades. The Board is financed by means of a levy on each package exported, which is deducted from the proceeds of sale before payment is made to the grower. The Board is non-profit making, because whatever balances are left on account at the end of the year, are rebated to producers at a rate per package. Within all these terms, whilst there is a degree of compulsion on the producers, in most aspects the Board functions in the true spirit of a co-operative. Perhaps therefore it would be correctly termed a "compulsory co-operative".

The Board is composed of ten members. Term of office is 4 years at a time, half the Board retiring from office every two years, but members are entitled to stand for re-election, and usually do. These members formulate the policy of Management and staff to carry out. Within the main Board, there are working committees with specialist responsibilities, such as publicity, transport and packaging. Members of the Board are elected by the growers who are allocated one vote for every 500 packages exported the previous year.

Basically it could be said that the Board is functioning by the same methods and principles now as when it was set up in 1953, but that is not entirely true because changes, no matter how subtle or how small, are occurring all the time as affects customer requirement, quality control, packaging, transport and so on. The Board must be able to recognise and cater for all these changes, and to anticipate them, if the best is to be obtained for the producer and for the final customer, because the Board has the dual responsibility of endeavouring to obtain the best return for the producer, and at the same time to ensure consumer satisfaction with the quality of the product.

In the marketing of any perishable product - and tomatoes come into that category - it is present and future which are of far more significance than the past. It is more relevant therefore to study what the Board does now in the marketing of the Guernsey tomato crop, rather than look back over previous years.

The whole of the crop is sold on commission, in the face of whatever competition there may be on the market at any particular time. The Guernsey season is a long one so that at some time during the marketing of each years' crop, competition is encountered from each and every source of supply which is being

marketed in the United Kingdom during the year. The following is the 'structure' of the season, and also the main areas of supply (competition) in each of the months:

	<u>Guernsey Crop</u> <u>Approximate Monthly</u> <u>Percentage of</u> <u>Seasons' Total</u>	<u>Sources of main competition</u>
April	11	Canary Islands mainly, plus Dutch and Romanian, and the start of UK grown, and Jersey (indoor).
May	21	Canary Island (finishing), Dutch, UK grown and Jersey.
June	20	UK grown (including Scottish), Dutch and Jersey and Irish.
July	18	UK grown and Jersey, Irish, fewer Dutch.
August	14	UK grown and Jersey, Irish - fewer Dutch.
September	9	UK grown, Jersey (indoor) and Dutch - all declining, Jersey (outdoor) now in production.
October	4	UK grown and Jersey finishing, Spanish mainland starting.
November - March	3	Spanish until Christmas, otherwise almost entirely Canary Islands.

In order to sell a product at the best possible price, compared with its competitors, one of the essential ingredients in efficient marketing is "freshness at point of sale" and to be as effective as possible in this respect it is necessary to:

1. pick the tomatoes in the right condition;
2. grade and pack the tomatoes to strict quality standards;
3. deliver to markets as speedily as possible.

Furthermore, in order to take the maximum advantage of peaks in demand, it is obviously essential to deliver to market for sale, the maximum quantities on those days when there is the maximum demand.

The whole of the crop is exported to the English South Coast ports of Weymouth, (6 hours by sea from Guernsey) and Portsmouth (8/9 hours sailing time). If a line was drawn down the centre of Great Britain, all the markets to the west of that line would be those supplied out of Weymouth all those to the east of the centre, through Portsmouth. With the exception of a few markets in the North East of Scotland to which deliveries are made by overnight freightliner train services, the whole of the crop is delivered to market by road transport. Early each year, the Tomato Board enters into negotiations with the shipping companies, to agree on the shipping capacities required at various stages of production, sailing frequencies and freight rates, and then enters into contract. The Board is also entirely responsible for the engagement of road hauliers, and here also, informs hauliers of the number of vehicles required for each day and every destination, arranges loading times at the ports of entry so that special priorities can be obtained, lays down strict delivery schedules, negotiates rates and then concludes the contract. The distribution pattern of the crop demands that deliveries have to be made (up to 4 or 5 times weekly) to some 120 separate destinations, and within the markets, to over 220 selling agents (wholesalers) who are the appointed members of the Boards' panel of salesmen.

Careful planning is imperative in dealing with the handling, transportation and marketing of a crop which starts off in a very small way in January/February, with exports building up at a rapid rate to March/April, has a peak production period which spans 3 or 4 months, with a slow decline late summer into autumn, and draws to a close near the end of the year. Not only does this affect the size of ships and number of lorries needed for example, but more importantly, it affects PEOPLE, so that obviously much of the work involved, in the Island in particular, is of a seasonal nature and much of the work force therefore has to be employed on that basis.

In the same way as the producer starts the preparatory work on his crop, many weeks before he picks the first tomatoes of the new season, so too, in the same way, the Tomato Board has long-range planning to do. Estimates are made of the quantities which will be delivered to the Board for marketing, on each day throughout the year, and it is the Board's records of previous seasons which are used as the basis, rather than any information from growers. These estimates are provided to the shipping companies, so that they will know on which days vessels will be required, and of what capacity; the forecasts are also given to the road-haulage operators so that they can anticipate how many vehicles will be needed by the Board on any given day, and also to the Guernsey harbour authorities so that they can make sure that loading berths are available for the export of tomatoes on the days and at the times required.

When the season gets under way, the long-range estimates are updated for one week at a time, so as to take account of how the tonnage pattern available is behaving at any given time, and also to recognise the likely effects of local weather conditions on the rate of ripening (harvesting). The revised estimates are then issued to all interested parties, and also form the basis of the current weekly marketing programme, which will be described later.

Under summer-production conditions under glass, plants will produce a new truss (bunch) of tomatoes every week. It takes approximately 7 weeks from the time that the bunch breaks into bloom to the time when that same bunch will yield ripe tomatoes so therefore, at any given time, there will be about seven bunches of tomatoes on each plant, at varying stages of maturity.

On a typical day during the peak of the season, the grower and his staff start picking their tomatoes early in the morning - chiefly because if the tomatoes are cool when picked, they will stay firmer, longer, than if they are picked when warm; secondly, the grower must pick early in the day to make sure his tomatoes are packed and exported that same day. The degree of ripeness at which tomatoes are picked will vary according to temperature levels at particular times of the year. For example, in the early and late months of the season, when it is comparatively cool in transit, and tomatoes ripen slowly on the way to market, picking will be at a redder stage than during the height of summer. Advice to growers on how ripe the tomatoes should be when picked is given from time to time by the States of Guernsey Inspector of Produce. He is not a Tomato Board official

but is the local government Quality Controller at the point of export.

Guernsey tomatoes are packed into seven different grades (qualities). Four of these grades are category 1, and vary in size only, there is a category 2, which are perfectly sound tomatoes, but are not of good enough shape to go into category 1, the other two grades are both Class 3, one permits a variation in size as well as some slight skin blemish, the other is limited to small sizes only (tomatoes weighing approximately 30 to the pound). Grading is an extra cost and tomatoes are graded simply because not all customers want large tomatoes, or small tomatoes either for that matter, whereas other may prefer category 2 or 3. It is only by giving markets and customers exactly what they want, that the Board is able to satisfy that demand, and also obtain for the grower the best price per tonne of tomatoes produced. If, on the other hand, all tomatoes were marketed as they came off the plant, as a jumble pack, the price which the wholesalers could obtain on the markets would be determined by the quality of the poorest tomatoes in each package, and this would result in loss to the producer because everything would be sold at Class 2 or Class 3 prices.

Guernsey tomatoes are graded for export into wood trays of 6-kilo contents. The grower may grade his own tomatoes or he may pay a storepacking station to do so on his behalf. Whether the tomatoes are 'grower-packed' or 'storepacked', all packers are issued by the Tomato Marketing Board with a registration number for purposes of identification. Each of the seven export grades has a different symbol, also for identification purposes. This symbol and the registration number must be stamped by each packer on to each end of each tray according to the grade contents of each particular package.

At this stage the tomatoes are ready to deliver to the Board for export, and for this purpose the Board operates a single reception depot of some 3,700 sq. metres, where the emphasis is on mechanical handling and speed of handling. All tomatoes, whether grower-packed or storepacked, are presented at this one point. On arrival at the depot, the driver of each vehicle hands in his delivery notes to the Board's reception office where each load is fully, documented by computer, and when the cumulative quantities are phoned through to the Board's Marketing Department at 30-minute intervals throughout the day, this marks the beginning of the tie-up between the Board's physical operations in exporting, with the actual marketing operations.

After each load has been documented, the driver's delivery notes are retained by the Board (for preparation of payments to growers some 8/10 days hence) and in return he is given a receipt document which the Board's personnel use as a check sheet when the load is discharged.

Incidentally, every tray of tomatoes is presented to the Board for export with no form of covering, to facilitate quality control.

The actual discharge of the load can be to any one of up to 10/12 line teams which is the maximum manning scale in the peak of the season. At the first position on each line, the quality controllers carry out their inspections, and any trays whose contents do not reach the designation given, as shown by the symbol, are returned for regrading to the packer whose registration number also appears within this symbol.

After passing the position of inspection, the Boards' operations begin as the trays flow down gravity-controlled conveyor lines, and at the next position a paper cover is slipped over the four corner posts of the tray, which then moves on to a machine which automatically folds down the covers over the tray, tucks in the four corners and fires a staple into each of the corners so that the cover is now a fixture to the tray. (There is a different colour of cover for each of the seven grades so that identification of the grades is made easy at each stage between shipment from Guernsey and arrival in the markets of the United Kingdom).

At the next position down the line, an operator stacks the trays, by hand, three high of the same grade, which then move on to a wiring machine where the operator places a wooden framework lid on the top of the pile of three trays, applies a tight wire strap to each end of the three trays which is now a solid bundle of three. These bundles move on to the final stage of assembly where they are removed by hand from the conveyor line, and loaded on to pallets - all of the same grade, a full pallet being forty bundles (120 trays). When the pallet is full it is drawn away from the assembly line and with a specially-designed cover, the whole load is securely tied to the pallet. Thus the trays which were handed over to the Board as single units of 6 kilos, are now palletised into a unit for transport, handling and marketing, which comprises 120 trays and weighs 840 kilos.

All the operations just described from the point of inspection to final palletisation, are being repeated simultaneously by all the teams in the Board's depot, and each team is thus pre-

paring trays for export at the rate of 1,600 - 1,800 per hour. From this point, the last handling is by forklift truck on to lorries and trailers for the short 2½ mile journey to St. Peter Port docks, and loading into the ships.

On each shipping day, the Board fixes a 'closing time' beyond which tomatoes will not be accepted that day. The time at which this is fixed allows the Board to carry out all the preparations necessary before palletisation, to load the ships, and sail from Guernsey early enough to ensure that arrival is not late next morning at South Coast of England ports. Sailing is usually around 10-11 p.m.

The Boards' marketing department takes the 'short-range estimates' of the quantities expected to be exported on each day of that week, from which the master distribution plan has been prepared. This plan shows all the delivery points which make up the Boards' distribution network and covers separate despatches for a whole week. The estimated total quantities for each day of the week are split up in the distribution plan, to show an anticipated quality to be sent to every market every day and this one document is the blueprint for the whole weeks' exports and allocations.

Within the department, the officers and their assistants are responsible for obtaining information from the market wholesalers in all the separate areas of the U.K. on which the allocations at the end of the day will be made. Most of the information is gathered by telephone and the very comprehensive picture which is being pieced together throughout the day, concerns not only all the relevant information needed about the demand/price/condition as affects Guernsey tomatoes, but also all other tomatoes on the markets at any given time because it is the total information which is the total scene: it is not possible to market Guernsey tomatoes intelligently without taking full account of all other supplies and sales. The first telephone calls are made at 8 a.m. and in the first hour, up to 50 calls will have been made to markets over the whole of the U.K. The information obtained from these first calls forms the foundation for that days' 'marketing thinking'. The Board uses the telephone far more than telex for exchange of market information simply because the printed word of telex lacks definition and emphasis which the telephone provides and which is vital in accurate interpretation of what is said.

The initial telephone exchanges of the day are with the largest markets which, because they have the largest quantities to sell,

are the pace-setters for trading in tomatoes for the whole of the country. During the course of the day there is a fairly continuous exchange of information taking place, including the smaller country markets, most of which seek guidance from the Board on the level of price they should be selling at. It is now generally accepted by the wholesale trade that because of the marketing system which the Board operates plus the fact that the Board has control of the distribution of the whole of the tomato exports from Guernsey, it is usually in a position to forecast - with more than a fair measure of accuracy - the likely movement in market values up to a week ahead.

The fact that all tomatoes are sold on commission means, obviously, that the prices being obtained in each market in the U.K. will be dependent on its own particular supply/demand situation at any given time. In endeavouring to use market information intelligently, the Board allocates supplies throughout Great Britain in such a manner as will, as far as possible, secure the same price in every market on any given day. This is impossible to achieve 100%, but it is nevertheless achieved in very large measure. The obvious thing to avoid is a situation where one market or area is over-supplied when another is under-supplied. The area which was short would buy from the area which was over-supplied, the effect being that the tomatoes which have been sent originally to one area would be moved to be sold and consumed elsewhere, resulting not only in additional handling, but also some loss of freshness.

Although there is a constant exchange of information between the Board and the salesmen who are actually selling Guernsey tomatoes in the wholesale markets, shipping and transport are an integral part of marketing, and throughout the day frequent and regular exchanges are taking place with the shipping companies, not only regarding the export arrangements that day, but also in regard to progress with the discharge of the cargoes which sailed from Guernsey the previous evening. Also, there are frequent exchanges with road haulage companies, checking to ensure that their vehicles are in the ports of Weymouth and Portsmouth to load at the prearranged times, and also to give the hauliers first indications of quantities they will be required to collect from these ports the following morning.

Marketing is not a subject which starts and finishes within a specific length of time. It is a continuous process. For example, on a Wednesday, a conversation between a salesman and a marketing officer of the Board would include references to three different lots of tomatoes:-

1. the tomatoes which were delivered to the market that day, which were shipped from Guernsey Monday evening.
2. the tomatoes which were shipped the previous evening (Tuesday) which the salesman will receive the next morning (Thursday).
3. the tomatoes which the Board anticipated sending on the day when the conversation was taking place (Wednesday) which the salesman would receive on Friday.

It is this sort of advance information of 'what is to come' which helps the salesman to decide the rate - and the price - at which he should sell the tomatoes then in his possession. So far as is possible, each telephone call received by the Board is routed to the Marketing Officer responsible for that particular market or area. In this way the continuity of information is far more sensitive and useful for both the salesman and the marketing department.

At the same time as the marketing department has been involved in obtaining and analysing information from the market, throughout the day details have been 'phoned in from the Boards' reception office of the quantities which have been received at the depot, split up into the seven grades. Approximately middle afternoon, the first allocations are made to the smaller country markets, most of which order from the Board the quantities they require in total - in fact many of them order the actual grades they prefer. As the day progresses, allocations are made to larger markets, the largest markets of all being allotted their supplies late in the evening.

Within the markets, allocations have to be made to individual wholesale members of the panel. In the small towns there is usually only one such panel member. In general terms the numbers increase in relation to the volume of tomatoes sent by the Board to individual markets; the largest markets have usually six or at most eight panellists. In every market where there is more than one panellist, each wholesaler has a 'share' of the total number of Guernsey tomatoes sent into that market. This share is fairly static but can be increased or reduced according to the good - or otherwise - performance of each wholesaler compared with the other panel members in the same market, and to measure this performance, the marketing department of the Board maintains sales records which are comprehensive and always up-to-date.

Allocations of the various grades, both to markets and individual salesmen, are adjusted for special reasons: typical examples are a preference for large tomatoes - or for small ones. In addition to distributing through the traditional wholesale markets (and this accounts for the major part of the crop) the Board also delivers direct to the depots and prepackers for some of the large multiple retail groups. These orders are still made through panel wholesalers but where the quantities are large enough to deliver direct to depots, physical handling into and out of the wholesale market is avoided and this usually saves up to 24 hours in the distribution chain, which means the tomatoes can be in the shops 24 hours earlier - 24 hours fresher.

There are many keynotes to good marketing - apart from having a good product: good quality selection and control, good packaging, intelligent use of market information, sophisticated handling systems, speedy and reliable delivery services. Another is flexibility, such as adjusting grades to meet special needs, delivering the right quantities at the right time on the right days of the week - balancing excesses and shortages - even if these have been brought about by a competitive supplier, and to this end the Board is even able to re-route tomatoes which are already in transit should the need arise.

Even in the peak of the season, work in the Board's depot rarely finishes later than 8.30 p.m. and the whole operation is geared to ship all the tomatoes the same day as they were accepted from the growers. Time is vital and when each vessel sails in the evening the cargoes have been fully documented down to the last package and a telegram will be on the way to each panel member giving details of his own despatches that evening. The next morning, the whole of the marketing sequence starts all over again - or rather, carries on where the previous day left off.

The despatches of tomatoes away from Weymouth and Portsmouth are made in order of priority which makes it possible that the tomatoes shipped from Guernsey on a Monday night for example, and which are on sale in the wholesale markets before 6 a.m. on Wednesday, in London, Cardiff and Birmingham, will also be on sale at the same time in Liverpool, Manchester and Newcastle - even in Glasgow and Edinburgh.

Procedures to pay growers begin some 8/10 days after shipment. All the monies received from the sale of each of the grades on a particular day of shipment, are divided by the number of

packages of that grade to determine the average price, and this is done separately for each of the seven grades. An account sale is then prepared for each grower-packer and each store-packer, showing the quantities at each price, and each packer is sent a copy of his own account sale, by which time, the money due will already have been credited to his bank account by the Board for that shipment.

When the season is over and before the next one begins, the Law under which the Board operates, requires that the Board will provide each grower with a report on the past years' activities in the marketing of the tomato crop, a copy of the Boards' Accounts and Balance Sheet, and growers will be called to the Annual General Meeting. At that meeting growers are called upon to approve the report and accounts, also the Boards' estimates of expenditure for the new season ahead, plus the rate of the levy on exports which the Board will raise to cover that expenditure.

In conclusion, it could be said that the responsibility of a Marketing Board is to market, but in the same way as the word 'Marketing' is capable of wide interpretation, so too the Boards' 'responsibilities' have a wide interpretation. If the Board is to function effectively it cannot be satisfied to take what comes. It must be forever on the look-out to improve whatever it is doing, whether this concerns the varieties of tomatoes which are produced, or their grading, packaging, methods of handling and transportation, and publicity. All these things and many more, must be under constant scrutiny if the work of the Board is to be of maximum benefit to the grower and also give full satisfaction to the customer.

FARM RELIEF SERVICES IN THE NETHERLANDS

by

J. Bruin*

We wrote an article for the 1969 Year Book of Agricultural Co-operation; 'we' being Ir ** K.C. Kolhoop and J. Bruin, at that time secretaries of the Society for Farm Relief Services in the provinces of Gelderland Overijssel (i.e. the Eastern parts of the Netherlands) and Friesland. In the meantime Mr. Kolhoop who had become the head of an agricultural insurance co-operative saw his district, which originally contained only Friesland, expanded by the provinces of Groningen, Noord-Holland, Zuid-Holland and Utrecht (i.e. the Northern, and the Western parts of the Netherlands).

This development illustrates neatly what has occurred in the various branches of the farm relief services which, like other organisations, have been involved in the setting up of larger units.

Since 1969, agriculture within the Netherlands has been undergoing a continual structural change which had led on the one hand to a considerable decrease in the number of agricultural workers and on the other hand, to specialisation in much larger units for those who have remained in the industry. Mostly the units have become or remained 'one-man bands' or family concerns where a maximum input and the highest stakes are demanded from the farmer. The vulnerability of the farmer has vastly increased and he has become more than ever tied to his farm. This has become more generally noted than was the case in 1969.

The Local Services

From their beginning in 1959/60, the farm relief services were built up from the grass-roots. It was the farmers and nursery-men themselves who founded the local societies and it is they who carry the responsibility. This local initiative caused the

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** 'Ir' indicates bearer has a degree in agricultural science from the University of Wageningen (translator's note).

formation of many small societies, which in itself has always been a good thing, because thereby the bond with the members has remained as close as possible. This 'grass-roots' philosophy, however, implies a practical problem. Small societies with only one or very few relief workers in their employ cannot always fulfil their objective which is to guarantee help when the farmer is unable to work through sickness: the prime objective of the farm relief services. Because sickness occurs suddenly and unexpectedly as regards time and location, small societies are confronted with the problem that they are not always able to comply with all the requests for assistance; on the other hand there is the problem of ensuring that the relief workers 'earn' their wages when there is no demand for their services. Moreover an increase in the demand for assistance has occurred with regard to holidays, seasonal work pressures and regularly recurring seasonal work. The step towards an optimal farm relief service, (i.e. not restricted to illness only) but for services to be more generally available, is too large for the small society.

Regional Co-operation

As a step towards an optimum service, a beginning was made, in the early 'seventies, with regional co-operation between the local relief societies. This was fused to the framework of the already existing provincial societies, who conceive of their work as spokesmen for the interests of the farmer. The local societies, in groups of from three to five, voluntarily formed a 'territory' and each territory employed a full-time organiser. All the territories of one province form an operational unit and the organisers are formally employed by the provincial organisation. Within this scheme it has been easier to equate supply and demand and in addition, a larger relief service with more workers can be envisaged. Already in 1970 a few foresaw the development in this direction but the new scheme needed much persuasion at the local level before it was adopted. We now know that the vision was right, as witness the growth which has followed.

The Situation in the Provinces

We have now come a long way towards a provincial organisation as far as the implementation of the farm relief services is concerned, and, as regards the promotion of common interests, co-ordination between more than one province has proved possible. The umbrella organisations have done important work in administration, and farm relief services have been almost completely computerised. This centralisation has proved quite easy but, what is more

important, the local societies have not needed to feel estranged from their own affairs as a consequence. This has been the case because meetings are regularly held with the local committees concerning management and policies and at least once a year there is a general meeting for all members of the societies.

Expenses and Income *

The farm relief services in the Netherlands are non-profit making; and budget for neither a gain nor a loss. Definite data in the estimates are the wages, compensation payments and other costs on the side of expenses and members' contributions on the side of income. Income is created by a fixed annual contribution from all members plus payments for the relief work which has to be paid for by the hour. This item constitutes the uncertain element since only at the end of the year can we definitely determine whether or not the estimated number of hours has been worked. The starting point in the estimates is the cost of one man, and the aim is to keep the relationship between the costs of the relief worker and the administrative costs of the organisation at 90:10. For 1977 we arrive at the following costs per man for 2,080 weekday hours per year and 200 weekend hours:

wages	f1. 28,800
holiday bonus 8%	f1. 2,300
national insurance payments <u>+ 30%</u>	f1. 9,300
	<hr/>
total	f1. 40,400
car allowance	f1. 4,000
general organisational costs	f1. 4,600
	<hr/>
	<u>f1. 49,000</u>

Depending on the number of members and the contribution they pay, the society then calculates the hourly rate. Depending on the nature of the area the contributions in the Netherlands vary between f1. 175.00 and f1. 500.00 per year and the rates from f1. 10.00 to f1. 21.00 per hour.

Because in the last few years the cost of wages has risen sharply it has become a problem for the farmer to pay for assistance he has received because of unfitness for work. Therefore a double-rate system has been introduced everywhere.

* On the 15th April 1977 £1.00 = f1. 4.50

When the member is unfit for work he has to pay fl. 8.00 to fl. 10.00 per hour, whilst the rate can run up to fl. 21.00 per hour for work which is requested for other reasons, such as holidays, help with seasonal pressures or seasonal work. The low rate applying in cases of unfitness for work has in part been made possible through a government subsidy.

Development after 1969

We finally give a summary of the situation of the farm relief services in 1977 as compared to the situation in 1969 according to the data published for that year, see table on page 95. Through mergers five societies remain in the Netherlands, one in the Eastern Netherlands and one separate one in each of the three Southern provinces: Zeeland, Noord-Brabant and Limburg.

Rural Development and Subsidies

The societies have as their combined discussion body the Rural Contacting Organisation for Farm Relief Services. Through this body, contacts are maintained with the central agricultural organisations, the 'Landbouwschap'* and different ministries regarding fiscal matters, social problems, employment opportunities and subsidies for desirable and necessary developments. Through this body the societies also negotiate wages and working conditions for the relief workers. Since 1965 the government has encouraged the farm relief services financially: the last few years increasingly so. Now the end of this assistance is in sight, and from 1980 the farm relief services will have to shift for themselves.

* The 'Landbouwschap' is a statutory body to which all farmers must belong. Agricultural employees too are represented on the board and on some sub-committees.

Farm Relief Services in the Netherlands

Societies Representing Provinces	Services 1977	Services 1969	Members 1977	Members 1969	Relief Workers 1977	Relief Workers 1969
<u>Co-operating societies for farm relief services in the North and the West of the Netherlands</u>						
<u>Groningen</u>	)	10	)	600	)	15
<u>Friesland</u>	)	36	)	3,500	)	100
<u>Noord-Holland</u>	)	82	)	12,000	)	410
<u>Zuid-Holland</u>	)	31	)	2,000	)	35
<u>Utrecht</u>	)	9	)	600	)	10
	82	86	12,000	6,700	470	160
<u>The 'Oost-Nederland' society</u>						
<u>Drenthe</u>	)	20	)	2,500	)	25
<u>Overijssel</u>	)	67	)	16,450	)	225
<u>Geiderland</u>	)	50	)	9,400	)	65
<u>The Zeeland society</u>	4	3	600	150	7	4
<u>The Noord-Brabant society</u>	40	34	5,000	2,700	80	40
<u>The Limburg society</u>	5	5	1,000	350	20	6
	116	112	23,050	15,100	332	140
<u>Total for the Netherlands</u>	198	198	35,050	21,800	742	300

PRODUCTION, PROCESSING AND EXPORT MARKETING OF ICELANDIC FROZEN FISH

by

Erlendur Einarsson*

1. Introduction

This paper deals with the processing and sale of Icelandic marine products, with particular references to frozen marine products.

The Icelandic co-operative movement is a major participant in the fisheries, the processing and the sale of marine products, although special fishermen's co-operatives do not exist in Iceland. The Icelandic co-operative societies are in some ways unique. Producers and consumers come together in such societies, so that in most cases their activities are very varied. They belong to the category of "multiple-purpose co-operatives". Among their activities the following features may be mentioned:

- a. Retail trading
- b. The processing and sale of agricultural products. In this connection, the societies operate agricultural processing plants, such as abattoirs, dairies and feed-mixing.
- c. The processing and sale of marine products, in which connection the societies operate fish processing plants, such as freezing-plants, fish-oil and fish-meal factories, saltfish stations, fishing-boats, etc.
- d. Savings departments
- e. Various types of light industry for the service of members.
- f. Many societies also act as lending agents for members, providing them with working loans.

* President, The Federation of Iceland Co-operative Societies

The Federation of Iceland Co-operative Societies (known briefly as "Samband") is a central organisation for the co-operative societies, which comprises the following departments:

Agricultural Products Division; Fish Products Division; Import Division (Wholesale Distribution); Machinery Division; Samband Shipping Line (Steamship Division - 8 vessels); Industries Division; Organisation and Education Division; Central Office; Offices abroad: London and Hamburg Marketing Affiliated Company in the USA.

As already mentioned, the Icelandic co-operative societies are major participants in the fisheries, and in the processing and sale of marine products. As far as frozen marine products are concerned, the share of the co-operative societies in the total production in Iceland is between 25 per cent and 30 per cent, varying according to the different species of fish.

The Fish Products Division attends to the marketing of marine products on behalf of the co-operative societies. Within the "Samband Group" there are now 28 freezing-plants. The marketing is done on an agency basis, the commission on most types of frozen products being only 1.1/2 per cent of the F.O.B. price.

In addition to its marketing activities, the Fish Products Division also provides many kinds of services for the co-operative societies, such as:

Quality Control; Stock Control; Merchandising; Technical Service; Research; Procurement of Packaging Material; Procurement of Fishing Gear, etc; Service to the freezing-plants by the computer at Samband's Head Office in Reykjavik.

In Iceland there are two sales organisations for the marketing of marine products:

- a. The Federation of Iceland Co-operative Societies (Samband) with a 25-30 per cent share of the market.
- b. The Icelandic Freezing Plants Corporation, with a 70-75 per cent share of the market. This organisation includes individuals, private and

municipal companies, for some municipalities in Iceland operate trawlers and freezing-plants.

Only one sales organisation attends to the marketing of saltfish: the Union of Icelandic Fish Producers. The Federation of Iceland Co-operative Societies is a member of this body and has one man on the Board.

An attempt will be made in this paper to give a general picture of the processing and sale of frozen fish in Iceland. It was considered appropriate to insert here a special section on the pricing of marine products, which is performed in a special way in Iceland. In these matters the problem has long been how the final sales-price is to be shared among the different parties, which are mainly (a) seamen - fishermen; (b) owners of fishing-vessels; and (c) fish processing plants.

Regulations determining the shares to be allotted to seamen were introduced in Iceland long ago, and it is likely that the establishment of fishermen's co-operatives was thereby retarded.

There are at present primarily two countries that buy Icelandic frozen fish: the USA and the USSR. In 1974 about 71 per cent of the frozen fish - fillets and blocks - went to the USA.

This market is highly developed, and it is particularly interesting to note the high standard of mechanisation, the favourable prices and the high quality that have been attained in mass feeding in institutions, such as restaurants, schools and hospitals. Competition in this market is very keen, necessitating a high degree of marketing and quality control (for quality is also concerned here), as well as good financial administration. In the United States market one has to compete with powerful multi-nationals, if it is desired to build up one's own independent processing and marketing corporations instead of selling the fish as raw material to the big processors.

2. Pricing of Marine Products in Iceland

The prices of marine products in Iceland are fixed by legislation. For the sake of simplicity, we shall only deal here with the pricing of the groundfish catch, but the pricing of other parts of the catch, such as herring, capelin and crustacea, is performed in a very similar way.

According to Icelandic law, the Fisheries Price Fixing Board shall fix the prices of all fish taken from the sea. The Board is composed of twelve representatives, six from the sellers and six from the buyers of the catch. Of the former, two represent the ordinary seamen of fishing-vessels, one represents the officers of fishing-vessels, and three represent the fishing-vessels owners. The representatives of the buyers are nominated, one each, by the Union of Stockfish Producers, the Union of Icelandic Fish Producers (salffish), the Fish Products Division of Samband, and three by the Icelandic Freezing Plants Corporation. If agreement cannot be reached by the Board, the pricing is referred to a superior committee. The fish buyers and sellers each elect two men to the superior committee from among the members of the Board, while the fifth is the Director of the National Economic Institute. If agreement is not reached in the superior committee, a majority ruling applies. It has happened that the fifth member of the committee has alone decided the price, other members abstaining.

In recent years the National Economic Institute has for the most part done all the preparatory work in connection with the fixing of prices. It collects reports from all the processing stations and extracts the necessary overall information, ensuring for instance that there is no carrying-over of income from one year to another. From such information one general account is drawn up for each branch of processing. The Price Fixing Board members have then to assess the price and cost fluctuations between one year and the other, estimate changes in methods of production, make some forecast of the development of sales and prices in the future, and estimate the basis for the fish catch.

The price fixed by the Price Fixing Board is what is known as the "share-price", and is used as a basis for calculating the catch share for the seamen. The share-price is at present about 70 per cent of the final price paid by the fish processors to the fishing-vessel owners. In addition to the share-price, the processors pay 15 per cent into the account held by the relevant owner in the Fishing-Vessel Inaugural Fund, this money being used to pay the instalments and the interest on capital loans.

Furthermore, all exported marine products are subject to a so-called export surcharge, amounting to 14 to 15 per cent of the F.O.B. price. The export surcharge is used for defraying the following costs of the fishing-vessel owners: oil price subsidies, ships' insurance premiums, seamen's subsistence allowances, working costs of the Federation of Fishing-Vessels Owners and the Union of Seamen, contribution to the Fisheries

Income Equalisation Fund. An insignificant part of the export surcharge accrues to the Icelandic Fishery Fund and the State Fish Institution.

Fishing-vessel owners receive allotments from the Equalisation Fund for the payment of guaranteed wages to the seamen, when the value of the catch is not sufficient for paying the guaranteed wage limit.

When the fish price is fixed, a basic price is also calculated for the Price Equalisation Fund for the Fishing Industry. When sales prices fluctuate during the pricing period, up to 75 per cent of the price increase accrues to the Price Equalisation Fund, or, alternatively, the Fund pays up to 75 per cent of the decrease. The percentage paid into or out of the Fund is in each case fixed in advance, with a maximum of 75 per cent, which is the present figure, though it has often been 50 per cent.

The wages of ships' crews vary considerably according to the size of the vessel and methods of fishing, or between 40 per cent and 60 per cent of the share-price. Usually, the wages constitute 45 to 50 per cent of the share-price, or approximately 33 per cent of the overall price.

The reason why a special share-price is fixed, that is not in accordance with the actual fish price, is that the fishing fleet has undergone a continual process of modernisation and become better equipped, resulting in a rise in the proportion of costs other than wages, while at the same time the share percentage ought to have fallen as the seamen's conditions improved because of better equipment and fishing possibilities. However, this has not happened. On the contrary, the seamen's unions have been constantly demanding a higher share percentage, and have used the strike weapon to enforce their claims. Government and legislation have then had to intervene, in order to ensure the maintenance of fishing operations, by the adoption of a policy of fixing a special share-price, lower than the real price - the difference between the share-price and the actual fish-price constantly widening. Now, however, it has been decided to make an attempt to remedy this state of affairs, and the seamen's unions have declared their willingness to participate in discussions on the subject.

As far as the processing plants of the co-operative societies are concerned, it should be mentioned that their profits can benefit their members and the fishermen in three ways:

- a. As an increase of capital formation in the relevant society, benefitting the whole,
- b. As an addition to the wages of the fishermen and/or a contribution to the fishing-vessel owners,
- c. As an increase in the refunds to society members for trading with the society.

3. 1. Developments in Frozen Food Production

Since 1945 freezing has become increasingly widespread, while the distribution system for frozen goods and the cold storage facilities have been constantly improved, so that today refrigerators and deep-freezers are taken for granted in every home in the developed countries.

As an example of the increased importance of freezing in the world fishing industry it may be mentioned that, according to FAO statistics, 10 per cent of fish for human consumption was frozen in 1958, while in 1970 the figure was 22.1/2 per cent.

Developments have also continued in freezing and chilling techniques, such as blowing, freezing and the freon methods, which have in many cases replaced the ammonia in cooling systems, as well as immersion and spraying freezing systems with liquid nitrogen etc.

2. Developments in Fish-Freezing in Iceland

The establishment and development of the quick-freezing industry between 1930 and 1940 must be considered one of the greatest steps forward taken in the Icelandic economy. The foresight, courage and perseverance of the pioneers in this field are worthy of admiration.

The first export of frozen fish from Iceland commenced after the year 1910. This was a small quantity of frozen halibut. In 1930 the Swedish-Icelandic Freezing Plant in Reykjavik exported about 1,200 tons of brine-frozen fish. These exports continued to some extent in 1931-1934. Sales were slow and prices low, no higher than for iced fish.

The Fisheries Committee, a special governmental agency established about 1934, now took the initiative in these matters and

the progress achieved in subsequent years was largely a result of its efforts.

The attempts of the Fisheries Committee to acquire markets for quick-frozen fish in Poland in 1935 and in the United States in 1936 failed disastrously for various reasons. There was some improvement when, under its auspices, quick-freezing facilities were obtained for research work on packing and processing methods. A British firm that had made a few hundred tons of quick-frozen fish sent two men experienced in quick-freezing to Iceland to teach methods of working. They worked for a few months in the Committee's quick-freezing plant in Reykjavik. They succeeded in producing the processed fish required for fulfilment of this contract in 1936-37 in accordance with the strict requirements of the buyer. After that, many municipalities and individuals in various parts of Iceland began to plan the establishment of quick-freezing plants, and by the end of 1937 at least eight such new ones had been set up outside Reykjavik. The Fisheries Committee granted favourable loans for the initial stages of the projects, while most of the new freezing-plants sent their foremen and managers to the Committee's plant for training. From the outset, general success was achieved by the introduction of the latest equipment, efficient working methods and high quality of production. This was a remarkable feature of the work of the Fisheries Committee, which without doubt had an enormous influence, at any rate in the immediately ensuing years. The quick-freezing plant run by the Committee had facilities for the preparation of all kinds of samples and trial consignments. Despite this activity and the efforts spent on training personnel, the plant produced a substantial profit.

The Second World War interfered to some extent with the development of the quick-freezing industry in Iceland. Nevertheless, the quick-freezing plants increased in number, and there was increasing optimism regarding their operating potentialities. In 1944 a total of 62 quick-freezing plants was registered in Iceland, which meant that 8 new ones had been founded annually between 1937 and 1944. It is interesting to note that most of these plants are still in operation. During the past thirty years, there has been an increase of only 40, though some of the older ones have greatly increased their output.

The Fisheries Committee made it a condition, in the granting of loans and assistance in the establishment of new freezing-plants, that the latter co-operated with the Committee in the sale of their production. The main goal of the plants, after

they had overcome the initial technical and financial problems, was the marketing of the products. Their directors considered that the Fisheries Committee was so busy in such a wide field that the marketing of quick-frozen products required the setting up of a special organisation for that purpose. The quick-freezing plants belonging to the Federation of Iceland Co-operative Societies withdrew from the Fisheries Committee in 1942. The Icelandic Freezing Plants Corporation was made an independent body in 1943, being operated in co-operation with those quick-freezing plants not in the Federation.

Although this separation took place in a spirit of complete friendship, points of disagreements soon arose. The Fisheries Committee feared in particular that these sales organisations would not pay sufficient attention to production, quality and technical development, but would place more emphasis on quick profits for their members. This fear has in fact proved completely groundless. In recent years, frozen products have now and then been exported under the auspices of other parties, but the quantities have always been very limited. At the time of writing, the above-mentioned two organisations export all frozen fish from Iceland.

3. Production of Frozen Fish

Before frozen fish reaches the table of the consumer, it goes through the following process. First it is caught, landed and brought to the freezing-plant. There it is cut up, skinned, filleted and trimmed. The packs are frozen, placed in outer containers and arranged on lifting pallets. Then they are taken to cold storage where they await transport to their market destinations. On arrival there, they are taken to wholesalers' warehouses, whence they are transported to cold storage of the final selling agency. The consumer buys from the latter, and, in the case of canteens, the fish is prepared and consumed on the premises.

This process will now be described in more detail:

3. 1. The Fishing

The main methods of fishing are by line, net and trawl. In 1974 Iceland owned 846 fishing-vessels, totalling 94,923 gross registered tons, of which 623 were less than 100 tons and 223 over 100 tons. In addition, there were 60 trawlers, of which 7 were side-trawlers and 53 stern-trawlers. Below is a table showing the number of fishing-vessels and their catch of groundfish

during the last three years:

	1972		1973		1974	
	<u>number</u>	<u>catch</u> tons	<u>number</u>	<u>catch</u> tons	<u>number</u>	<u>catch</u> tons
Trawler	32	56,800	50	99,500	60	152,300
Other vessels	831	322,800	847	298,300	846	249,300
	863	379,600	897	397,800	906	401,600

Line, net and handline fishing is done all round Iceland, but the maximum catch of each type is obtained at specific seasons that vary slightly according to the area concerned. The size of the fishing-vessels also determines the fishing effort in each case. For example, the handline fishing-boats are mostly between 10 and 30 tons in size, so that they can only operate during the summer.

The vessels engaged in line, net and handline fishing usually land their catches daily, and there is thus no storage problem on board. They also land fish in bulk during the colder part of the year, since they were not built for the use of fish-boxes. However, during the summer months they land gutted, iced and boxed fish. At that time of the year the catch is also smaller than in winter.

The new trawlers (stern-trawlers) are on the whole very modern and built for boxing, and they ice most of their fish in plastic boxes.

The old side-trawlers ice their fish on shelves and do not have facilities for the storage of boxed fish. In 1974, as stated above, they numbered 7, as against 53 stern-trawlers.

The trawlers are less restricted because of their ability to fish in deep waters. They fish over the whole of the continental shelf, which Iceland regards as its own exclusive property. The catch varies according to season and the number of foreign fishing-vessels on the grounds, the latter constituting a serious problem for Iceland. A joint Report of the Northwest Atlantic Fisheries Commission and the International Council for the Exploration of the Sea, published in the middle of 1974, concluded that the depletion of the demersal stocks in the North Atlantic because of over-fishing had become so great that a reduction by half was necessary. The decrease in the Icelandic stocks was

the biggest known for that species in the Northwest Atlantic in 1968-70. The Committee also gave its opinion that an increased effort would not in the long run lead to bigger catches. An Icelandic marine biologist has said that 15-20 years ago cod with an age of up to 15 years were often encountered, but now it was extremely rare to find demersal species aged 10 years.

Icelandic policy in these matters is clear. Iceland intends to obtain control of the fisheries on the whole of the continental shelf. Only in that way will it be possible to obtain a sensible exploitation of the fish-stocks and put a stop to the depredation of the small fish that had been going on there.

3. 2. Landing

Fish is landed in various ways. In the case of line-fishing, it is landed gutted and unheaded during the coldest months of the year, but gutted and unheaded during the warmer months. The line-fishers land the fish with their own equipment, winches, derricks etc. These vessels are mostly of the smaller type and many of them are getting old. Except in isolated cases, they were not built with the use of fish-boxes in view, so that fish-boxes have not been introduced in them. The same may be said about the majority of the net-fishing vessels, some of the line-fishers also using nets when the line-fishing season is over. Both these types land their fish in bulk on to lorries or landing-boxes, after which it is taken into storage. The use of landing-boxes had increased greatly recently, and this is probably the best solution when the smaller boxes cannot be installed on board the vessels. All trawler fish is landed, gutted and unheaded, irrespective of the time of the year. The majority comes ashore iced in plastic boxes of 90 litres. Part of it is, however, landed from shelves, particularly in the case of the biggest trawlers.

In the Icelandic fishing industry there are three main methods of processing: freezing, salting and drying. How the raw material is divided between these methods depends to some extent on the circumstances. The freshest fish is frozen and salted. The size of the fish also influences the selection. The smallest is often dried or whole-frozen, the medium size is frozen, while the largest is frequently salted, though this is not always the case.

The processing methods are decided during landing, and the freezing-plants only accept raw material for freezing. The

fish is placed in cold storage, and the ungutted fish is gutted as soon as possible. It is sorted for storage according to species, quality, size and when it was caught. The dates of catch are identified by paper strips placed on top of the boxes. The cargo is accompanied by a chart showing where in the ship each catch-date is located and how the different species have been sorted. All the catch of a particular date is marked with a specific number. On the loading chart the catch-dates are marked individually. Sometimes paper strips of different colours are used, in which case there is no confusion between the dates. This is a new method in the Icelandic fishing industry and has already proved successful.

Many cold storage premises have been built in recent years, resulting in greater reliability for, with the rapid expansion of the trawler fleet and its distribution among all the ports around the coast, this is absolutely essential. Experience has shown that the length of a trawler's fishing-trip may not exceed 7-8 days. Despite good icing and proper chilling on board, the storage capacity of the fish is not longer in these circumstances. The older fish often go for salting, a processing method which seems capable of saving raw material that is just beginning to deteriorate.

When the raw material is received, it is usually chilled by the blowing of cold air, but the use of calmer air is becoming more popular, though there are various differences of opinion here. The temperature during reception is 0° to 13°C. At such temperatures ice melts quite well, and the melted water keeps the fish cold. All work during the reception of fish is done by fork-lifts, wither gas or electricity driven. Diesel-driven lifts are not popular indoors, although the smoke is washed in water.

3. 3. Filleting and Cutting

Before processing, the fish is washed. The washing receptacles are generally tubs, into which the fish is poured and the ice floats away. A broad conveyor belt takes the fish from the tubs to the filleting machine. On this belt there is often a water sprayer that rinses the fish on its way to the machine. The washing receptacles are of Icelandic manufacture, made of aluminium and rustfree steel. The choice of filleting machine depends on the size of the fish. Those most used are the ones that take the majority of the raw material, while the too large or too small fish are removed, hand-filleted or put into another, more suitable, machine.

With a few exceptions, all the filleting and skinning machines in Iceland are made in West Germany, and they have proved very satisfactory. For the biggest white fish, the Baader 99 machine is used, with heading machine B.412. It can deal with 18-25 fish per minute of the size 50-120 cm. In conjunction with it two skinning machines of type B.46 are used. For the smaller white fish, the B.189 machine is used, suitable for taking fish 40-85 cm. in length. It can deal with 24-34 fish per minute. It uses the heading machine 410, together with the skinning machine B.47. The use of these types has increased considerably in recent years. The filleting method is somewhat different from that of other machines, and is suitable for this size of fish. In conjunction with this machine, apparatus has been produced for the crushing of other parts of the fish, such as parts of the backbone and the bony part of the fins.

For the still smaller fish, the B.188 machine is used. Suitable for lengths of 35-70 cm., it can deal with up to 27 fish per minute, and used with it are the skinning machines B.47 and the heading machine B.415. Though it is widely used for the smallest types of fish, it is otherwise not much used.

Ocean perch has formed a good part of the trawler catch, and is chiefly used for freezing. For its filleting, the B.150 machine is used, suitable for fish of 30-55 cm. in length. It can deal with 40 fish per minute. The skinning machine is B.47, though ocean perch is largely processed with the skin on.

Catfish is also largely used for freezing. It is then filleted in the B.189 machine, which can be specially adjusted, and skinned in the B.47 machine.

3. 4. Processing

After skinning, the fillets go onto the processing lines. There they are scanned, so that the girl at work can see any bones or other defects concealed in them. The power of the light in the tables should be 1800 watts, measured at a height of 30 cm. The power of the light above should be 500 watts. Any bones or other unwanted parts are removed from the fish. The girl then decides whether the fillet is suitable for packing. If the flesh is not firm enough, it is used in institutional blocks, otherwise it is packed in fillet packs. When not suitable for the latter packing, some of it goes into 5lb packs. The minimum size of fillets in 5lb packs is 3.5 oz. If the fillets are whole and firm, they may be used in 10 or 15 lb packs according to size. In these cases, only whole fillets are used, the minimum sizes being 16 and 30 oz.

The workers engaged in processing can be assigned various tasks. One example is when three girls work at the same table. Two of them trim the fillets and sort them according to quality. The third girl packs the fillets into boxes, which are often attractively illustrated, in particular the consumer packs. Part fillets in 5lb. packs, as well as whole fillets in 10 and 15lb packs, are wrapped in cellophane and bear a label at the top, indicating the producer. The girl then puts the box in a freezing-tray. This tray is then placed in a plate-freezer, which freezes the box at a temperature of between minus 40° and 45°C. in 2½ hours. Packs containing more air space in the box require up to 3 hours for freezing. When the freezing is completed, the boxes are packed together in cases, 10 x 5lb. boxes, or 6 x 10lb boxes, or 4 x 15lb boxes to a case. After the cases have been strapped, they are loaded on to a lift and placed in a refrigerator, where they are stored at a temperature of between minus 22° to minus 25°C. until they are exported. The following are some examples of the packing of each species of fish:

Cod is processed in 5lb., 10lb. and 15lb. fillet packs, and in 16½lb. blocks.

Haddock is processed in 5lb. fillet packs and 16½lb. blocks.

Pollock is processed in 5lb., 7lb. and 6 kg fillet packs and in 16½lb. blocks.

Ocean Perch is processed in 5lb. and 7lb. fillet packs and in 16½lb. blocks.

In addition, cod, haddock and pollock are processed in 3 x 9 kg whole-frozen blocks for Eastern Europe.

3. 5. Quality Control

In order to obtain the best quality, utilisation and output, the production lines are subjected to many types of control. There is constant supervision of the packing and sorting workers to ensure that all defects are removed, the right quality is placed in the right packs, and the weights are correct. For this work girls with practical experience are employed. A foreman controls and criticises, if necessary, all this packing and sorting. In many freezing-plants a bonus system applies, taking into account the number of defects, the utilisation and the output. Results have been good when quality control has been strict, but less satisfactory in other cases.

As far as Samband is concerned, a continual system of reporting is in force, in order to maintain the efficiency of the producers.

The institutional packs are taken out regularly for inspection, when they are weighed, measured and their outward appearance assessed.

The personnel engaged on such report-making constantly visit the freezing-plants. There is regular inspection of what is being produced. Any items that fail to meet the preset standards of quality are subject to an intricate penalty system which has proved to give tremendous encouragement to the freezing-plants in the struggle for better quality. These controllers also supervise the quality of the raw material, the marking of the goods, the temperature in the refrigerators and coolers, and the general standard of cleanliness in the processing halls. At each place of production there is an official from the Icelandic Government. It is his task to sort the raw material on landing into different qualities. It is on the basis of this sorting that the raw material prices are fixed, and it to some extent also decides the processing method to be adopted. An official supervisor controls a larger area, and makes regular visits to the production plants. His main task is to attend to the quality of the raw material and to cleanliness.

4. 1. Iceland's Share in the United States Fish Market

Iceland sent the first shipments of frozen fish to the United States in 1945 or 1946. The Icelandic Freezing Plants Corporation sold the first fish, and soon founded a subsidiary company to handle all marketing in the U.S. This company is Coldwater Seafood Corp., which has offices in Scarsdale, N.Y. and a processing plant in Cambridge, Maryland. This company sold about 70 million pounds of frozen fillets and processed fish in 1974.

Another Icelandic organisation, The Federation of Iceland Co-operative Societies, started exporting to the U.S. shortly after the first one. A subsidiary company was established in 1952, Iceland Products, Inc., with processing facilities and offices in Camp Hill, Pennsylvania. The sales for this firm in 1974 came to about 45 million pounds of processed fish and fillets.

Together, the Icelandic processing plants in the U.S. produced about 80 million pounds of processed fish in 1974. The total production for that year for the whole country is estimated at about 400 million pounds. The Icelanders' share of the market is thus about 20 per cent.

Both companies have used similar methods in marketing their products. They sell through networks of independent food brokers, each representing the company in a designated area. The main selling points used by the Icelanders are: that the fish caught in the unpolluted, cold waters of Iceland are of superior quality; that the Icelandic people have been catching fish for centuries and possess the skills to do a superb job of both catching and processing. They also point out that Iceland has had a very strict mandatory fish inspection since 1947. Both companies spend considerable sums on advertising and promoting their products.

It has always been the view in Iceland that the Icelanders themselves should control their fish all the way from initial catching to final processing and marketing. The U.S. market is the most important fish market for Iceland, and it is imperative for it to get the best possible prices, and to create the demand for Iceland fish that will ensure the continued sale of the fish to be caught in the years to come.

5. Conclusion

An attempt has been made to give a general picture of the Icelandic fishing industry, with particular reference to frozen marine products. The industry is highly developed in Iceland, the fisheries and fish processing representing the main livelihood of the nation. Productivity in the fisheries is extremely high, and the Icelandic fisherman is considered to catch on the average considerably more than his counterpart in any other country. But his work is hard and hazardous. In the north of the Atlantic Ocean near the Arctic Circle, conditions in winter are not attractive, when the fishing fleet has to operate in darkness, frost and storms. In this struggle many Icelandic seamen lose their lives every year, though fatal accidents have tended to decrease in recent years. With better equipment and technology, and with larger ships, it has become easier to cope with the forces of nature.

The Icelandic co-operative movement is a big and important factor in the economy of Iceland. In it producers and consumers work together. Fishing, and the processing and sale of marine products play a significant part in the activities of the co-operatives. And, for instance, in the United States, the Icelandic co-operative movement competes with powerful multi-national organisations. There are many difficulties and obstacles to be overcome in such competition, but it is evident that the main factors for ensuring success are know-how, drive and ability.

It is possible that Iceland could give the developing countries the benefit of its knowledge of fishing and fish processing. In fact, Icelandic skippers and experts have been working in this field under the auspices of FAO in different parts of the world.

Finally, it might be asked, what lesson can be drawn from the activities of the Icelandic co-operative societies in the fishing industry. The answers could be roughly as follows:

- a. The fishing industry is only one aspect of the varied co-operative activity in Iceland. Because of the strength of the movement in that country, there is a keen desire among the people to make use of it in economic development and the solution of national problems. It is just this varied activity that gives the movement its strength. The various threads woven together make a rope stronger.
- b. Because the fisheries and fish processing are the life-blood of the Icelandic nation, this factor acquires greater importance in the co-operative movement.
- c. Icelandic seamen are well-educated and extremely capable. The rough Icelandic climate has hardened them throughout the years.
- d. Icelanders have been very quick to assimilate new techniques, both in the fisheries and in fish processing.
- e. Icelanders have achieved good success in marketing, most of the sales of marine products being in fact abroad.
- f. Special attention has been devoted to the quality of the production by means of quality control and supervision.
- g. Good quality has resulted in higher prices for the producers.
- h. The Icelanders have a strong feeling that strict demands have to be made in order to avert over-fishing and marine pollution. For this reason, Iceland has introduced special legislation in this connection, designed

to ensure that the riches of the ocean off its shores can be utilised for all time.

Many other points could be mentioned, but I would like to conclude this paper with the words of one of the Icelandic poets: "When crossing a river, you need more than the mercy of its waters". In other words, when harvesting the sea you will not get very far if you merely rely on its mercy.

EVOLUTION OF LONG TERM CO-OPERATIVE CREDIT INSTITUTIONS IN INDIA

by

R.K. Srivastava*

India's economy continues to be predominantly agricultural. Out of the present total population of about 548 million, 44% are cultivators and another 26% are agricultural labourers. About 50% of the national income of the country is accounted for by agriculture, and the total area under cultivation is 140 million hectares of which only 19% is irrigated. 87% of the land holdings of the country are small - less than 5 hectares only. This is the background to the development of long-term credit institutions in India.

Towards the close of the nineteenth century when indebtedness was growing among cultivators and the co-operative credit system had not come into existence in rural areas, the Government set up its own machinery for meeting long-term credit needs of cultivators from State funds under the Land Improvement Loan Act, 1883. However, cultivators did not avail themselves of the facilities offered under this Act to any appreciable extent due to their lack of knowledge and dilatory work in which applications for loans were handled by the revenue departments through which such loans were administered. Furthermore, in most provinces, loans for redemption of prior debts for which long-term loans were mainly required by cultivators, were excluded from the purview of the Land Improvement Loans Act.

With the introduction of the Co-operative Movement in 1904, it was felt that it would be in a position to provide both the long-term and the short-term credit needs of cultivators. However, it was soon realised that the primary agricultural credit societies which were permitted to advance long-term loans along with the short-term loans up to a prescribed level, were not in a position to undertake long-term financing. These societies depended largely on the higher financing institutions, viz. central co-operative banks which could provide only short-term funds. It was, therefore, not possible for the societies to advance long-term loans out of the resources made available to them by the banks. Moreover, the primary societies were not in a position

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to assess the value of land correctly or examine the titles of the borrowers. Co-operators and administrators, therefore, came to the conclusion that separate institutional arrangements were necessary for the provision of long-term credit.

The earliest efforts in the direction of setting up special land mortgage banks were made in Punjab, the first co-operative land mortgage bank having been organised in Jhang in 1920. Madras followed suit by organising two banks of that type in 1925 and 1927. The real start in the field of land mortgage banking was made with the organisation of the Central Land Mortgage Bank in Madras in 1929 for issue of debentures and for co-ordinating the working of primary banks. The decade which followed witnessed the organisation of similar institutions in other parts of the country.

In the 1930's the need to save lands of cultivators from passing into the hands of money-lenders was keenly felt and land mortgage banks provided loans for this purpose on a large scale. However, with the outbreak of World War II in 1939 and the consequent rise in prices of land as well as of agricultural produce, economic conditions of cultivators improved to some extent and many cultivators were able to pay their dues from the increased income or by sale of a portion of the land at favourable prices without having recourse to borrowing from land mortgage banks. Thus the period of the World War (i.e. 1939-1945) and a few years thereafter witnessed a general shrinkage of the business of land mortgage banks.

In the post war years, however, the need to borrow from land mortgage banks arose once again due to a variety of reasons. One was the increasing cost of living and high prices of agricultural implements and other equipment which could not be met from the resources of cultivators, despite the high prices of agricultural produce. Another factor which influenced the demand for long-term loans was the introduction of active debt relief measures in various provinces, which led to shrinkage of private sources of credit, and cultivators had to look mainly to co-operative organisations for their long-term as well as short-term credit requirements. Land mortgage banking made considerable progress in some States.

The All India Rural Credit Survey Committee (1954) constituted by the Reserve Bank of India was critical of the working of Land Mortgage Banks, particularly with regard to the raising of resources, delay in sanction of loans, limited purposes for which loans were sanctioned, methods followed therefore and the

- absence of co-ordination among the various agencies concerned with the disbursement of long-term credit. The Committee made various recommendations to improve the working of land mortgage banking in the country, and as a consequence emphasis was shifted from land mortgage banking to land development banking.

Central land development banks were organised in all the major States of the country, and on the 30th June 1974, there were 19 central land development banks in 18 States and 1 Union Territory of the total of 21 States and 9 Union Territories. The progress made by the land development banks during the period 1953-4 to 1973-4 is furnished below:

(Rupees - millions)

	1953-4	1955-6	1960-1	1965-6	1969-70	1973-4
1. No. of banks	10	9	18	18	19	19
2. Membership (thousands)	50	91	187	403	769	20
3. Owned Funds	10	13	54	180	455	1176
4. Deposits & other borrowings	14	22	56	102	219	328
5. Debentures outstanding	114	149	365	1784	5708	11433
6. Working Capital	139	185	476	2066	6383	13681
7. Fresh Advances	19	28	116	564	1532	1467
8. Recoveries	9	14	30	110	354	1402
9. Loans outstanding	103	131	366	1632	5097	9140
10. Overdues	3	11	12	30	54	417

It will be seen that there was general progress in the working of these banks especially after 1965-6. The owned funds (broadly share capital and reserves) which stood at Rs. 10 millions as on the 30th June 1954 rose to Rs. 1176 million as on 30th June 1974.

The progress made by the bank in mobilising resources was noteworthy in as much as the debentures outstanding stood at Rs. 11433 million on 30th June 1974 as against Rs. 114 million on 30th June 1954. A very disquieting feature however, was, the increase in the level of overdues, which totalled Rs. 417 million on 30th June 1974 forming 32% of the demand as compared with Rs. 3 million or 3% of the outstanding in 1954.

The long-term credit structure at the primary level also developed during the period. There were 304 primary banks at the end of 1953-4, and 857 at the end of 1973-4. The table below gives the financial and other particulars of the primary land development banks:

Position of Primary Land Development Banks (Rupees - millions)

	1953-4	1955-6	1960-1	1965-6	1969-70	1973-4
No. of Banks	304	302	463	673	809	857
Membership (thousands)	265	314	669	1048	1980	2305
Owned funds	9	10	24	127	376	512
Deposits and borrowings	85	101	245	1242	3663	4750
Debentures	1	1	-	-	-	-
Working Capital	95	113	270	1369	4039	5587
Fresh Advances	14	17	71	412	1132	958
Recoveries	6	8	17	100	327	828
Loans outstanding	88	105	246	1243	3668	4715
Overdues	1	2	6	44	98	197

It may be seen that there has been striking progress in the accretion of owned funds and loans issued by the primary banks during the period 1953-4 to 1973-4. Owned funds increased from Rs. 9 million on 30th June 1954 to Rs. 512 million at the end of June 1974. During the same period, loans outstanding increased from Rs. 88 million to Rs. 4715 million. In the case of primary banks also, an unhealthy feature of this working was the raising

trend in overdues especially during the past few years. Overdues of primary banks increased from Rs. 1.6 million in 1954 to Rs. 197 million in 1974 forming 27% of the demand for 1973-4. The progress made by the banks in mobilising resources, as also in giving loans to cultivators during the Third Five Year Plan and thereafter, was very significant.

For issue of long-term loans both the central land development banks and the primary land development banks raise necessary resources, though the major responsibility in this regard is borne by central land development banks. The primary land development banks raise funds by way of share capital, admission and other fees, loans from central land development banks, grants and subsidies and other internal funds. The central land development bank raises resources by admission and other fees, temporary advances from the State Bank of India on the guarantee of the State Government, grants and subsidies, internal funds, but the most important source of raising resources is by way of issuing debentures. Recently the banks have been allowed to accept term deposit for a period of not less than 12 months.

The Central Land Development Bank issues debentures on the security of mortgages executed by the borrower - cultivators in favour of the primary land development banks. The debentures are issued for long-term periods ranging between 10 and 20 years. The banks must create sinking funds for redemption of these debentures. The debentures floated by the central land development banks are subscribed to by various institutions such as the Reserve Bank of India, State Bank of India, the State Governments, the Life Insurance Corporation of India, commercial banks, co-operative banks and other central and land development banks.

As a result of the emphasis on agricultural development in the Five Year Plans and a shift in emphasis on development financing on the basis of new technology, the demand on the land development banks increased considerably and the inadequacy of institutional credit came to the forefront. It was to fulfil a pressing demand for adequate long-term finance that the Agricultural Refinance Corporation was set up on 1st July 1963 by an Act of Parliament. The object of the corporation is to augment the resources available for provision of medium-term and long-term finance for agriculture. The Corporation is primarily a refinancing agency providing financial accommodation of a long-term nature for those major development projects which cannot be financed by the existing credit agencies, either on account of the volume of funds involved, the terms and conditions or repayment or because the projects are such that they are not

within the normal rules of business under which the land development banks function. The Corporation does not replace the existing arrangements for long-term and medium-term finance including the Reserve Bank's assistance for these purposes.

The setting up of the Corporation gave a fillip to the loaning operations of land development banks which continue to be major beneficiaries of the facilities provided by the Agricultural Refinance Corporation. During the period 1963-64 to 1973-74 the Agricultural Refinance Corporation disbursed Rs. 3170 million to the various eligible institutions. The progress made by the Corporation in recent years is noteworthy. The financial assistance provided to land development banks formed as much as 86% of the total disbursement of the Corporation as on 30th June 1974.

At present, the Corporation gives refinance to the land development banks at the rate of 90% of the total advances made for minor irrigation and 75% of the total advances made for purposes other than irrigation. Advances made by the banks to small farmers and marginal farmers under the schemes sponsored by the Small Farmers Development Agency, the Corporation gives 100% support to such advances. The Corporation grants refinance for a period extending up to 15 years. Rates of interest is 7% per annum and it allows a margin of not less than 2.5% to the central land development banks and primary land development banks taken together. The loans assistance given by the World Bank for agricultural development in this country is issued to the land development banks through the Agricultural Refinance Corporation on the terms and conditions agreed to by the World Bank. In its promotional role, the Corporation has extended consultancy services in some parts of the country and proposes to expand these so as to cover the entire country. It also undertakes regular utilisation and evaluation studies and guides the land development banks from time to time in proper implementation of the schemes. The Corporation issues guide-lines from time to time to the loaning institutions.

One of the main problems with which long-term credit is confronted is the rising overdues in land development banks, especially because loans are expected to be given to cultivators primarily for productive purposes, after examining the technical and economic feasibility of schemes. Heavy overdues in the long-term co-operative credit structure will impede the agricultural development programmes in a State, inasmuch as land development banks are expected to play an important role in meeting the needs of cultivators for investment credit in agriculture.

Field studies undertaken by different agencies have revealed that default is due to various factors such as failure of crops due to natural calamities, deficiencies in lending policies, lack of supervision over the use of credit by the ultimate beneficiaries, financing of defaulters and so on. An important reason for default however, and consequently for the rise in level of overdues, is the lack of will to repay the loan. It can be generally expected that a borrower's repaying capacity will improve as a result of use of long-term loans. Inability to repay over certain periods when farmers are affected by drought, flood etc. is understandable, but studies have shown that recoveries were good in certain banks despite drought or other natural calamities while others showed poor recovery when crops were good. It has, therefore, been appreciated that stern legal and administrative measures should be taken to curb the growing tendency on the part of the borrowers not to honour their repayment commitments. Provisions have been made in the Co-operative Societies Act or Land Development Act obtaining in the States for taking action against the defaulting cultivators. There is awareness of the problem and by taking stringent legal and administrative measures the tendency of overdue loans to rise is being halted.

In spite of the overdue loans the land development banks have made creditable progress and gradually they are being asked to enter other fields. Some of the central land development banks in the country have taken to financing projects in the field of horticulture, animal husbandry and fisheries. Others are following and land development banks have come to occupy a key position in the development programme of rural India.

MARKETING AND DISTRIBUTION OF FISH AND FISH PRODUCTS IN JAPAN - ORGANISATION AND PROBLEMS

by

Yutaka Hirasawa

Summary

Channels for fish marketing in Japan are rather complex, including fish wholesale markets both in landing ports and consumption centres, where fish consignees and wholesalers are main marketing agents. Typical marketing channels involve as many as six stages from the time fish is landed until it reaches consumers. There are, however, reasons for such a complex system. High degree of freshness is demanded by consumers; there are so many varieties of fish produced by numerous small fishermen; consumers' requirements are varied; there are several different outlets for fish according to their grades and qualities, etc. Marketing calls for a complex system to meet these requirements efficiently.

The function of middlemen/wholesalers has long been taken over by fishery co-operatives and almost all fish wholesale markets at landing centres are operated by fishery co-operatives which act as fish consignees. The rate of commission for the consigned sale of fish has gradually decreased to the benefit of member fishermen. On the basis of the marketing activities, the co-operatives have developed their credit business which contributed to the expansion of member fishermen's activities.

There are certain problems facing fish marketing. One of them is a need for rationalisation of retail business. Because of its small scale of operation, and because fresh fish is the main article, retail business is the most difficult section to modernise. Some problems exist in fish wholesale markets in consumption centres, e.g. too small premises to conduct efficient transactions, possibility of prices being formed under monopolistic influences, etc. There has also been some endeavour to simplify marketing channels by direct shipment to consumption centres, and the outcome remains yet to be seen. It is likely that, with the development of frozen fish and other fish processing industry, some separate marketing channel may eventually be established for these products, as their characteristics as merchandise differ from fresh fish.

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1. Channels of Marketing and Distribution

Channels of fish marketing and distribution in Japan are complex.

(a) Fresh Fish

Catches are brought to fishing ports, unloaded, and taken to fish wholesale markets usually located in the port premises, at the risk of fishermen/producers. Wholesale markets at landing places are normally operated by fish consignees who sell the catch to wholesalers by means of auction to inviting tenders. Auctioneers are employees of the consignees. Fish is bought by wholesalers (legally speaking, from fishermen/producers), and the consignees charge a commission of a certain percentage of the proceeds due to fishermen/producers. Subsequently the wholesalers ship the fish to consumption centres, at their risk, consigning the goods to the consignees there. The consignees, then, sell the fish again by auction or tender to wholesalers at the fish wholesale markets in the consumption centres, charging a commission to the wholesalers of the landing centres who consigned the sale of the fish. The wholesalers in landing places will suffer from loss, if their costs (sum of the purchase price of the fish at the landing place, cost of packing, ice, storage, transportation, etc. and the commission charged by consignees at the consumption centres) exceed the proceeds of wholesale markets in consumption centres. Fish prices are affected by many, even subtle, factors, and prices in landing centres and consumption centres do not necessarily fluctuate in parallel. The wholesalers at landing places are always exposed to price risks and therefore endeavour to buy fish as cheaply as possible. Wholesalers at consumption centres sell the fish purchased from the consignees in the same market premises to retailers and other large buyers such as supermarket operators, restaurants, hospitals and dormitories, at the prices allowing the necessary margin of profit. The above is the typical organisation for fish marketing in Japan, particularly for marine fresh fish. There are some instances where big fish producers maintain their own harbour facilities and ship their catches direct to consumption centres without going through consignees and wholesalers in landing places, but the proportion of such direct shipment of the total marine fresh fish transactions is very small.

As far as fresh water fish is concerned, normal practice is a direct sale by producers to wholesalers, in view of various facts such as small quantity of production, localised market (e.g. common carp, crucian carp), or specific patterns of consumption (e.g.

eel, sweet fish, rainbow trout, etc.). However, it has been generally pointed out that such an outdated pattern of transactions has been hindering development of fresh water fisheries, and therefore there is a need for modernisation of the marketing organisation along the lines of the marine fish transactions.

(b) Frozen and other Processed Fish

Normally, processors in landing places participate in auction or tender at the wholesale markets to purchase fish for freezing or other processing purposes. These processors in landing places usually ship their products to markets in consumption centres, while sometimes the products are sold to wholesalers, trading companies or supermarket operators who supply consumption centres.

When the products are shipped to the wholesale markets in consumption centres the sale is carried out by means of auction tender or individual negotiation, as is the case for fresh fish transactions. Recent trend is the increase of individual negotiations rather than auctions or tender. Large processors often have their own fishing boats or purchase fish direct from fishermen/producers for the purpose of freezing or other processing. The processed products are then partly shipped to markets in consumption centres, but the major part is sold direct to wholesalers or trading companies in consumption centres. In certain cases, processors have established their own companies to undertake themselves the marketing business.

Marketing channels for marine fresh fish are shown in a simplified pattern as follows:

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Fishermen/producers (1) → Consignees in landing
places (2) → Wholesalers in landing places (3) →
Consignees in Consumption centres (4) → Wholesalers
in consumption centres (5) → Retailers (6) →
Consumers.

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As shown, the fish go through as many as six channels or stages. At every stage, commissions or profit margins are charged, resulting in a considerable difference between landing prices (producers' prices) and consumers' prices. While the marketing channels in Japan may appear to be more complicated than those abroad, there seem to be several reasons for this. First, it is common in Japan for people to eat raw fish, and this eating habit calls for extreme freshness. People demand great freshness also for the fish to be cooked at home. Prices for the same species of fish differ greatly depending on its degree

of freshness, retail prices for the highly fresh ones being possibly two to three times the price for the non-fresh ones. Fish is perishable and its prices are greatly affected by the method and length of time required for transportation and skills of handling throughout landing to consumption. It is therefore necessary for prices to be settled immediately at every stage of marketing channels in order to avoid any disputes and troubles which might arise regarding risks to be borne during the marketing process. The fact that the length of time required for marketing from landing to consumption is comparatively short in Japan is due to its complexity of marketing channels, though it may sound paradoxical.

Secondly, the complexity of the marketing system is due to the fact that there are so many varied fisheries and fish species caught, and there are so many small fishermen/producers. On the other hand, consumers' requirements are extremely varied depending on their tastes and families. Compared with meat, fish as well as their ways of cooking are numerous. Furthermore, fish is consumed in Japan 2.2 times as much as meat. Marketing channels are necessarily complex in order to link the large amount of catch of numerous producers with the large consumption. It would be almost impossible to simplify the marketing channel for fresh fish without sacrificing quality of fish and time required for marketing.

Thirdly, in Japan fish are directed to many different uses, e.g. fresh fish for human consumption, processing such as canning, curing, reduction to meal, feeds for fish culture, etc. Processing fish into various products, as well as preceding operations, usually take place in landing centres. In this connection, mackerel may be cited as an example. Out of the landings, large size mackerel are shipped to consumption centres for fresh human consumption; medium size ones are canned or processed; small ones are destined to be used for feeds; and the remaining part will be taken over by the fish meal manufacturers. As to prices, if the large size mackerels fetch 100 yen, medium size ones may be sold 50-60, small size ones 20-30, and the price of those for fish meal will be less than 20. In landing places, mackerel are purchased by auction or tender by merchants and processors who are specialized in certain fields and who take over certain types of mackerel which suit their purposes. Grouping of landed mackerel would not be carried out in such an efficient way, were it not for the wholesale markets in fish landing places where the above-mentioned transactions take place. Incidentally, there are no wholesale markets for agricultural products in production

centres in Japan. This is due to the fact that in a given production centre there are usually not many varieties of agricultural products, they are rather uniform in the quality, and their end uses are also limited.

2. Fish Markets in Production Centres and Fishery Co-operative Associations

At the early stage of development of fish production and consumption, producers and consumers are scattered and well-separated from each other, and communication between them is difficult. At this stage there is a need for middlemen/wholesalers whose function is to link producers with consumers. The wholesalers will take advantage of the situation and endeavour to purchase from producers as cheaply as possible and sell to consumers at the highest prices possible. This was and still is the case anywhere in the world. In many places, small scale fishermen have been and still are under the control of middlemen/wholesalers who exploit them. In Japan also, fishermen were, until about 40 years ago, financed by middlemen/wholesalers and compelled to sell them the catch 20 to 30 per cent below the market price. The most urgent problem at that time was to eliminate the middlemen's exploitation in order to modernise fishery and to improve the income of fishermen. In this connection, it was expected that fishery co-operatives should take over the function of fish marketing. However, the vested interests were quite strong, while the government policy to promote fishery co-operatives was not yet very clear. Depression during 1930's, however, hit fishing villages hard and the middlemen's exploitation became so unbearable that it might have led to social unrest. In the face of this situation, the government issued deficit-covering bonds to raise funds which financed construction of fishing harbours, thus trying to decrease unemployment and help the distressed people. It should be noted that the government policy on fishing harbour construction at that time stipulated that as much manpower as possible should be employed instead of machines. While the promotion of construction of fishing harbours was and has been one of the main government policies, another important policy was to promote fishery co-operatives with a particular emphasis on their taking over fish marketing which was largely in the hands of middlemen/wholesalers.

The clash between middlemen/wholesalers and fishery co-operatives was so serious that even some casualties were reported in certain areas. Meanwhile, in the mid-1930's, the government increasingly intervened in private economy in anticipation of war, promoted fishery co-operatives, and in 1940 banned the

activities of the middlemen/wholesalers. In principle, the middlemen/wholesalers were allowed to be wholesalers only at the fish wholesale markets operated by co-operatives, and to buy fish through auction or tender. Thus, fishermen began to dominate in fish landing places for the first time in history, though this was possible under the unusual circumstances of war. However, in certain large fish landing ports, middlemen/wholesalers were so powerful that they were successful in resisting the co-operative movement. One notices nowadays that in large fish landing places fish markets are operated not only by fishery co-operatives but also by private companies side by side, which was a result of compromise arising from the struggles between both parties. On the other hand, marketing functions were taken over by fishery co-operatives in small or medium size fish landing places, where middlemen/wholesalers influence was not so strong. At present there are about 1400 fish wholesale markets in landing ports, of which 88 per cent are operated by fishery co-operatives, most of the remaining being run by companies. It should also be mentioned that about 20 markets which are located in the largest fish landing ports are owned and operated by local governments. As fishery co-operatives dominate in fish marketing in landing centres, fish markets run by companies are practically compelled to follow the same marketing practices and the same rate of consignment commission as in the co-operative-run markets. The dominating position of the co-operatives in production centres led to the reduction of consignment commission; while the middlemen/wholesalers had charged a commission amounting to 20 - 30 per cent, the fish marketing co-operatives charged less than 10 per cent. Already in 1937, the commission was reduced to less than 7 per cent in 40 per cent of the total fish markets in production centres. Generally, the commission rate is higher in small fish landing places and lower in larger landing centres. This is because of the large total commission resulting from the great turnover in fish landing places. After 1945 the commission rate tended to decrease because of (1) strengthening of small scale producers/fishermen, (2) increases of turnover in fish markets, and (3) higher rate of increase of fish prices as compared with general consumers' price index. Data is available only up to 1968, but it can be safely said that current commission rates are still lower.

It should also be mentioned here that the commission rates fixed by fishery co-operatives are flexible, particularly in large fish wholesale markets, and, in practice, a part of the commission is

returned to producers (shippers) as a rebate. The practice started in order to secure clientele by encouraging producers/fishermen to land their catch continuously at the markets. Where market buildings are provided by local governments such as cities or towns, market operators have to pay a certain amount of rent. Therefore, real amount of commission obtained by market operators is less than the announced rate. For example, where the commission rate is fixed at 3 per cent, actual amount obtained by operators will be about 2 per cent.

In Japan, fishery co-operatives, unlike agricultural co-operatives are normally involved in two different types of activities, i.e., one, economic activities, and the other, ownership and administration of fishing rights. Further, with respect to economic activities, there are some differences between agricultural and fishery co-operatives regarding the emphasis of their activities. It could generally be said that, while agricultural co-operatives in Japan place their emphasis on credit and supply activities (fertiliser farm chemicals, agricultural equipment), fishery co-operatives usually place their emphasis on fish marketing and sometimes on their own fishing operations. Among the different types of activities, only two sectors, i.e. fish marketing and fish operations have proved profitable. Not many fishery co-operatives are engaged in their own fishing business, but many co-operatives are engaged in fish marketing. Marketing business as consignees requires comparatively little operating capital and involves few risks, as the income of commission is ensured, although the profit may not be great. Fishery co-operatives are able to count on the income of commission, and on this financial basis, may be engaged in varieties of activities in service for member fishermen. One of the important activities is credit business.

Generally speaking, fishing is a risky business and fishermen as well as boats are mobile, making commercial banks hesitate to extend loans. However, there are special financing institutions such as Central Co-operative Bank (Apex Organisation of Co-operative Banking) and Agriculture, Forestry and Fishery Financing Corporation, and their lending activities are greatly facilitated by the functions of fishery co-operatives. Repayment of loans is ensured through the fish marketing operations of the co-operatives, making it possible for a considerable amount of long term loans, such as for boat building, to be made available to fishermen. The mechanism may be described as follows:

Fishermen land their catch at port markets and the fish reaches consumers through the channels explained earlier. On the other hand, payments are made along the same channels, the money flowing in the opposite direction. Namely, consignees in consumer centres remit the price to wholesalers in the landing centres, who in turn pay the fishery co-operatives from whom the fishermen/producers receive the proceeds. In other words, proceeds of the catch are not paid direct to fishermen, but go through the hands of fishery co-operatives who are consignees. Therefore, it can easily be arranged than when fishermen have borrowed money from co-operatives the co-operatives obtain repayments in instalments simply by setting aside a portion of the proceeds of the fishermen concerned. Usually co-operatives recover about 20 per cent of the proceeds at every landing of the fishermen/producers. It should be further pointed out that to obtain loans, fishermen are obliged to belong to co-operatives, because Central Co-operatives Bank as well as Agriculture, Forestry and Fishery Financing Corporation provide the loan funds only to co-operatives for the purpose of re-lending. As a result, practically all the fishermen/producers except for large fishing companies, are members of fishery co-operatives. Members are necessarily loyal to the co-operatives, as they are willing to obtain loans from the co-operatives, and this makes the position of the co-operatives very strong.

As many fish are migratory, fishermen/producers have to follow, in many cases, the movement of fish along the coast, landing the catch at different ports. However, at almost all landing places, the wholesale markets are operated by co-operatives, and they can exchange, among each other, information on the landings made by individual fishermen/producers. It is also arranged that a part of commission is paid as a rebate to the co-operative of which the fishermen/producers concerned are members. In some cases, the proceeds are, after necessary charges have been made, remitted by the co-operatives at the landing markets direct to the co-operatives to which the fishermen/producers concerned belong. Under such arrangements, co-operatives which have extended loans to member fishermen/producers are always in a position to know about their movements and landings, which facilitate greatly the recovery of loans. This, in turn, contributes to developing credit business of fishery co-operatives.

Average length of time of service of steel fishing vessels in Japan is 6 to 7 years, according to the statistics for the past 20 years. After this period, the boats are sold to other fishermen or to transportation business, and are replaced by new fishing vessels. This is partly due to obsolescence owing to

rapid technological development of fishing boat construction, and partly due to the necessity of new efficient boats to attract crews who work on a share wage system, but above all due to the fact that fishermen have been able to manage to borrow funds from fishery co-operatives in connection with their fish marketing activities as explained above. Government assistance to the Central Co-operative Bank and the Agriculture, Forestry and Fisheries Financing Corporation has also no doubt contributed to the success of co-operative credit, but the fundamental factor for the success has been the well-established co-operative system.

Development of Japanese fisheries after World War II was largely supported by active investment in fishing boat construction, but it has, on the other hand, led to a decrease of catch per unit effort, resulting from the considerable expansion of total fishing efforts. As a result of increasingly expensive equipment, Japanese fishing boats have become more and more costly. High cost of fish production has been a great problem particularly since the oil crisis in 1973 which accelerated the inflationary trend. One of the current major problems is how to ensure an optimum amount of investment in fishing boat construction, in view of the past over-investment which was caused partly by the favourable credit conditions as mentioned above.

3. Problems Regarding Fish Marketing and Fish Prices

During the period from 1955 to 1973, the rate of price increase for fish exceeded that for general consumers' prices as well as for meat. Demand for meat was greater than for fish but was offset by a considerable increase in the supply of meat. Total production of fish increased but most of the increase was not directed to human consumption but to by-products. While consumption per person per day of meat, eggs and dairy products increased by 60 per cent in terms of protein content from 1966 to 1973, fish consumption increased only by 5 per cent during the same period. Prices of fish, however, rose at a greater pace, mainly due to the limited supply.

Usually, producers should be paid as high a price as possible while consumers should be able to buy the fish as cheaply as possible. However, in reality, it has always been a problem that the gap between producers' price and consumers' price tend to be great. Both producers as well as consumers often complain about large price

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Ideally, producers should be paid as high a price as possible while consumers should be able to buy the fish as cheaply as possible. However, in reality, it has always been a problem that the gaps between producers' price and consumers' price tend to be great. Producers as well as consumers often complain about large price

margins obtained by marketing people. It is often mentioned, as an example, that mackerel bought at landing places from producers for 30 yen per kg. are sold to consumers for as much as 300 yen per kg. However, the accusation is partly based on a misunderstanding. While the price of mackerel in landing places includes those for various grades and destinations ranging from fresh human consumption to fish meal manufacture, the price quoted at consumption centres refers only to large sized and fresh mackerel for human consumption. In such a case, it is not fair and proper to compare the prices in the two places. Particularly in recent years, there has been an increased catch of small sized mackerel which has made the price difference between the two places even greater. Sometimes, however, it happens that landing prices drop sharply because of unusually big catches of mackerel exceeding the capacity of land facilities, e.g. cold storage and transport. Such price drops are inevitable, as land facilities cannot be expanded to accommodate an unusually large catch, which seldom occurs.

It is said that, regarding merchandise in general, the producer, the wholesaler and the retailer share one third each of the consumers' price. No reliable statistics are available regarding fish marketing on this, but, generally speaking, this may be the case basically, although the share may vary considerably depending on species of fish, season and area. The general fact that the rate of profit margins for marketing of fish, which is highly perishable and requires extremely careful handling, is not much different from that for other merchandise may indicate that organisation and structure of fish marketing in Japan are reasonable and well-established. However, there are several problems in fish marketing which are becoming more and more serious.

The greatest problem seems to be located in consumption centres rather than production centres, and the problem relates particularly to retailing. It has been noticed that while producers' prices and wholesale prices in consumption centres tend to make parallel movement without too many price gaps, retail prices have been disproportionately high. It has also been noticed that price shares obtained by consignees and wholesalers in consumption centres have been about the same in the last few years, but retailers' share has greatly increased. Turnovers of fish retailers are normally small and their productivity is low. The recent wage increase appears to have pushed up the retail fish prices. Another cause of the increase of fish retail prices may be the preparation of fish usually undertaken by the retailers when they sell fish and which more of the con-

sumers nowadays expect the retailers to perform as a service to the clientele. Retailers are rather reluctant to display for sale cheap species of fish, as retailers can obtain smaller profit margins by selling cheaper price fish and furthermore such display would discourage consumers to buy more expensive species of fish. Rationalisation of retailers' business has always been a difficult problem in fish marketing, especially because the fish is sold mainly in fresh form. Recent development of supermarket stores is likely to contribute to solving the problem, but their turnover of fresh fish constitutes less than 20 per cent of the total retailing in Tokyo. Moreover, supermarkets themselves are finding the fresh fish marketing a difficult business.

There are several problems also in fish wholesale markets in consumption centres. Firstly, premises of the markets in many cities are too small to transact the business quickly and efficiently. Moreover, many employees are elderly people, reflecting the recent general employment situation.

Secondly, it had been pointed out that free price formation may be hindered because consignees in the wholesale markets in consumption centres are affiliated to or controlled by large fishing companies, and these consignees in turn control financially the wholesalers in landing places. However, it is yet to be clarified to what extent large fishing companies control price formation with their monopolistic power.

Thirdly, land and buildings of the fish wholesale markets in consumption centres are owned by municipalities who limit the number of consignees and wholesalers allowed to operate in the market premises. Therefore, as a result of limited competition it is said that excess profits may accrue to those consignees and wholesalers. However, market transactions are conducted through auction or tender, which are highly technical and hard to understand for laymen. This arouses the suspicions of general consumers and they demand that the government should intervene much more in market transactions.

As an endeavour to simplify the marketing channels, direct shipment of fish has been tried. The practice includes shipment of fish by producers, co-operatives or wholesalers in landing ports direct to consumers' co-operatives or retailers in consumption centres. Such as a direct shipment is still at an experimental stage, although it is being continued with some success in certain areas with large housing projects. However, there are still many difficult problems, e.g., making many varieties of

fish available to meet consumers' varied demand, maintaining freshness of fish, how to decide upon prices, etc. It seems that in Japan, where numerous varieties of fish are marketed and a high degree of freshness is always demanded, the prevailing marketing system is reasonable and justified, as far as fresh fish marketing is concerned.

At the same time, however, the pattern of fish utilisation has been changing. Fresh fish consumption has been decreasing, while more processed fish is being accepted. While fresh fish consumption out of total human consumption constituted about 34 per cent in 1962, recent figures show that it has decreased to about 23 per cent. Particularly, consumption of frozen fish has increased, having the advantage of being served quickly without much preparation. Housewives seem to prefer frozen fish, as they are comparatively cheap and easy to prepare and serve, even though the taste may be inferior compared with fresh fish. The increase in frozen fish consumption is great when the income per person per year reaches \$1,500 - \$2,000 level. The explanation may be that at this level of income, which signifies a considerable improvement of living standard, housewives try to free themselves in the house and find spare time to participate in social and cultural activities, consequently seeking foods which do not require much preparation.

Frozen or other processed fish are, unlike fresh fish, rather uniform in their quality and convenient for storage. Transactions by means of sample are also possible, without recourse to auction or tender. In future, therefore, with the development of frozen and other processed fish transactions, the present complex marketing channels may become redundant. However, it is still a transitional stage and a part of frozen or processed fish are dealt with through existing marketing channels. For example, it is often seen that frozen fish is defrozen and sold at retail shops as fresh fish fillets. Rationalisation of fish marketing channels may be achieved by overcoming the transitional stage and establishing separate channels for fresh fish marketing and frozen and other processed fish marketing, respectively.

THRIFT AND CREDIT CO-OPERATIVES FOR FISHERIES IN JAPAN

by

Minoru Fujii

1. Introduction

A. The History

Fishery co-operatives in Japan started as fishery associations under the Standard Regulations of Fishery Associations of 1886 and the old Fisheries Law of 1901. In the early years their main objective was to administer the common fishing rights. However, the amendment of the Fisheries Law in 1910 enabled them to do such economic activities as marketing and supply. On the other hand, finance in fishing villages depended on merchants and usurers and the movement demanding the improvement of this situation gathered momentum. As a result the Fisheries Law was amended so as to enable fishery co-operatives to go into the lending business (in 1933) and to accept deposits (in 1938). Also in 1938 fishery organisations were admitted to the Central Co-operative Bank for Agriculture, and thus acquired a powerful resort in funding.

In this way, the system of co-operative banking in fisheries was completed by 1938. However, before World War II, few of the fishery co-operatives accepted deposits, and they mainly re-lent the funds borrowed from the Central Co-operative Bank for Agriculture. During World War II, fisheries co-operatives were transformed to controlling organs as fishery associations, and after the War, when the Fishery Co-operative Law was promulgated in 1948, the present system of organisations, namely fishery co-operatives, credit federations of fishery co-operatives and the Central Co-operative Bank for Agricultural took form.

As the shortage of funds persisted in fishing villages, lendings by fishery co-operatives were mainly re-lendings of the funds borrowed from the Central Co-operative Bank for Agriculture. In those days, the Central Co-operative Bank for Agriculture itself was short of funds, and the Fishery Bills Rediscount Facility was created by the Bank of Japan, (the central bank) to provide the funds for financing the purchases of fishing equipment. From the latter half of the 1950s when the fisheries industry quickly expanded from the coastal to the off-shore waters and

from the off-shire waters to the deep sea, the Central Co-operative Bank actively lent to fisheries organisations the funds that it was gradually beginning to accumulate. It was during these years that the financial situation in the management of fishery co-operatives began to improve, and the efforts to improve deposits were started. In the 1970s, the banking activities of fishery co-operatives developed still further, and the amount of deposits accepted surpassed the amount of loans made.

B. The System

Co-operative banking in fisheries consists of three stages; fishery co-operatives, credit federations of fishery co-operatives, and the Central Co-operative Bank for Agriculture. At the end of the fiscal year 1973, the number of primary fishery co-operatives engaged in banking activities was as follows:

fishery co-operatives	2,017
of which coastal general co-operatives	(1,862)
specialised co-operatives	(141)
inland waters fishery co-operatives ..	(14)
fish processing co-operatives	80

The coastal general co-operatives are the largest in number. There are 35 credit federations of fishery co-operatives and one credit federation of fish processing co-operatives. The Central Co-operative Bank for Agriculture is a nation-wide organisation. The National Federation of Fishery Co-operatives is guiding and promoting activities in co-operation with the Central Co-operative Bank for Agriculture.

Fishery co-operatives accept deposits from their members and lend the funds they need. However, it is their basic policy that they re-deposit accepted deposits and re-lend the borrowed funds, i.e.:

1. Small and short-term loans are made from their own fund.
2. Large and long-term loans are made by re-lending funds borrowed from a credit federation of fishery co-operatives, the Central Co-operative Bank for Agriculture and others.
3. The major part of the accepted deposits is re-deposited to a credit federation of fishery co-operatives. The reasons for this policy are:

- (a) In the fisheries industry the demand for funds is so strong that deposits are not sufficient to meet it;
- (b) The required fund is often large and long-term, while deposits consist of small and short-term funds. Thus there is some risk in funding their loans with their accepted deposits.

Credit federations of fishery co-operatives accept deposits from fishery co-operatives and

1. make large and long-term loans by means of re-lending (and sometimes directly), when it is difficult for fishery co-operatives to extend such loans from their own funds.
2. make loans to fishery co-operatives and general federations of fishery co-operatives for financing their own activities, and deposit most of the remaining fund with the Central Co-operative Bank for Agriculture.

The Central Co-operative Bank for Agriculture accepts deposits from credit federations of fishery co-operatives and

1. extends loans in large amounts through fishery co-operatives by means of re-lending or directly (when it is difficult for credit federations of fishery co-operatives to extend such loans from their own funds).
2. extends loans to the National Federation of Fishery co-operatives, nation-wide specialised fishery co-operatives and federations, and others for financing their activities.
3. extends loans to fishery co-operatives and general fishery federations of fishery co-operatives for financing their activities when such loans are too large and difficult for a credit federation of fishery co-operatives to make.

As the co-operative banking in fisheries consists of the three stages, namely fishery co-operatives, credit federations of fishery co-operatives, and the Central Co-operative Bank for Agriculture, loans are being extended with mutual co-operation and adjustments among themselves.

C. Volume of Funds

The volume of funds in co-operative banking in fisheries at the end of 1973 is set out on page 138:

(unit: 1 million Yen)

FISHERY CO-OPERATIVES:**Sources of Funds:**

Deposits	524,300
Borrowings	393,400
Paid-in Capital	42,500

Application of Funds:

Loans	459,100
Deposits	389,800
Fixed Assets	96,200
Receivables	53,000

CREDIT FEDERATIONS OF FISHERY CO-OPERATIVES:**Source of Funds:**

Deposits	435,500
Borrowings	51,000

Application of Funds:

Loans	350,200
Deposits	144,100
Securities (Portfolio Investments)..	11,700

THE CENTRAL CO-OPERATIVE BANK FOR AGRICULTURE:

Deposits accepted from Fishery Co-operatives and Related Organisations	123,600
Loans	266,600

The amounts of deposits and loans at the end of the fiscal years 1973 and 1963 are compared on page 139. The deposit balance and the loan balance of fishery co-operatives increased by 10 and 7 times respectively, those of credit federations of fishery co-operatives by 10 times each, and those of the Central Co-operative Bank for Agriculture by 8 and 3.5 times respectively.

D. Fishery Loans by Other Financial Institutions

Along with co-operative financing, loans to the fisheries industry are extended by such other financial institutions as the Agriculture, Forestry and Fishery Financing Corporation, city banks, local banks, mutual banks, and credit corporations. The loan balances of these financial institutions (including co-operatives) to the fisheries industry totalled ¥ 1,300,000 million at the end of the fiscal year 1973. Of this figure, ¥ 700,000 million (more than half) was attributed to the co-operative financings (after adjusting for the duplication by re-lendings). The second

(unit: 1 million Yen)

	Deposits		Loans	
	1973*	1963*	1973*	1963*
Fishery Co-operatives	524,300	53,200	459,100	68,100
Credit Federation of Fishery Co-operatives	435,500	45,600	350,200	35,600
The Central Co-operative Bank for Agriculture	123,600	16,600	266,600	78,600

N.B.: Figures for the Central Co-operative Bank for Agriculture include those of deposits accepted from and of loans extended to fishery co-operatives and related organisations only.

* at the end of the fiscal year

largest lender was the Agriculture, Forestry and Fishery Financing Corporation by ¥ 160,000 million. Local banks lent ¥ 160,000 million. City banks were lenders of ¥ 90,000 million. While co-operative financing and loans by the Agriculture, Forestry and Fishery Financial Corporation were mainly for small and medium-sized coastal and off-shore waters fishing, loans by city banks were mainly for the industrialised deep-sea fishing.

2. Banking Activities of the Fishery Co-operatives (Primary Co-operatives)

A. Accepting of Deposits

(i) The Outline - The amount of deposits accepted by fishery co-operatives increased by 10 times during the last 10 years. The remarkable increase was attributable to:

- (a) the increased income of the fishery households in the course of rapid economic growth;
- (b) the intensified efforts by fishery co-operatives themselves to acquire deposits as a result of the recognition of the importance of having deposits.

At the end of the fiscal year 1973, the average deposit balance per fishery co-operative was about ¥ 300 million, and the average amount per member was over one million Yen. According to the fishery households survey conducted by the Ministry of Agriculture and Forestry, coastal fishery households took more than half their savings to fishery co-operatives.

There are two types of deposits with fishery co-operatives; current deposits and fixed deposits. The interest rates are altered by the authorities to match with the general monetary conditions, and the basic interest rates in 1974 were as follows:

Current deposits	3.25%
one year fixed deposits	7.75%

Fishery co-operatives are authorized to pay a premium of 0.1% for fixed deposits and 0.25% for other deposits. The payment of premium is being authorised to facilitate small and medium-sized financial institutions including agricultural co-operatives, credit corporations and others to compete with larger financial institutions in acquiring deposits.

- (ii) The Efforts to Increase Deposits - In 1970, fishery co-operatives launched a five-year plan to increase the nationwide total amount of accepted deposits to ¥ 500,000 million. Fishery co-operatives were to set annual targets, and credit federations of fishery co-operatives were to set targets at the prefectural level. The national target was based on these figures and all co-operatives and federations worked jointly to attain the national target. The target of ¥ 500,000 million was reached at the end of the fiscal year 1973, one year earlier than originally planned. At present, the five-year programme started in 1974 with the target of ¥ 1,000,000 million is being carried out.

There are various means used by fishery co-operatives in an effort to increase deposits:

- (a) Fishery co-operatives manage fish markets, and the members' catches are sold there. The sales proceeds are credited to the deposit accounts of the members.

- (b) In accordance with agreements between fishery co-operatives and their members, certain portions of the sales proceeds are automatically credited to deposit accounts with specific purposes such as purchase of a fishing boat or a house.
- (c) The remittances of proceeds are made to accounts with fishery co-operatives through co-operatives' channels when the catches are sold in other ports.

Apart from these measures, fishery co-operatives are making efforts in competition with other financial institutions to absorb the funds accruing from other activities of the fishery households or from compensation in connection with land reclamation.

(iii) Measures to Protect Depositors - There are two measures to protect depositors:

- (a) The arrangement to extend emergency loans to fishery co-operatives;
- (b) Deposit insurance.

Each of these is described below.

The National Fishery Co-operative Credit Activities Mutual Support Scheme

This scheme was started in 1971. Fishery co-operatives, credit federations of fishery co-operatives, the Central Co-operative Bank for Agriculture, the National Federation of Fishery Co-operatives and others contributed and set up the National Fishery Co-operative Credit Activities Mutual Support Fund. When a fishery co-operative faces difficulty in paying deposits, a credit federation of fishery co-operatives extends an emergency loan for paying deposits. Then, a fishery co-operative, a credit federation of fishery co-operatives and the Central Co-operative Bank for Agriculture jointly make a restoration plan and support the restoration of the fishery co-operative by extending a loan in line with the plan. The Fund guarantees the loan, and makes the repayment for the fishery co-operative when the co-operative fails to do so. There is a certain limit to the loan amount.

The Agricultural and Fishery Co-operative Deposit Insurance Scheme

This scheme is based on the Agricultural and Fishery Co-operative Deposit Insurance Law of 1973. The Bank of Japan, the Central Co-operative Bank for Agriculture, credit federations of agricultural co-operatives, and credit federations of fishery co-operatives contributed to set up the Agricultural and Fishery Co-operative Deposit Insurance Organisation. Fishery co-operatives pay insurance premiums based on the amount of their accepted deposits. When a fishery co-operative fails to repay deposits, the Organisation makes payment to depositors up to a certain amount (at present ¥ 3 million per depositor). The subscription to this insurance scheme is mandatory for all agricultural and fishery co-operatives accepting deposits. This is because agricultural and fishery co-operatives are engaged in other economic activities and they are not covered by the Deposit Insurance Law of 1971 which is applied to financial institutions generally.

The basis for protecting depositors exists in the sound management of the co-operatives, and appropriate accounting is indispensable. As regards the accounting of fishery co-operatives, the ordinance of 1951 on the standard principles of the accounting of the fishery co-operative sets out the accounting principles concerning own capital, the separation of accounts, the reserve for deposits, the investment of the surplus fund and others.

B. The Lending Business

- (i) The Outline - The fisheries industry requires large capital investments in fishing boats and fishing gear. The demand for funds has always been strong due to the development from around 1955 of the fishing industry from coastal to off-shore waters and from off-shore waters to deep sea and also due to the modernisation and reformation of the coastal and off-shore waters activity starting from the latter half of the 1960s. On the other hand, fishery co-operatives had to supply funds to their members by re-lending the funds borrowed from the Central Co-operative Bank for Agriculture as their own fund was not sufficient. In recent years, as mentioned above, lendings with their own funds are gradually increasing in line with the increase of deposits.

According to the economic survey of the fishery households by the Ministry of Agriculture and Forestry, fishery households of coastal and off-shore waters rely on borrowings from fishery co-operatives for about half their required funds. Even for those with fishing boats of over 100 tons, for whom the importance of the government fund and bank loans is relatively great, the percentage of the borrowings from fishery co-operatives reaches 20% to 30%.

Although fishery co-operatives do make loans for purchasing houses or for household expenditures as the scope of their lendings are defined by the law as "the fund required for the business activities or for the household expenditures of the members", the main portion of the lendings is related to the management of some fisheries activities.

The upper limit of the lending rates is determined at an annual general meeting. The actual rates applied vary by the type of the loans and also from one co-operative to another. According to the survey by the Central Co-operative Bank for Agriculture, most of the rates were between 9% and 11% as of March, 1974. However, these are the rates for ordinary loans, and far lower rates are applied to the loans extended in line with the government policies as explained below.

- (ii) Allocation of the Loan Balances - Out of the total balance of ¥ 459,100 million of fishery co-operatives at the end of the fiscal year 1973, ¥ 179,100 million was short-term loan balance (of less than a year) and ¥ 280,000 million was long-term loan balance (of more than a year). The main purposes of short-term loans are the expenditure on fuel oil, the purchasing of fishing gear, the working fund for paying labour costs and others, and the household expenditure of the members. The main purposes of long-term loans are the purchase of the fishing boats, fishing gear, processing equipment, fish culture equipment, houses and reconstruction after natural disasters. Of the total long-term loan balance, about 15% comes from the Agriculture, Forestry and Fishery Financing Corporation, about 30% from the Fishery Modernisation Fund, and the rest is mostly re-lending of the funds borrowed from the Central Co-operative Bank for Agriculture and credit federations of fishery co-operatives.
- (iii) Measures to Secure the Loans - Measures must be taken to secure the loans, because in the fisheries industry the volume of catches and prices fluctuate quite widely.

The measure generally taken is to ask for a guarantee and/or a security. The guarantee is usually made jointly and severally by two to five persons of a close relationship to the borrower. The security is usually the object of a loan (a fishing boat, processing equipment or a building). However, real estate owned by borrowers is sometimes asked for as additional collateral. In the case of a loan for purchasing a fishing boat, insurance money on a boat paid upon damages is also assigned to the lender as a security. When re-lending the fund borrowed from the Agriculture, Forestry and Fishery Financing Corporation or the Central Co-operative Bank for Agriculture, instructions are given to fishery co-operatives as regards the guarantee and the security. Often all of the members of the Board of Directors of a fishery co-operative guarantee a borrowing.

There is an insurance scheme for supplementing the guarantee and the security. The scheme is called the Small and Medium-Size Fishery Finance Guarantee Law of 1952. The outline of the scheme is as follows:

- (a) a fishery credit fund association is set up within a prefecture (nation-wide in special cases) from the contributions of local authorities, fishing companies and fishermen.
- (b) the association guarantees the repayments of the loans for modernisation of the fisheries industry extended by fishery co-operatives, credit federations of fishery co-operatives, the Central Co-operative Bank for Agriculture and other financial institutions.
- (c) The government accepts the insurance for these guarantees by a special account.
- (d) The government, the association and the Central Co-operative Bank for Agriculture together contribute and set up the Central Fishery Credit Fund. The Fund accepts the insurance for the loans by the Central Co-operative Bank for Agriculture and provides necessary funds to the fishery credit fund associations effecting guarantees.

Along with this insurance scheme, there are the Fishery Vessels Insurance Scheme under the Fishing Vessels Loss Compensation Law of 1952 and the Fishing Catch Mutual Aid

Scheme under the Fishery Accident Compensation Law of 1964 to stabilise the management of small and medium-sized fishing companies. These Schemes greatly contribute towards securing the loans.

- (iv) Government Aided Finance - Agriculture, forestry and fisheries require huge amounts of funds for long-term investments for organising and strengthening the basic structure, for modernisation, and for reformation of the structure. However, ordinary means of financing cannot meet the requirements as the productivity of these industries is lower than that of other industries; hence the great importance of government aided finance in these industries. The government aids either by directly extending loans to the fiscal fund in line with certain governmental aims or by subsidising private financial institutions to facilitate their extending loans in line with certain governmental aims. Major financial schemes with governmental aid are described below. Apart from these, there are various arrangements managed by local authorities.

The Fishing Industry Modernization Fund Scheme

This scheme was started in 1969 to expedite the modernisation of the management in the fishing industry. Under the scheme, the government subsidises the loans of fishery co-operatives, credit federations of fishery co-operatives, and the Central Co-operative Bank for Agriculture by paying a part of the interest for the borrowers. The borrowers are fishermen, fish processors, small and medium-sized fishery corporations, fish processing corporations and fishery co-operatives. The purpose of the loans are for the purchasing of fishing boats smaller than a certain size, for the purchasing of fishing gear, for fish culture facilities, for common service facilities, for fish processing facilities and others. The terms and the interest rates vary according to the purpose of the loans. The term is between 5 and 20 years. The interest rate is between 6.5% and 7%. The rate of subsidy is up to 3%, which is borne equally by the prefectural and the central governments.

This fund is being increased each year and is playing an important role in the financing of the fisheries industry. For example, the figures in 1973 were as follows:

the loan limit	¥ 55,000 million
the approved subsidised amount	¥ 51,600 million
of which loans for fishing boats	¥ 35,000 million

and the rest was for fishing equipment, common service facilities for fishing co-operatives and federations of fishery co-operatives and loans for other purposes. The loan balances of fishery financing institutions of this fund as at the end of 1973 were as follows:

(unit: 1 million Yen)

fishery co-operatives	81,300
federations of fishery co-operatives	17,400
The Central Co-operative Bank for Agriculture	6,700
	<hr/>
	105,400
	<hr/> <hr/>

The Agriculture, Forestry and Fishery Financing Corporation Fund

The Corporation was set up in 1953 with the purpose of providing long-term and low interest funds necessary for the development of agriculture, forestry and fisheries. The sources of the funds are the government and borrowings from Postal Deposits. The loan limit is being increased each year. The amount of new commitments made during 1973 was ¥ 300,000 million and the loan balance at the end of the fiscal year 1973 was ¥ 1,500,000 million.

The purposes of the loans related to the fisheries industry are for purchasing fishing boats, for the improvement of small and medium-sized fishery management, for the structural improvement of coastal fishing, for port facilities, for common service facilities and others. The interest rate is between 3.5% and 8%. The term is up to 30 years. There are two ways of lending: direct loans and indirect loans through the Central Co-operative Bank for Agriculture, credit federations of fishery co-operatives and other institutions as agents.

The commitment made during the fiscal year 1973 for the fisheries industry was ¥ 46,600 million. The loan balance at the end of the fiscal year 1973 was ¥ 156,300 million, of which ¥ 75.7 million was for improving fisheries management, ¥ 68,800 million was for purchasing fishing boats, ¥ 3.9 million was for constructing fishing ports.

The Natural Disaster Fund

In 1955, the Provisional Law on the Loans to Disaster Stricken People in Agriculture, Forestry and Fisheries was stipulated. This law provides for the subsidy and the compensation for losses by the central and the prefectural governments as regards loans of certain working funds and facility funds extended by fishery co-operatives, credit federations of fishery co-operatives, the Central Co-operative Bank for Agriculture and other institutions, to the people engaged in agriculture, forestry and fishing stricken by natural disaster specified by the central government.

In recent years, various man-made disasters, for example, the pollution by mercury, P.C.B. or crude oil, and serious problems such as the difficulty in fishery management caused by the fuel oil price increase are arising. Against these disasters and problems, subsidy and compensation for losses are provided for, case by case, by special legislation and administrative measures.

C. The Summary and Prospects

As set out, above, the amount of deposits with fishery co-operatives has increased greatly and a considerable portion of the required fund for the members is now funded by their own accepted deposits as a result of the concerted efforts of fishery co-operatives, credit federations of fishery co-operatives, the Central Co-operative Bank for Agriculture and the National Federation of Fishery Co-operatives. Fishery co-operatives, through their loans, have played an important role in the development of the fisheries industry, stabilisation of the fisheries management and the improved standard of living of the members. The relatively smooth development of the credit activities of fishery co-operatives was assisted by various factors in the background such as:

- (i) the increase in fisheries production
- (ii) the increase in fishery household incomes
- (iii) governmental assistance.

However, the environment surrounding the credit activities of fishery co-operatives is becoming quite severe with such problems as:

- (i) the pollution of coastal waters by sewage from factories, urban sewage, and crude oil and the resultant devastation,
- (ii) the general financial deterioration of fishery management due to the oil crisis of 1973 and the resultant price-rise of fuel oil, fishing nets and other materials,
- (iii) deep sea fishing which might suffer from the expansion of territorial waters and the economic zones now being discussed at the Law of the Sea Conference.

Therefore, fishery co-operatives are now required to:

- (i) secure more funds by acquiring deposits,
- (ii) allocate funds effectively to the members through lending, and to contribute to the development of the management of the members and to the improvement of their standard of living.
- (iii) strengthen the managerial position by creating a systematic managerial and clerical set-up,
- (iv) strengthen the competitive power against other financial institutions by offering such financial services, other than accepting deposits and making loans, as domestic remittances, handling of payments to the government and to the public utilities.

3. Credit Federation of Fishery Co-operatives

Before World War II, general federations of fishery co-operatives performed credit activities at the prefectural level. After the War, as the law was changed to prohibit the combined operation of credit activities and other activities, credit federations of fishery co-operatives were formed to perform credit activities only. Although the amount of their funds was small at the beginning, funds increased gradually as the deposits accepted by fishery co-operatives increased, and they have eventually played the leading role in the fishery financing of each prefecture.

A. The Deposits

In spite of the fact that the accepted deposits are the basis of the credit activities, fishery co-operatives before the War hardly made any efforts to acquire deposits and thus had little funds. Having this in mind, credit federations have made every

effort in getting deposits. Credit federations of fishery co-operatives participate in the deposit promotion planning of fishery co-operatives and co-operate in the activities to solicit deposits from the members of fishery co-operatives.

The total amount of deposits accepted by credit federations of fishery co-operatives have increased by 10 times during the last 10 years, and reached ¥ 435,500 million by the end of 1973. The average amount per federation was ¥ 12,400 million. The amount differs widely from one prefecture to another. While the Hokkaido Credit Federation of Fishery Co-operatives had deposits of more than ¥ 100,000 million, there were federations with less than ¥ 5,000 million. About 30% of the deposits was in current deposits and the rest was in fixed deposits.

B. The Loans

As the available funds increased, credit federations of fishery co-operatives stepped up their lending activity, and the loan balance increased by 10 times during the last 10 years, reaching ¥ 350,200 million by the end of 1973. The figure differs from one prefecture to another just like deposit amounts. Credit federations of fishery co-operatives make short-term and long-term loans. At the beginning, almost all loans were short-term, but long-term loans increased as the available funds increased, and the present proportion is 50-50.

The role of credit federations of fishery co-operatives among the three kinds of institutions (primary fishery co-operatives, credit federations of fishery co-operatives and the Central Co-operative Bank for Agriculture) in co-operative banking in fisheries has been set out above. The main purposes of their loans are as follows:

For short-term loans:

- (i) funds for marketing and supplying activities and for the fishing activities of fishery co-operatives and general federation of fishery co-operatives,
- (ii) funds for the fishing activities and fish processing of the members of fishery co-operatives;

For long-term loans:

- (i) funds re-lent to the members of fishery co-operatives for the modernisation of the fishing activities and for purchasing fishing boats and other equipment,

- (ii) funds for common service facilities of fishery co-operatives and general federations of fishery co-operatives,
- (iii) funds directly lent to the members of fishery co-operatives for the modernisation of fishing activities, purchasing fishing boats and other equipment.

4. The Central Co-operative Bank for Agriculture

A. The Outline

The Central Co-operative Bank for Agriculture was formed in 1923 as the Central Financial Institution for Industrial Co-operatives (industrial co-operatives are now organised as agricultural co-operatives and others). In 1938 fishery co-operatives joined the system. In 1943, forestry co-operatives joined the system, and the name was changed to the Central Co-operative Bank for Agriculture. Up to 1953, when the Agriculture, Forestry and Fishery Financing Corporation was set up, long-term, low interest loans from the fiscal fund to agriculture, forestry and fisheries industries had been extended through the Central Co-operative Bank for Agriculture along with short and long-term loans with own funds. During the early years, its features as a governmental organisation were clearly seen in that the government and industrial co-operatives subscribed for the capital equally and that the members of the board of directors were appointed by the government. However, the share of agriculture, forestry and fisheries bodies in the subscribed capital increased gradually, and in 1959, the portion subscribed by the government was taken over by non-governmental participants. In 1961, governmental appointment of the board members was discontinued. In such manner, the organisation gradually became a non-governmental organisation.

B. The Activities

The characteristics of the activities of the Central Co-operative Bank for Agriculture as stipulated in the Central Co-operative Bank for Agriculture Law are as follows:

- (i) It issues financial debentures (one-year discount type called WARINOH and five-year coupon type called RITSUNOH) along with accepting deposits from related bodies.
- (ii) Although it extends loans primarily to its related bodies, it can lend to companies and local authorities related to agriculture, forestry and fishery so far as these loans

do not hinder the loans with priority. In 1973, the scope of its activities was enlarged and reorganised by a revision of the law to facilitate its adaptation to the development of agriculture, forestry and fisheries industries and to the change in the banking business. The funds of the Central Co-operative Bank for Agriculture increased sharply from the latter half of the 1950s as the funds of agricultural co-operatives steadily increased in the process of the rapid economic growth. At the end of the fiscal year 1973, the figures showing the extent of its banking activities were as follows:

(unit: 1 million Yen)

Deposit accepted	2,663,100
(of which those from participants	2,137,400)
Debentures issued	793,200
Loan Balance	2,806,400
(of which those extended to partici-	
pants	1,357,300)
Portfolio investment	713,300

C. Loans to the Fisheries Industry

The Central Co-operative Bank for Agriculture extends loans to fishery co-operatives and their federations, and also to:

- (i) the members (including corporations) of fishery co-operatives and fish processing co-operatives
- (ii) large fishing companies and corporations related to the fisheries industry.

Direct loans are made to the members of fishery co-operatives when they are more appropriate than re-lending due to the size of the member and other reasons. The loan balance of the category (i) above at the end of the fiscal year 1973 was ¥ 34,600 million. The loan balance of the category (ii) above at the end of the fiscal year 1973 was ¥ 124,900 million.

The area of financing for the Central Co-operative Bank for Agriculture in extending loans to the related bodies of fishery co-operatives has been explained above. The loan balance at the end of the fiscal year 1973 was ¥ 266,600 million, of which ¥ 125,200 million was short-term and ¥ 141,400 million was long-term (the long-term loan balance was slightly larger than that of the short-term loans).

As to the purposes of the loans, about 60% is for the working fund and 40% is for fixed capital investments. The main items of the working fund are funds for marketing, supplying and processing activities (of the fishery co-operatives), funds for managing fishing operations (re-lending funds, funds for the relief and stabilisation of the disaster stricken management (re-lending fund). Of the funds for the fixed capital investments, the largest item (more than 70%) is the fund for the purchasing of fishing boats and fishing gear. The rest is the fund for freezing facilities, fish processing facilities and house construction (re-lending fund).

THE ESTABLISHMENT OF A NEW CO-OPERATIVE SYSTEM IN NIGER*

by

Dominique Gentil**

In the early days of Independence in Africa, the co-operative formula raised great hopes. Many Heads of State saw in it the means of reconciling the traditional pattern of African communities with their plans for modernisation. More than ten years later, failure seems to have been almost total and any new attempt at peasant organisation must carefully avoid using the actual term 'co-operative', so debased has the word become in the eyes of the peasants. There are many reasons for this, but one of the main ones has certainly been the desire to impose a Westernised model from outside, instead of helping the peasants develop their own organisation themselves.

Experience in Niger shows that this second approach is possible in certain conditions and that the obstacles do not come from the incompetence or weak inventive capacity of the illiterate peasants, but rather from the reluctance of management to allow the co-operatives some degree of autonomy.

The aim in Niger has been to create a multipurpose organisation (concerned with marketing, credit, supplies, extension) on a nation-wide basis. The examples in this paper concern marketing organisations in Magaria and Matameye, the two main groundnut areas where the new approach was first launched.

* This paper is a substantially abridged translation of the authors article "Méthodologie de l'Implantation du nouveau système coopératif au Niger", published in Cultures et Développement (1973), V,3, 51 - 64. This in turn was based on a more detailed study (the author's thesis), Les co-opératives nigériennes, tradition villageoise et modernisation coopérative, Paris, 1970, which contains a full bibliography. Inaccuracies are the responsibility of the Translators/Editors.

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The Conventional System

The Niger Union of Credit and Co-operation (U.N.C.C.), a financially autonomous organisation with responsibility for the promotion and supervision of the co-operative movement, was formed in September 1962. In its first years it tried to establish the first marketing co-operatives for groundnuts and paddy, and the first credit agencies. At Magaria and Matameye, in 1965-1966, four "co-operatives" marketed over 9,000 tons, or 13 per cent of groundnut production in the two areas. In fact, U.N.C.C. preferred to use the more modest terms of reserved buying centres, or pre-co-operatives, since popular participation was restricted to its simplest form. The co-operator paid in his share capital of 500 CFA and set his thumb on a few papers written in French, gave his consent to the creation of a board of directors with imprecise functions - indeed, it normally had virtually nothing to do. Then long after his product had been sold, he came to collect his fixed payment of 500 CFA per ton.

A tentative attempt on the part of one co-operative to elect its own weighers did more harm than good: the central village from which most of the co-operators came had several of its own people elected who were not trusted by members from outlying areas. This led to a drop in the total amount of produce marketed through the co-operative. The new weighers were not always experienced and, in the absence of any training or serious supervision, sometimes failed to balance the till. This unhappy experience strengthened the U.N.C.C. management in their belief that they were indispensable at all levels, and that the "illiterate peasants would be incapable of taking over their co-operatives for at least 25 years". This leitmotiv was heard at all levels of the hierarchy. The official policy of participation was maintained and reaffirmed, but put off indefinitely.

Despite management's efforts at information and training, the peasants were unhappy with their co-operative: the model was imposed from above, U.N.C.C. always pursued its own logic without bothering about the peasants' reactions or wishes, without ever doubting that it was in the right, and firmly believing that it was helping the people to develop.

The system was directly inspired by the Western model and scrupulously adhered to the Rochdale principles. All the formalities of the standard co-operative had to be respected (Constituent General Assembly, statutes, share capital, board of directors) and legalism flourished. For example, one article in the statutes laid down that any member wishing to leave the

co-operative should send a registered letter to the board of directors - clearly a simple formality for an illiterate peasant living a day's walk away from the nearest postal centre. The least myopic were aware of inadequacies in the system, but thought it fundamentally correct; they believed it would be applicable later, thanks to sustained educational effort: if one had the patience to wait the peasants would adapt themselves to Western ways and the co-operative would become the basic unit of development.

This attitude was based on a fundamental belief in the superiority of the Western model, not on any analysis of the likely course of future development: individual membership of the co-operative, which is outwardly expressed in the share capital, reinforces the dangers of any marketing co-operative, in which returns are proportional to contributions and rich peasants increase their income more quickly than poor peasants. The share capital, which is difficult for some to contribute, sets up a further barrier, and increases the danger that the co-operative will become primarily the concern of local leaders and affluent farmers. If members are really allowed to become masters of their own co-operative (and no longer the U.N.C.C.) and if they understand the system well, it will be entirely in their interest to increase the size of the share capital so as to limit the number of new members and divide the profits among themselves each year. This extra money will mainly be used under the Hausa socio-economic system for prestige consumption or usurious loans and not for investment, and the co-operative will therefore become not a tool for development but a way of ensuring the maintenance or establishment of a class of affluent farmers.

The Animation Programme

While the U.N.C.C. was pursuing the policies outlined, the Service de l'Animation (Extension Service), created at the same time, was making its first efforts to bridge the gap between government officials and the people, to initiate a dialogue between the two sides and then to organise the peasants to carry out small development activities. The well-known stages of this first phase of Animation consist of the selection of voluntary animateurs by the villages, courses in animation and technical training, the creation of pre-co-operative organisations (the Regrouped Animated Villages or RVAs)*, and the introduction of small development activities (e.g. distribution of fungicides and trees, resurfacing of roads).

* The Regroupements de Villages Animés combine ten or so villages which are used to meeting together. They elect an animateur délégué and a deputy délégué to represent them.

According to the peasants themselves, the main improvement brought about by Animation since Independence is that it has banished their habitual fear of the administration: it has shown itself to be not purely restrictive in character but also to be capable of providing benefits. The main abuses, especially those of the district administration, of certain officials and of griots* have diminished or totally disappeared.

Animation has also helped the peasants to acquire a certain amount of information about the modern world outside. For example, as far as marketing is concerned, the working principles of the world market are rapidly comprehended. The fixing of prices according to supply and demand and the effect of market domination are to be found in all the local markets, particularly that for millet. The internal commercial system, and in it the respective roles of the National Groundnut Society (SONARA), the stocking organisations and the weighers, are also well understood.

Another significant change has occurred as a result of the meetings called by the animateur when he returns from a course, which have given new life to the old village assemblies. The meetings are well attended and very lively. Discussion takes place within the peasant group and no longer only between officials and peasants. The peasants modify and sometimes even over-rule the suggestions of the officials. The village community has itself been transcended by the RVAs, which provide a rapid flow of information, opportunities for discussion and, through their committees, the first steps towards self-management. New leaders have appeared, others have been confirmed or improved. The annual meetings of animateurs délégués from Magaria and Matameye are forums which are very representative of the population (infinitely more so than the official area councils), where various development projects can be discussed in depth.

Although Animation and the RVAs were welcomed by the people and actively encouraged by a minority of officials, they were less well received by many administrators, the Party and the traditional district chiefs. They were particularly unhappy about the development of the RVAs "from below" and unwilling to see such organisations escape their control. The party, as sole official representative of the people, rightly saw in them the threat of competition. What would happen if the peasants started choosing their representatives and creating parallel organisations?

* Musicians/sorcerers, who often act as advisers to princes (Ed).

Introduction of the New Marketing System

Early in 1966, the position in Magaria and Matameye was that the U.N.C.C. was offering the peasants economic structures that were ill-suited to their needs, while Animation had won their confidence and led to the creation of organisations which they recognised - the RVAs - but which remained weak in terms of technical and economic content. It was therefore decided to attempt a combination of the two approaches and to create a "new system" of marketing.

The first move was made at an extraordinary meeting of animateurs délégués in February. After a joint analysis of the situation by U.N.C.C. and Animation officials and the peasants representatives, which emphasised the limitations imposed on the RVAs by their weak financial resources, the discussion went on to the possibility of the peasants managing their own groundnuts trading. They then debated at length the various skills they would need to employ if they were to succeed in replacing the private trader and the form of organisation they should adopt. Instead of having a predetermined model imposed from above, the system was allowed to evolve through discussion between officials and the people, which took as its point of departure their felt needs in a particular situation.

From the peasants' point of view, the most immediate attraction of the proposal was the financial one of "earning more money" through marketing. But subsequent events showed that they were also motivated by a determination to organise themselves, to extend the experience of the RVAs, and thereby get their own back on the traders. They had already been complaining for a long time about thefts by the weighers and their own inability to defend themselves.

To the officials, creating groundnut marketing co-operatives meant introducing the peasants to the heart of Niger's economic system. Groundnut is by far the most important cash crop in Niger and the largest single export (53 per cent of total exports in 1966). Introduced under the colonial system, it rapidly expanded and became for the majority of peasants in East Niger the principal source of cash income. But, above all, the promoters of the new system saw co-operative marketing as the first step in a development process. If the peasants could earn money through trading it would provide an immediate opportunity for developing other co-operative activities in such fields as credit or capital investment and, still more important, a basis on which to build up a programme of peasant organisation and training.

News of the new ideas spread rapidly through the villages of the bush, following the return home of the animateurs. The Board of Directors of U.N.C.C. was willing to try the experiment, although SONARA (National Groundnut Society) refused to alter the number of the markets. The next six months were devoted to detailed definition of the new co-operative system. Since each market centre serves between 40 and 100 villages (10,000 - 20,000 inhabitants), the problems of organisation were rather complex and many meetings were needed. The peasants were consulted at all stages of the model's evolution, either at special courses for village chiefs, local Party leaders and animateurs, at RVA meetings, or through tests of opinion at village meetings. The initiative nearly always came from the officials, but it was limited to making a certain number of proposals among which the peasants had to choose. Among other things the co-operators decided on each person's marketing functions, the kind of marketing card to be used, the salaries to be paid to the various functionaries, and the villages which were to be grouped into a 'section'. Little by little the system was built up through a sequence of adjustments. The final objective was well understood on both sides: all the running of the co-operative was to be left to the peasants themselves, but each stage was carefully discussed and accompanied by a training programme.

Original Features of the System

The fact that the groundnut markets were assembly points for the produce of 40 - 100 villages (1,500 to 8,000 tons) led to the adoption of a three-tier organisation - the village, the section and the marketing co-operative - on the following basis:

- (a) All villages in the market's catchment area (a radius of 20 - 50 km) can join the co-operative. Every producer in the member villages may, if he wishes, receive a marketing card free.
- (b) A certain number of villages are grouped into a section. All villages belonging to a section bring their groundnuts to a single weighing machine on a pooling principle). They elect their section personnel (weigher, secretary, chairman).
- (c) 5 to 10 sections make up a marketing co-operative, with its own personnel; a co-operative manager supplied by the U.N.C.C., a market officer, an accountant and guards elected by the co-operators.

Collective Membership

The most notable feature of the new system is its very unusual form of membership. In fact, the village joins the co-operative collectively. Despite economic and social differences which can be considerable, the average village of 100 - 400 inhabitants is a basic sociological unit in which unanimity can be reached on a question of this kind. All the people in a village follow their chief or their weigher on a marketing decision. Thus the whole village either accepts or refuses to join the co-operative and all producers in member villages get a marketing card.

Such unorthodox forms of membership have been quite sharply criticised. Some have seen in it the beginnings of collectivisation, others have spoken of compulsory membership. Certainly, individual membership, expressed through the contribution of share capital, is excluded. This practice, inherited from European individualism, has the double fault of introducing discrimination according to wealth and accelerating economic disparities. But a village's collective membership does not mean compulsory membership on the part of the producers. A peasant can in fact refuse to accept or use his marketing card, and bring his groundnuts to other markets or to a U.N.C.C. weighing point (reserved for non-co-operators). In fact, all are interested in the co-operative and generally use their cards.

Suppression of Share Capital

The suppression of share capital was another important modification, and here again, the defenders of orthodoxy objected: no true co-operative was possible unless share capital was contributed; it was a legal requirement recognised by banks and international organisations, served as evidence of voluntary membership, and encouraged the accumulation of peasant savings; to abolish it was proof of demagogy and its real aim must be to achieve a spectacular increase in the number of co-operative members.

These criticisms were not entirely groundless, but past experience and the discussions with the villagers had shown that there was a need to give priority to participation by the co-operators and to depend on the existing social units, and it was for this reason that share capital was done away with, or its introduction at least delayed, even if co-operative orthodoxy were to suffer as a result. In any case, these problems were ones which only affected official management. The co-operators

themselves raised no objections to the kind of membership offered and felt that they were participating much more in the life of the co-operative by attending meetings, by being informed and consulted and by choosing their personnel, than by contributing their share capital.

Dependence on the Village

The basic cell of the co-operative is the village. A co-operative assembly at village level is no different from a traditional jem'iya or village assembly. When the chief convokes a jem'iya not everyone comes, especially in the case of the young and the women. "Shame" will prevent a young person speaking in front of the older generation. Even among the heads of families many will not say anything, letting the important personalities speak. The village chief finally pronounces the decision taken, but this will never go against the wishes of the assembly, which he has been able to assess during discussion. The aim of the jem'iya is not to get a majority- rather, working through its most influential members, it seeks to convince and carry the support of everyone.

The discussion of co-operative problems has tended to stimulate greater participation and more freedom of speech in the jem'iya. Even if it still shocks some of the elders, the young are beginning to be able to express themselves and their advice is not automatically rejected.

The World of Calculation

When the new system was launched, the great question was how to record each member's contribution and hence calculate his returns. 99 per cent of the peasants were illiterate, so the choice lay between using young literates, who were mostly unemployed town people, and inventing a simple system which could be worked by illiterates. The former method had been used in the old co-operatives and had given far from satisfactory results. The young literates were not very conscientious and made many mistakes, which led to much argument. More fundamentally, the use of cards which were incomprehensible to an illiterate and the need to hire literates from outside made the co-operative seem still more alien to its members. Despite hostility and sarcasm from many Nigerien officials and from most of the overseas technical assistants, it was decided to devise a marketing card that could be decyphered by anyone. After some trial and error in the villages, the card was given four columns, corresponding to units of 5 bokitis (100 kg), one bokiti (20 kg), one tia (2-kg)

and half a tia*. Weights are recorded by putting the appropriate number of strokes in each column. To avoid fraud, the secretary records the contributions in a village exercise book, using the same presentation.

These may seem matters of minor importance. However, the new card was one of the main reasons for the new system's success. Instead of having an incomprehensible card filled in by a "literate" which entitled him to a return calculated in Niamey, the peasant had a card that he could understand and often fill in himself and which enabled him to anticipate the size of his return. The broad smile of some co-operators when, after some effort, they decyphered the written signs, clearly showed that they were suddenly entering a comprehensible world where calculation had replaced arbitrariness or magic.

This system, despite some imperfections and opportunities for fraud, has been functioning for several years without trouble and many millions have been distributed through it to the co-operators each year. Similar systems have been used for credit and supplies. This shows that, contrary to a widely held belief, illiterate peasants can look after the basic running of a co-operative. However, these elementary systems must be seen only as the preliminary stages towards establishing functional literacy among co-operative members.

Making the New Institutions Comprehensible

To make the new institution fully comprehensible to its members, management officials hold courses at which all the workings of the co-operative are clearly explained. Before each sale period, five representatives from each village attend these courses, during which they acquire a detailed picture of the market and are trained in elementary marketing techniques with the use of visual aids such as small cut-out figures and felt boards. Mimed plays have also been found useful.

These teaching methods help to increase the impact of the spoken word. The importance of language, however, remains fundamental, and it is essential that it should be the same for the peasants as for management. The first step is to agree on technical terms. After discussion, it is nearly always possible to find expressions to describe new functions. But the differences go far

* The bokiti and the tia are traditional units of volume which have been converted into the equivalents in weight.

deeper than that. Both speak Hausa, but the peasants' mode of speech is full of imagery, proverbs, symbols and repetitions, whereas the Hausa of management has been Westernised and is sprinkled with foreign words and expressions. Officials found that one of the best ways of overcoming this problem and improving their teaching was to tape-record meetings and note down the expressions and proverbs used.

Nevertheless, the fact remains that when explaining co-operatives to simple villagers, it is often advisable to have recourse to a well-informed peasant leader rather than to a young official. At the end of their courses, the "roots" of the village return home and tell the gathered population what they have learnt. To be effective, this relaying of information needs to have been carefully prepared during the course. Numerous investigations in the villages after courses were held show that results have on the whole been satisfactory.

Towards Peasants Self-Management

Faced with a mass of illiterate peasants with no technical skills, the temptation of management (and U.N.C.C. yielded to it in its early years) is itself to recruit fairly skilled personnel and control them directly. The co-operative then gives the impression of working properly*, but remains alien to its members. The new system involves raising the general level of the peasants and selecting from among them a minority (always under the control of the whole) for suitable training to enable them eventually to replace the official management.

The Electoral Procedure

This "elite" is revealed through annual elections, which are held ten days or so after the information courses, at a RVA or co-operative centre. Each village send ten representatives. Participation is over 90 per cent.

The pattern differs from one section to another. In some cases, the weigher is virtually chosen beforehand - a single candidate, usually living in the most important village in the section, a man with influence and the knowledge of how to run a successful campaign by means of a few carefully apportioned presents. The animateurs délégués as travelling propagandists for the new

* By no means always: staff from outside the peasant milieu are often less conscientious than co-operators.

system, are often clever enough to get themselves into a good position. In other cases, however, the election may give rise to bitter controversies in which conflicts between villages and ethnic groups re-emerge. When there is violent conflict between two candidates representing large villages, a solution is usually obtained by having a small village put up a "union candidate" and compensating the larger villages by giving one the post of secretary and the other the chairmanship. For financial reasons, much less prestige is attached to becoming secretary or chairman, and the elections to these posts are much calmer. But they allow other villages to share the honours, with no village cornering all three functions. When tempers get too frayed, it is sometimes necessary to call a new meeting a week later or, as a last resort, to divide the sections up on a different basis.

The Personalities Chosen

Detailed investigations have revealed that the three elected posts carry a very different status. The weigher tends to be a well-established "big man", the chairman a less striking local representative, while the secretary represents the new leaders, the "technicians", the young who can learn. For the peasants, the prime role of a weigher is not the technical one of weighing groundnuts but the social one of making money circulate. They do not choose highly skilled people for this post, but ones they can trust, with a reputation of honesty.

It is natural that most of the people chosen should be traditional leaders, but it is interesting that young people without very high status can get themselves elected to technical posts. Certainly, the co-operatives are not totally captured by the "big men". The dangers of ossification are also reduced by a fairly steady rotation of jobs. When a weigher has been chosen from one village in one year, another village normally enjoys the prestige the following year. In some co-operatives the rotation is organised almost automatically. But most often, non-re-election is the result of peasant discontent with the performance of the weigher or secretary during the previous marketing period. Everyone elected must therefore be very careful if he is to keep his place.

New Relationships

The control which the peasants as a whole have over the weighers and secretaries is also revealed in the co-operative members' new attitudes towards them. For example, one weigher, who was a rich elhadji (pilgrim to Mecca) and president of the party

committee, was forced to sell his belongings and leave his village as quickly as possible when he was found to have been cheating. The old system of dependence is thus being replaced by newer relationships of an almost democratic character. As a weigher said in an argument with a prince from the Kantche chiefdom, "here, we're dealing with business, not with who's chief". Patterns of behaviour are bound to take a different form.

Training and Literacy

While the proficiency of elected staff reached during the initial courses on weighing and registering may be sufficient for the day-to-day running of the marketing side of the co-operative, the management proper remains in the hands of U.N.C.C. The elementary systems of computation used in this first stage are inadequate for more complex problems. Subsequently, if the co-operative is to be managed by its own members, literacy must be established. Functional literacy programmes based on the needs of the co-operatives are therefore being developed. These provide an incentive for an apprenticeship in arithmetic, reading and writing and a basis for the practical application of what has been learnt. As a result, sufficient technical skill is being created to ensure that within two or three years the co-operative can acquire some autonomy in relation to the U.N.C.C. and will be capable of replacing the official manager by a peasant management.

Conclusion

This evolution is "technically" possible; however it is not certain that it is at present politically feasible. Co-operatives imposed from above, with no real life at the grass-roots, worry no-one. But as the co-operative movement progressively asserts itself, threatening certain economic interests (African, European, Lebano-Syrian) and profoundly modifying the social relationship between the simple peasant and the chief, the party, the administration and the officials, there is and will be more and more opposition to such changes. Already, when the new system was launched at Magaria, concerted opposition by the sub-prefect, the M.P., the President of the Party, representatives of the chiefdom and various local leaders succeeded in having certain training courses suspended. The conflict was only resolved through a personal intervention by President Diouri Hamani. Undoubtedly, the President's constant support has made it possible to take peasant training and organisation further than in other African countries, but this cannot continue to

develop unless there are profound changes in the administration and the Party.*

* President Hamani Diori was in fact deposed as a result of a military coup on 15th April 1974 (Ed).

PROBLEMS AND POTENTIAL OF AGRICULTURAL CO-OPERATIVES
IN KANO STATE (NIGERIA)

by

Dr. F.D. O'Reilly*

Kano State, which along with the other present States of the Federal Republic of Nigeria, came formally into existence on April 1st 1968, is situated in the northern savanna area of the country. It receives its name from the ancient city of Kano, southern terminus of the historic trans-Saharan trade between the Sudan region of West Africa and the Arab civilisations of the North African coast. The State has four separate emirates, Kano, Hadejia, Gumel and Kazaure, which are divided into eight administrative areas. It has a population of about 6 million people and covers an area of 16,630 sq. miles. The dominant ethnic group is the Hausa, a predominantly Moslem people. Kanuri or Beriberi, Fulani and Tuareg form components of the rural population. Other ethnic groups are rarely encountered in the rural areas, although substantial numbers of southerners - Yoruba and Ibo - inhabit the city of Kano. Agriculture remains the principal occupation of the State. According to the 1963 Census 66.9% of the State labour force was engaged in agriculture.¹ The major crops are groundnuts, millet, cowpeas, guinea corn, cotton, sheanuts, wheat and tobacco. Livestock, herded by the Fulani, nomadic pastoralists, constitute an important part of the rural economy of the State.

Traditional native forms of co-operation have long played an important role in the agricultural economy of the Hausa. Indeed, such traditional co-operation has been observed among peasant societies throughout the world. Co-operation among the Hausa was particularly important owing to the paucity of their farm equipment, virtually limited to hoe and matchet, making agricultural work an arduous and time-consuming task. The "Agricultural Notebooks" compiled by the Northern Nigeria Department of Agriculture found such co-operative farm work, known as Gayyan monoma widely practised.² The Gayyan manoma was most commonly

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¹ Nigerian Population Census - 1963, Northern Region, Volume II.

² P. Gosden, "Agricultural Notebook", Northern Nigeria Department of Agriculture, 1960.

utilized when land was being cleared; cultivation on the other hand was normally on an individual basis, but the co-operative group provided an insurance in case of illness, misfortune or bereavement. Women too co-operated among themselves on certain tasks such as laying floors of beaten earth in the houses. In addition, the emir or a chief could call people together to work his plots, although this smacks more of *corvée* than co-operative. Co-operative work groups served an important social as well as sound economic end. Thus workers would vie with one another at their various tasks, the host would provide food, kola nuts and beer, and work would be followed by general merrymaking, music and dancing. Similarly, if a young man wished to marry a certain farmer's daughter, he would gather all his friends together to work the plots of the desired one's father. However, the system did not involve the sharing of produce. This system together with so many facts of Hausa culture is exquisitely recorded in the native "Chronicle of Abuja".³

Such native co-operation could in theory provide the "bridge" to the modern agricultural co-operative system. However, the writer is not aware of this transition having been effected anywhere in the Third World. In fact, it is more likely that the native co-operative system first breaks down under the pressure of "modernisation" and then the Raiffeisen agricultural co-operative has to be built *de novo*. Among the Hausa this seems to be what has happened. With the spread of education children cannot always be called upon work, whilst youths prefer to work for cash remuneration and migrate to the towns. Many farmers prefer to employ wage labour and price it lower than the cost of feeding voluntary co-operative labour. These are all, however, manifestations of the breakdown of the traditional society itself.

In addition, among the Hausa there was another form of co-operation which has its counterparts elsewhere in the developing world. This was the symbiotic relationship, which still exists, between the pastoral nomadic Fulani or Fulbe and the sedentary Hausa or Habe, a relationship which is implicit in the saying, "Fulbe and Habe are husband and wife." The Hausa traditionally devote themselves to cultivation and keep no animals except poultry and a few goats and sheep (being adherents to Islam, they are prohibited from raising pigs.) On the other hand, the

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Alhaji Hassan and Mallam Shuaibu Na'ibi, "A Chronicle of Abuja", (translated by Frank Heath), African Universities Press, 1962.

nomadic Fulani follow their sizeable herds in search of pasture over vast tracts of Northern Nigeria. After the harvest the Fulani cattle graze the stubble and voluntary vegetation of the fields of the Hausa. At the same time the cattle provide valuable manure in a region where any form of fertiliser is hard to come by. However, some Hausa apparently resent the Fulani "invasion", considering that the cattle cause damage. In particular, it is the wealthier and more modern farmers who have no need of this symbiotic relationship.

Modernisation which leads to the hiring of labour, the expansion of holding and the breakdown of traditional relationships is the progress of the few at the expense of the many. In fact, there is evidence that it leads to the absolute as well as the relative impoverishment of the bulk of the farming population. It is a response (observable throughout the world) to the unbridled play of market forces. It is in direct contradiction to the spirit and purpose of the agricultural co-operative movement, as devised by Raiffeisen and as variously developed throughout the world. Moreover, such economic developments and the polarisation of society into a small group of rich farmers and a majority of chronically poor farmers would seem to make the task of the agricultural co-operative more difficult than if the society were in a more "undeveloped" state. Theoretically, of course, rich farmers can become pace-setters and innovators in the agricultural co-operative movement, but this seems to be a mantle they have but seldom donned in the Third World.

Although Nigeria is considered to rank as one of the leaders in the co-operative field in Africa, co-operation has developed most successfully in the southern part of the country. The North with its large area, inadequate infrastructure and poor communications has tended to lag behind. Within the North, Kano State might be expected to stand out as a growth pole of the co-operative movement, because it contains the major city of Northern Nigeria, an historic centre of trade and industry and a present-day major rail, road and international air node, and because it is a major agricultural region. It is one of the principal producing areas of the important commercial groundnut crop and contains also the so-called "Kano Closely-Settled Zone", an area of about 50 miles radius around the city, which has a peculiarly high population density and intensity of cultivation. In fact, after 1952, when it was decided to concentrate the development of rural co-operatives in selected areas, the then Kano Province with the then Kabba Province and southern Katsina were the areas earmarked. Nevertheless, the movement in Kano has not yet borne its anticipated fruit.

A wide variety of reasons may be responsible for this lack of success. In the first place, despite the importance of Kano City as a transport and communication node in the national network, many areas of the sprawling Kano State are remote and inadequately served by transport. One effect of this is the considerable spatial variations in the prices of crops throughout the State.⁴ Moreover, Kano State lacks the urban hierarchy characteristic of the former Western Region of Nigeria, where intermediate-sized towns serve as important links in the rural economy.

Kano and its hinterland constitute a centre of traditional Islamic civilisation, very conscious of its distinctiveness from the more westernised southern parts of the country and robustly rejecting anything which seems to be an imposition of western values and way of life. For this reason education along western lines has made but little progress in the region, especially in rural areas, and the Koranic school is still the normal and aspired for medium of education of many rural youths.⁵ The agricultural co-operative movement must ipso facto be regarded as a manifestation of westernisation. Moreover, it would clearly interfere with the traditional relationships between farmer, middleman, merchants and money-lenders.

The land tenure system of the area would also seem to be inimical to co-operation. Land is allotted to the extended family and utilisation of the land is subject to group control, whilst the crops also belong to the group. Trees and the produce thereof, do, however, belong to the individual. Thus as far as credit is concerned, an individual cannot mortgage a specific piece of land nor place a lien on the crop.

The provision of credit is one of the most useful roles of the agricultural co-operative. Credit is indeed very much in demand in the region and indebtedness widespread. However, credit is normally provided through traditional channels, which make it difficult for the co-operative to play a major role. Indeed, a report produced in 1966 claimed that credit per se is not understood in the tribal system and that the government as money-lender is considered part of the extended family and that no repayment is necessary to it for loans.⁶ Traditionally, credit

4 F.D. O'Reilly, "Kano State in Symaps", Bayero University College, Geography Research Paper, October, 1976.

5 S.A.S. Galadanci, "Education Review Committee Final Report", Government Printer, Kano, January, 1976.

6 "A Situation Report of Agricultural Credit in Nigeria." Agricultural Finance Centre, Ohio State University, 1966.

may be supplied by family and friends or by professional money-lenders. The farmer prefers to rely upon the more intimate group, whenever possible. Family and friends charge no, or only nominal, interest; in fact, this relationship is another manifestation of the native co-operative system. Lack of data makes it difficult to assess the importance of the professional money-lender. They often advance money or kind and therefore the rate of interest may be difficult to determine. In fact, it is reported that money-lenders often deliver commodities such as cloth to farmers who only desire cash. Thus it may be necessary for the farmer to sell the cloth for cash (perhaps back to the same money-lender-cum-merchant), invariably at a loss. In addition, the interest on commodities and crops seems to be higher than on cash. According to Vigo, who surveyed the situation in Northern Nigeria as a whole, over 90% of loans on crops showed a rate of interest of 80% or over. In the case of interest on cash 30% were between 20% and 25% interest, 32% between 25% and 50% and 31% were between 50% and 75% interest rate. The usual period of loan is from one to nine months, although short-term credit of one to two weeks, repayable at 8% to 25% interest rate is also given. These short-term loans are, however, normally for ceremonies rather than agricultural purposes.⁷ Gorst claimed that interest rates often exceeded 100%.⁸

The reason for loans in kind rather than in cash lies in the fact that the charging of interest is not recognised by the Shari'a or Islamic law. Hence in the case of litigation the Alkali or Islamic court will order the debtor to refund only the original cash loan. The use of loans in kind prevents this eventuality. There is evidence also that credit is often used by merchants to control a major share of the market of a particular crop.

One important but often overlooked feature of the agricultural economy of Kano State, as of much of Northern Nigeria, is the role played by the pastoral nomadic Fulani. Although these people mainly live off their beasts, they are not entirely cut off from the world of commerce. They may purchase foodstuffs to supplement their diet, as well as clothing or even "in-essential" consumer goods. At the same time they sell milk and ghee. They must be facing competition from the produce of experimental dairy farms and from imported milk products - canned milk is sold at

⁷ A.H.S. Vigo, "A Summary of Agricultural Credit, Northern Nigeria". 1958, mimeograph.

⁸ S. Gorst, "Co-operative Organisation in Tropical Countries", Basil Blackwell, Oxford, 1959.

roadside stalls throughout the nation and even in remote villages. The incorporation of the Fulani into the co-operative movement would be a difficult task, especially in view of the traditional independent nature of the people. However, the problem of modernising nomadic pastoralists is by no means unique to Nigeria and nations can learn much from each other's experiences on this matter. In fact there are no reliable figures of the number of cattle in Kano State. Agricultural officers can cite the number of cattle vaccinated per annum, but this is probably a small proportion of the total population. Estimates of the population are too low, since the Fulani tried to conceal the true numbers to avoid paying jangali or cattle tax. (Jangali has, however, recently been abolished). Officers estimate that livestock figures may be as much as one third higher than jangali figures. Efforts have been made by the Ministry of Agriculture to introduce exotic breeds of cattle or cross-breed them with local Fulani cattle, but success to date is not noticeable. Indeed, the whole question of the costs and benefits and desirability of introducing exotic breeds (often from temperate latitudes) into the tropics requires much more careful study. It is obvious, therefore, that the livestock economy of Kano State will be extremely difficult to incorporate into the agricultural co-operative movement, unless some major social transformation takes place.

Lack of statistics does not only plague the study of livestock. The writer was informed by the Kano State Ministry of Agriculture that no figures exist for the total areas under different crops in the region. This applies not only to the subsistence crops, but also to groundnuts, Kano's major commercial crop. Statistics do exist of the volume and prices of crops on the market and also of the amounts of seed distributed to farmers by the Ministry of Agriculture. From such data acreages cannot reasonably be deduced. Planning and the effective organisation of farmers is clearly made more difficult by the lack of reliable data base.

It is clear that the agricultural co-operative movement in Kano State was not and will not be in the immediate future a spontaneous growth from the farming class. Government must assume a substantial role. A considerable onus thus lies on the Government officers and their fieldworkers. However, the agricultural co-operative movement, like agriculture as a whole, is failing to attract the graduate. Partly this may be due to the traditional low status of the farming class and partly to the fact that so many more exciting and ostensibly rewarding avenues invite the educated. This trend is, however, not desirable. The movement can only achieve success, if it is made an attractive career for persons of education, energy and dedication, and is staffed in the field by competent workers who can "translate" the technicalities for the rural proletariat.

The Government of Kano State is said to attach a high value to agricultural co-operatives. During the 1970/74 State Development Plan a total of £767,000 was allocated for capital expenditure in this sector. Of this £400,000 would be either utilised for co-operative banks or to guarantee payments on bank credit to co-operative societies. In 1976 there were 410 co-operative credit and marketing societies in the State. In 1970 members' share holdings amounted to 18,974 Naira and members' deposits to 45,222 Naira.⁹

In the 1970 season the co-operative unions purchased groundnuts to a value of 223,039 Naira and cotton to a value of 51,350 Naira. In the case of groundnuts this was a remarkable success, since the value of groundnuts purchased in 1968 was only 23,894 Naira. Moreover, the groundnuts purchases were spread fairly evenly throughout the State. In 1968 the co-operative unions did not purchase any cotton at all; however, the 1970 purchases are concentrated solely in the Hadejia administrative area. In the case of sheanuts the unions have had fluctuating success. They did not make any purchases in 1970, which contrasts with purchases to the value of 1,020 Naira in 1968 and 11,145 Naira in 1969. These purchases also were spatially concentrated. The precise reasons for the trends in the purchasing of these crops would require detailed study. There are no statistics available relating to the purchase by co-operatives of local food crops such as guinea corn, millet, cowpeas and rice. These are said to be of negligible importance, the co-operatives concentrating on the main commercial crops. Unfortunately, other detailed data on the activities of the co-operative unions is not readily available.¹⁰

Considerable potential does exist in Kano State for the movement. Not least of the favourable factors is the character of the Hausa farming populace. They have in the past shown considerable industry and initiative. Indeed, the development of groundnuts production in Northern Nigeria was almost solely the initiative of the farmer, once the conditions for marketing the crop became favourable. Throughout the State, wherever streams or water bodies exist, the Hausa farmer develops his fadama, a very productive irrigated garden. Indeed, in traditionally pagan parts of Northern Nigeria, as among the Birom of Plateau State or the Gwari of Niger State, the Hausa farmers' fadama provides a remarkable contrast to the prevailing backward agriculture of the indigenous population.

⁹ Ministry of Forestry and Community Development Co-operative Division, Kano State, Kano.

¹⁰ op. cit.

The Ministry of Agriculture is undertaking various projects to advance the rural economy of the State. These include major irrigation projects, which in 1970 covered 1,164 acres. Similarly, the Ministry is active in hiring out tractors from a base in the city of Kano. A total of 8,791 acres were worked by these tractors in 1970. In the same year the Ministry distributed 15,056 tons of superphosphate and 2,422 tons of sulphate of ammonia to farmers.¹¹ These are all projects in which agricultural co-operatives could play a part. However, administratively, co-operatives come under the Ministry of Forestry and Community Development rather than the Ministry of Agriculture, thus hampering effective co-ordination. Yet another opportunity for agricultural co-operatives exists in the so-called "Operation Feed the Nation", which the Federal Government launched in 1976. This attempt to make Nigeria self-sufficient in foodstuffs has been vigorously pursued in Kano State: school children have been drilled in basic agricultural techniques and even the University campus has been sown to groundnuts by students. It is hoped that agricultural co-operatives will take the advantage of the opportunity to inculcate co-operative ideals in rural youth.

In conclusion, it must be stated that considerable scope exists in the State for research on agricultural economics and related matters, which would be beneficial to the co-operative movement. It would be desirable to conduct a sample crop-cutting survey, which in lieu of a complete agricultural census, would provide a reasonable data base. Similarly, it would be useful to study the present credit and marketing system in the State and also to make an intensive study of the actual working of present day agricultural co-operatives. This paper has only succeeded in presenting a superficial view of the problems and potential of agricultural co-operatives in Kano State, but it is hoped that it will stimulate more intensive research.

¹¹ Ministry of Agriculture and Natural Resources, Kano State, Kano.

THE NORWEGIAN FISHERMEN'S ORGANISATION AND ITS CONTRIBUTION TO THE CO-OPERATIVE MOVEMENT

by

Anders Tangen*

PART I

Norway is a country with a long coastline and also the country which has the world's most northerly permanent population. A considerable part of the coast is sheltered by an archipelago of small islands and this together with deep fiords has made it possible for people to live along nearly the whole coast. The warm Gulf Stream which comes in to the west coast of Norway and travels north has also made the coastal climate milder and more favourable to life both on land and in the sea than Norway's geographical position would indicate. The coast has since olden times been blessed with a plentiful seasonal migration of fish, particularly herring, and this together with the migration of fish in search of food, has given the coast good seasonal fishing. There has also been a natural basis for the growth of localised stocks of fish which have given a full and part-time livelihood to the permanent population.

The structure of the Norwegian fisheries is therefore bound up with Norway's geographical position and these other natural features. There is a large-scale fishing industry, a deep sea fleet, but besides this, there is small-scale fishing which varies in some ways from district to district. As in all other industrialised countries, Norway has undergone a shift of emphasis from the primary occupations towards industry and service occupations and this has also left its mark on the fishery industry. The decrease in the number of fishermen in Norway from 1948 is illustrated by the following figures:

* Norges Fiskarlag (The Norwegian Fishermen's Association)

Year	NUMBER			
	Sole Occupation	Main Occupation	Secondary Occupation	Total
1948	16,700	51,700	17,100	85,500
1960	21,400	23,800	15,700	60,900
1966	23,500	13,200	15,600	52,300
1971	14,700	10,000	10,300	35,000
	PERCENTAGE			
1948	19.6	60.4	20.0	100
1960	35.2	39.1	25.7	100
1966	44.9	25.3	29.8	100
1971	42.0	28.6	29.4	100

The Fishing Fleet

A total of 26,823 fishing vessels was registered at the end of 1973, the decked boats numbering 7,497 and the undecked boats 19,326. The total gross tonnage of decked vessels was 294,000 gross registered tons.

It may well seem that the Norwegian fishing fleet is made up of a disproportionately large number of units in relation to the number of fishermen. The explanation is that by no means all the registered vessels are used for year-round fishing. Particularly among the open craft which make up the largest numerical group, there are many boats used only sporadically for fishing purposes, others again being used for purposes not directly related to actual fishing operations.

The undecked vessels and most of the smaller decked ones are used mainly for cod fishing and along the coast and in fishing for brisling and small herring, lobster and crab, etc.

Half of the year-round operated vessels in the 40 to 79 ft. range were occupied during 1971 in the coastal and bank fishing for cod and spined dogfish, others being engaged in prawn fishery, sometimes combined with other fishing. The other

vessels in this group fished for herring, brisling and capelin (using trawls), besides trawling for low-value fish (for animal feed and industrial uses).

Of the approximate 600 vessels of over 100 gross registered tons 305 are purse-seiners with a collective loading capacity of 1.3 million hectolitres. Most of these vessels carried on purse-seining for herring, mackerel and capelin, combined to some extent with other fishing, especially trawling for capelin. Seventy-two long-line bank-fishing craft operated in remote waters. There were in addition 72 stern trawlers and 30 side trawlers fishing for cod, haddock, saithe etc. for fresh delivery, while 13 comparatively large factory ships fished and processed their catches (filleting and freezing them) at sea. Other craft processing their catches while at sea were 30 prawn-trawlers with freezing equipment, operating off West Greenland and Svalbard. There were 59 other trawlers of over 100 gross registered tons fishing for low-grade catch, while a larger number of smaller vessels likewise trawled for low-grade fish.

With the exception of the long-line bank fishing, all the above-mentioned purse-seine fishing (including seine-fishing for saithe in craft of over 90 ft.) and trawl fishing are subject to licensing. The estimated total value in 1973 of vessels, gear, boathouses and other wharfside constructions was approximately N.Kr. 2,800 million of which some N.Kr. 1,700 million was capital investment on the part of the owners.

Norwegian fishery-yields-quantity and value

Although deep-sea fishing and fishing in distant waters, especially for pelagic types of fish, have expanded in recent years coastal operations are still typical of the Norwegian fishing industry.

In the period 1968-1973, fishery within the Norwegian 12 nautical miles limit accounted for 43 per cent of the quantity and 52 per cent of the value. It is capelin and fish of the cod family which predominate in these waters, while the cod itself is the most important in terms of value.

In the herring fisheries the powerblock is the most important piece of equipment since it is used for bringing on board most of the catch, which then goes mainly to the oil and fishmeal plants. In other fisheries net, long line, troll and "juksa" are normally used for most of the catch, which is only for human consumption. (A "juksa" is a rod with a long line with several hooks attached to it at intervals). In 1970 Norway was the

fifth largest fishing nation with 4.3 per cent of the total world catch.

More than 1,700 reception stations and processing plants with about 20,000 employees

As already mentioned, the structure of the Norwegian fisheries is strongly influenced by Norway's special natural features. While most other fishing nations concentrate on catching a very limited number of species of fish, and bringing them ashore in a few ports, the Norwegian fisheries span pretty well the whole range of fish and shellfish which are caught throughout North Atlantic waters. There are about 1,700 stations and plants, most of them situated in coastal towns and hundreds of small fishing villages. The fishermen themselves have made some contribution to this development, as many of the reception and processing concerns owe their origin to, and are run by, the fishermen's own co-operatives.

State Administration - Research

The fisheries are regarded as of such importance for the country's economy and for its population structure, that there has been a special Ministry of Fisheries since just after the Second World War. The administrative running of the industry is in the hands of a Directorate, the head-quarters of which are in Bergen. This has various departments concerned with fishery legislation, quality control, chemico-technical research, and building and engineering. A well-developed and well-known Marine Research Institute is also attached to the Directorate. The Directorate also has "grass-root" contacts with the fishery districts.

"The Advisory Services Act" (Lov om rettleddningstjeneste) states that each municipality in fishery areas shall have a Municipal Board of Fisheries. This has between three and seven members appointed by the Municipal Council according to proposals made by the local Fishermen's Association. At least a third of the members must themselves be fishermen. The Board have to carry out the functions allotted to them, but may also take up other matters. They have to give their views and proposals in all questions about fisheries which affect the municipality. In every fishing county a five-member Fishery Board has to be set up. Two of its members are appointed by the fishermen's organisation. The head of the administration has his salary paid by the Government. The Advisory Services include not only fishermen, but also people in the processing sector.

Who may fish?

The main rule is that except for the catching of salmon and sea trout fishing in the sea is free to all Norwegian citizens. But to buy a fishing boat of more than 25 gross tons it is necessary to obtain a licence from the state Directorate of Fisheries. For taking part in certain types of fishing it is essential that the vessel is licensed for that particular kind of fishing. The government has limited the participation in some fisheries by regulations to safeguard the stocks against overfishing. The fishermen's sales organisations have also the authority to limit or completely stop fishing for a given period when the market situation demands this.

Fishing up to 12 nautical miles from the shore is reserved for Norwegians. Foreign fishermen must stay outside this 12 mile limit (calculated from the basic coastal line). The question of the Law of the Sea is now under discussion in the appropriate international bodies and the fishermen of Norway follow development here with the keenest interest. Norges Fiskarlag is represented by advisers at the conferences which deal with this question.

The Fishermen's Organisations

The fishermen have found it necessary to build up free "unions" to protect their various interests. The authorities have not only encouraged this development, but even made some initial contribution to the unions. Norges Fiskarlag has played such a vital part in the Norwegian fishing industry that we have found it proper to present a separate paper on this.

The Fishermen's Economic Organisations

Norway has no "Co-operatives Act", and this must be the reason that co-operative action in the fisheries has developed in so many different ways. As well as legally protected sales organisations set up in accordance with the Fresh Fish Act, we also have production co-operatives, "pilot" industrial projects, and a Fishermen's Bank. But the basis for the development of progressive co-operation was laid by legislative protection of the first-hand sale of fish. This gave more stable prices and a more secure outlet for the first-hand sale of fish. The sales organisations are entitled to levy a tax on all sales of fish, and in this way the fishermen through their organisations have the economic means to expand production, to form co-operatives, to launch pilot projects to join the export sector, and to build a sound administration in the Norwegian Fishermen's Association.

The Fresh Fish Act

Among fishermen this is sometimes referred to as the Fishermen's Charter. It ensures that when a majority of the fishermen have decided to form a marketing organisation for the sale of fish, then all fishermen are obliged to sell their catches through this organisation. Under the protection of this Act, the fishermen have established sales organisations - twelve in all - and today all fish, crustaceans, and products from small whales landed along the Norwegian coast are subject to one of the existing marketing organisations as regards first-hand sales. The fishermen themselves deal with this part of the selling through their marketing organisations, but the Ministry of Fisheries must approve the by-laws of each separate sales organisation and has to appoint inspectors to ensure that these are always adhered to. When a sales co-operative is set up, the Fresh Fish Act requires that all fishermen must be given the option of becoming members, either directly or through the Fishermen's Association, through local sales co-operatives, or as members of a crew. The sales organisation must be constituted as a limited company, with varying capital and an unlimited number of members. The Fresh Fish Act embodies a number of measures which the sales organisation can use to help stabilise the (first hand) prices of fresh fish, ensuring the fishermen an optimum price for the product concerned. No retailer may for example deal in fresh fish unless he has been approved as a purchaser by the appropriate marketing organisation. Every purchaser of fresh fish is in this way obliged to fulfil certain conditions. In case of disputes, appeals against the decision of the marketing organisations may be lodged with the Ministry.

The Fishermen's Marketing Associations

Today the Fresh Fish Association of Norway (Norges Rafisklag) has a monopoly of the sale of fresh fish and small whales from Nordmøre to Finnmark. It has now also taken over and handles all marketing of live cod, of crab and lobsters from Nordmøre to Nordland, and of prawns from Nordmøre to Finnmark. South of Norges Rafisklag the nearest marketing association is Sunnmøre and Romsdal Fiskeselslag, which markets the cod, coal-fish, haddock, hake, halibut, flat fish, crabs, lobsters, etc. landed in Sunnmøre and Romsdal, and fish brought ashore there which have been caught in waters further away. There are also corresponding associations in the countries of Sogn og Fjordane, Hordaland and Rogaland, and in the counties bordering on the Skagerak and the Oslofjord. There are two marketing associations dealing with herring and brisling, with their headquarters in Bergen and

Trondheim respectively. The latter also deals with capelin and all mackerel landed north of Stad. Otherwise mackerel is marketed through the Mackerel Association of Norway (Norges Makrellag) which is also the import/export agent for this kind of fish.

It is not my intention in this paper to deal with the by-laws for each sales organisation, but rather to illustrate the close connection between one fishermen's voluntary organisation, Norges Fiskarlag, and Norway's biggest sales organisation for fish, Norges Rafisklag. I want to mention that the governing body of the latter organisation which in 1974 sold fish, crustaceans, small whales and by-products of fish to a total of Norwegian Kroner 973 million is elected annually at the general meeting of Norges Fiskarlag's county association. The number of representatives from the various county associations is proportional to the importance of the fisheries in each county. This is why we feel we have a right to claim that through his organisation the ordinary fisherman in Norway is playing an important part in the fishing industry.

Fishermen's Production Co-operatives

The Fresh Fish Act and the establishment of sales organisations also contributed to an increased pace in the expansion of local fishery co-operatives. Interest for the building up of such co-operative societies was greatest in the northern part of the country. In spite of initial difficulties which led to the closure of a number of these, the fishermen's production co-operatives are still an important factor in this field even if they have had some rather serious setbacks.

It will be going too far here to discuss what is and has been the cause of the difficulties we have met in building up co-operation among the fishermen, but where this has failed it has been due to changes in both the fishery itself and the marketing conditions. A weak economy in the branches has been another contributory factor. Some of the failure must also be ascribed to human weaknesses both on the part of the management and of the members who did not always give their co-operatives the loyalty and support they needed.

One visible weakness of our fishermen's co-operatives has been the lack of one common organisation. The latest development on this front is the establishment of regional co-operation. This has strengthened the small societies particularly and in some cases saved them from having to close down. It has been proved that in outlying districts threatened with depopulation a fisher-

men's co-operative gives a better guarantee that the receiving station will be kept open than with a private buyer. We have had cases where the private buyer has closed down and moved away and as a result of this the whole place has become depopulated.

The government has appointed its own consultants to support fishermen's co-operation. The functions of co-operative consultants have now been transferred to the Fishery Board established under the Advisory Services Act apart from in the three northernmost counties which still have their own co-operative consultant. His office has an auditing service attached to it. The government in collaboration with Norges Fiskarlag has worked out guiding by-laws for the fishermen's co-operatives and the local societies must be administered in accordance with these if they are to benefit from official guidance and support.

The fishermen's production co-operatives are voluntary associations of fishermen with open membership and varying capital. The function of such an association is to process fish and its by-products for the members. Members undertake to deliver to the association everything caught within the area covered by the association. A membership share today usually costs N.Kr. 250. Besides the ordinary personal share which membership buys, the boat owners must take over a number of shares corresponding to the number of shares the boat is entitled to. But each member has only one vote at the Annual General Meeting and votes can only be cast in person. When the annual account is drawn up, certain mandatory and other payments are made first, before any money which may remain is divided between the fishermen concerned. This distribution is made in proportion to the individual member's annual catch.

Fishermen's Bait Supplies (Fiskernes Agnforsyning) operates in the counties of Sør-Trøndelag, Nord-Trøndelag, Nordland, Troms and Finnmark. All sales of fresh and frozen herring, mackerel, and squid for bait must be made through the society. (However, direct sale of fresh bait from the fishermen to the bait users is allowed). Membership is open to all members of the local fishermen's association within the area covered by Fiskernes Agnforsyning. Its highest authority is a governing body elected at the Annual General Meeting of the fishermen's association in the same areas.

The Fish Processors' Joint Marketing Organisation (Fiskeproducentenes Felleslag A/L) is a new organisation which has been established in accordance with the Act which controls the sale of fish from processors (Lov om omsetning av fisk fra tilvirker).

The society has the sole right to sell salted fish, klippfish, stockfish, etc. produced by processors in the area from Nordmøre to Finnmark. Norges Rafisklag holds 50 per cent of the share capital.

In addition to all these organisations there are 2 fishing gear factories and a Fishermen's Bank (A/S Fiskernes Bank).

The Bank of Norway's Credit to cover Running Costs

The Fishermen's co-operatives may borrow money through the Bank of Norway from special funds set aside by the Government. According to current rules, fishermen's processing plants borrow up to 90 per cent or in some cases 100 per cent of the value of fresh fish with supplements for production costs.

PART II

The Norwegian Fishermen's Association (Norges Fiskarlag) was formed in 1926 originally known as the name National Fishermen's Union (Fiskernes Faglige Landslag). This nation-wide organisation came into being as a result of the spreading and grouping together of local associations of fishermen, encouraged by the authorities. Those who took the initiative were at first benevolent people interested in the welfare of fishermen and their trade, without being fishermen themselves. The first local fishermen's unions were formed before the turn of the century, and county and/or district associations existed in most counties before the national association was created.

Political and economic conditions in the areas where county associations were formed, and the people who took the initiative in founding them set their stamp on the tasks which were taken up and the way in which demands were put forward.

The Fishermen's Union of North Norway (the three northernmost counties) was distinctly more militant in furthering the fishermen's interests than the county associations further south. Among the founders of this union there were also a number of people with no direct connection with the fishing industry, but from the start it was the fishermen who set the tone in this particular organisation. The association did a pioneering job and took up many matters of importance for the fishermen of northern Norway, for example questions such as the sale of equipment and bait on a co-operative basis. A special magazine for members was attempted. In 1918 the Association took the initiative in starting a bank based on the savings bank system.

It raised a demand for the establishment of a special Ministry of Fisheries and statutory minimum prices for fish. It aimed at expanding the organisation. The N.N.F. Union was a pioneer in many respects, but neither loyalty to the organisation among the fishermen, nor their social and economic conditions were at the time strong enough to sustain a unity which would hold under the stress of mounting difficulties. In spite of this, all the long-term aims which the N.N.F. Union took up, have to-day been achieved.

Within the various county unions the need for a country-wide association began to be felt, and on the initiative of the Directorate of Fisheries, fishermen from all along the coast were called in to a general meeting in 1926. At this meeting they were invited to give their views on the formation of a comprehensive nation-wide association of fishermen. The meeting passed a resolution forming a "Fishermen's Trade Union", with the following aims and objects: "The task of the Fishermen's Association is to encourage co-operation for the economic and social interest of fishermen and for the development of the fishing industry". In the course of the first two years, eleven county associations became affiliated to this national association with a total of more than 6,000 members.

This organisation immediately got down to tackling urgent questions in the industry. The first-hand sale of fish and the establishment of the fishermen's economic organisations were what, above all, characterised the work of these first years. The year 1927-28 was the first milestone in the history of the fishermen's organisation, because in that year we got the first two big co-operative organisations in the industry - the Large Herring Society and the Large and Spring Herring Society now amalgamated in Norges Sildesalslag (Norway Herring Sales Co-operative Society).

At the beginning of the 1920's a slump set in the fishing industry and when a world-wide economic crisis occurred in 1930, this led to a further deterioration in the state of the industry. Sales conditions were uncertain and prices fluctuated wildly. Reduced profitability led to a steadily increasing burden of debt for those Norwegian fishermen who had taken advantage of the comparatively "good" years during and immediately after World War I and purchased or modernised their fishing vessels and equipment.

The Fiskarlag put forward a claim for larger government grants for the development of the industry, the setting up of ice-houses, and refrigeration and cold-storage plant, with mortgage and interest relief for fishermen.

Working Programme

At the General Meeting in Stavanger in 1935, Norges Fiskarlag agreed on the first working programme with a clearly defined purpose and priorities. It is significant that the first point on the programme was the drawing up of directives for the organised sale of fish and the expansion of production co-operatives.

Gradually the organised fishermen began to see results as measures were introduced which benefitted the whole industry. It aimed at solving problems by co-operating with the government in the belief that well-formulated and legitimate claims would win acceptance from the authorities and hasten the necessary reform measures. In the middle of the 1930's the Nygaardsvolds government set up a crisis plan which provided, among other things, for special grants to support the fishing industry, the reduction of interest rates in the fisheries bank and state guarantees for loans for processing. In 1936 a temporary arrangement was introduced for state-guaranteed minimum prices. The Fresh Fish Act which was passed in 1938 laid main foundations for improvements in the sales of fish and in the industry as a whole. It legitimated the formation of sales co-operatives for fish.

Today we have in all twelve fish (or herring) sales co-operatives along the coast, which thus give the fishermen complete control over all first-hand sales of fish and herring landed in Norway. The first-hand sale through legally recognised sales co-operatives also had an important effect on Norges Fiskarlag. The sales co-operatives supported the Association financially out of the fees they charged on the first-hand sales. This enabled the Association to recruit new members, start new branches and develop an efficient administration.

By 1939 Norges Fiskarlag had a total of 22,000 members. The organisation survived intact during the war and membership rose considerably. In this period a number of people joined because membership gave certain material benefits, but these so-called "dungaree members" dropped off again when the war was over and they no longer drew any personal advantage. But the fact that the Association remained intact meant that in 1945 it could immediately get down to the enormous tasks which faced it.

Form of organisation

Local associations combined into country associations are still the typical, but no longer the only, form of association having

an influence in Norges Fiskarlag. In 1967 the General Meeting altered the rules so as to make it possible for nation-wide group organisations of fishermen and fishing-boat owners to become members. The only comprehensive group organisation of fishermen still outside Norges Fiskarlag is the fisheries section of the Norwegian Seamen's Union, but ever since 1950 there has been contact between Norges Fiskarlag and the Seamen's Union through a joint committee.

The original pattern of organisation is membership through the local association and this is still the predominant form. Every fisherman who makes his living from fishing and does not have a subsidiary occupation which goes against the interests of fishermen, may be accepted as a member of a local branch.

Every fisherman within the geographical area of the local branch can be attached to the local fishermen's association as an active member even if he is also a member of Norges Fiskarlag through a group organisation, but membership of the group organisation does not give membership rights in the local branch.

This form of organisation creates a good contact between member and association and has an activating effect on the individual member. It builds a bridge between the various groups of fishermen and enables the organisation to take an active part in promoting the necessary reforms needed within each district. The local associations are then combined making thirteen county and district associations. These have independent status with their own boards elected at an annual meeting and the right to build up their own administration. Independent county associations with a strong regional character can of course boost special local interests which may create some obstacles in the unifying nationwide work that Norges Fiskarlag must and should do. But even if there were certain tendencies to this in the organisation's early days the somewhat roundabout procedural methods have had an activating effect on members and given them a greater understanding of their common problems. Even though this involves considerable administrative costs, it has been found proper to bear these in order to maintain a "lively" form of organisation.

Economy: The financing of the organisation is from membership fees and contributions from the selling organisations. Personal membership fees are low in relation to the expenses implied by the form of organisation and the variety of different tasks it engages in. Contributions from the selling organisations are therefore essential if the association is to have a sound administration and be capable of carrying on the necessary activities

in the branches. The sales co-operatives understand this and it is nowadays in all their by-laws that a 0.5 per cent surcharge on the total sales value shall go to the trade union.

Membership: In the local branches both the owners of boats and tackle and the ordinary fishermen are members and this includes the smallest kind of boat as well as the largest ocean-going fishing vessels. Having both sides as members in the same local branch and the same association creates quite special problems in connection with working conditions and sharing of the catch.

The share-out system

From the beginning of the 1950's Norges Fiskarlag has had a National Standing Committee consisting of boat-owners and ordinary fishermen from the various types of vessels to give guidance in the forming of share-out rules for members. This has now been replaced by a system of share-out by binding agreements, which meets the requirements of the Labour Arbitration Act. There is a Principal Negotiation Committee with the same number of representatives from both sides who finally decide the share-out rule for the various fisheries on the basis of a Principal Agreement and a Fishery Agreement. Any disputes which may arise have to be resolved by arbitration. Strikes or lockouts are not permitted.

The Fishermen's Mutual Accident Assurance was started on the initiative of Norges Fiskarlag. It has its own board, but is subordinate administratively to Norges Fiskarlag. The Fishermen's Accident Fund which is financed by the sales co-operatives is also administered under the auspices of Norges Fiskarlag.

Principal Agreement for the fishing industry

On 3rd June 1964 a Principal Agreement for the fishing industry was drawn up. This Agreement establishes Norges Fiskarlag as the counterpart of the government in negotiations about subsidies and grants. To make these negotiations easier the government has appointed a Budget Committee with representatives from both the government and Norges Fiskarlag. The Committee's job is to produce statistics and other material which may be of importance in the successful carrying through of negotiations.

As may be seen from the above, Norges Fiskarlag is an organisation with a rather special structure and a very wide range of

tasks. In the Association's Articles, its aims are expressed thus:

"The Association's aim is to unite the fishermen of this country in one organisation and thereby to create unity and strength in its work of promoting the fishermen's economic, social, cultural and professional interests.

These aims are to be achieved by:

- (a) using all available means to encourage and strengthen organisation among the fishermen;
- (b) furthering co-operation in the various branches of the fishing industry and building up economic organisations which are affiliated to and co-ordinated by Norges Fiskarlag;
- (c) working to present the fishermen's claims to the legislative and administrative authorities."

The best proof that Norges Fiskarlag has managed to make its mark in regard to the intentions expressed in its Articles, must be the strong support it enjoys among fishermen, and the respect the government shows it as their spokesman.

What questions is Norges Fiskarlag working on today, and what is its programme for the immediate future? This is laid down in the working programme adopted by the National General Meeting in 1973. It opens by stating that unity and co-operation among the fishermen is essential if this group is to have any decisive influence on developments in the industry.

The Association, therefore, adopts as its principle task the gathering of all the fishermen of Norway into one organisation. One hundred per cent support from all fishermen is an organisational aim. It is natural that the Association will work with all its weight and power to win the fishermen increased profitability and securer conditions.

Natural Resources

The fishermen realised at an early stage that they were drawing on a limited natural resource. Their organisations saw it as a natural duty to give marine research favourable conditions for its work. The Association has therefore declared that it will use all its national and international influence to counteract

pollution of sea and inland waterways, and to promote nature conservancy. Norges Fiskarlag therefore takes active part in the preparatory arrangements for national and international meetings where such questions are discussed, and it also sends advisers to these conferences at the request of the Norwegian government.

Fishing limits

Norges Fiskarlag is also strongly committed in such questions as extension of fishing limits and the introduction of economic zones. The Association has here gone in for the policy of negotiation. And in this whole question, conservation of natural resources has been one of the Association's guiding principles.

Sales

In Norway it is established by law that all first-hand sales of fish and herring shall be in the hands of fishermen. Norges Fiskarlag sees it as its duty to defend this law so that through their recognised sales organisations, the fishermen may retain the right of complete control over first-hand sales of fish and fish products. The Association also works for increased co-operation and co-ordination between the sales organisations, and it considers it important to work for more efficient processing, production and marketing. In the annual fisheries agreement, grants of money for this purpose are made, which are jointly administered by the government and Norges Fiskarlag.

Co-operation

The Articles of the Association establish as its aim the promotion of co-operation within the various branches of the fishing industry. The working programme follows this up by declaring that the Association shall go in for an extension of co-operation and shall help to strengthen this by better arrangements for its financing.

Running Expenses

Norges Fiskarlag is working to make the fishermen more aware of the benefits of increased standardisation in fishing vessels and the possibilities of serial production. The Association is represented in a public research project which is concerned with this.

Research

As regards practical fishing research the county association and the group organisation gather material about experimental projects to be recommended for adoption in the various districts and different kinds of fisheries, and send in their proposals to the Directorate of Fisheries. The Director of Fisheries with his advisers then has a joint meeting with the national board of Norges Fiskarlag where the final programme for the research service and the allocation of grants is determined.

The State Fishery Bank

Norges Fiskarlag appoints representatives to the Bank's committees and Council. The Association also keeps a close eye on the industry's need for money at all times, and applies to the government with demands that the Bank be enabled to cover the fishing fleets need for loans.

Social Conditions

Norges Fiskarlag has become a spokesman for the entire coastal population, particularly when it is a question of preserving the local communities. This is confirmed in the working programme where the Association recognises as one of its aims more varied employment in the coastal settlements. By this means, fishermen who have become incapable of working on board, are brought back to work in their own surroundings. More varied employment will mean a further strengthening of the coastal community by the creation of an increased number of jobs for women.

The Fishermen's Working Conditions and Insurance

The Association is also concerned with making fishermen equal to other employees as regards insurance, and securing a pension age related to the natural retirement age in the fishery. The Association has contributed very actively in working out a pension arrangement for fishermen. The pension age for fishermen, is now 62, but the aim is to reduce this to 60. The general age for the old age pension in Norway is 67. The Fiskarlag is working to improve daily unemployment payments for fishermen, and give the best possible guarantee of a minimum weekly rate if the fishing fails. The Association is represented in the Council of the Directorate of Maritime Affairs and tries to make its voice heard in the working out of safety regulations affecting the fishing fleet. It also has an internal standing committee which follows developments in this sector and brings

proposals to the National Board. The Fiskarlag is working on tax questions for fishermen, so as to get a form of taxation which takes into account the varying income from fishing. It is working too for security and protection of the fishermen's trade. A Bill about holidays for fishermen has been passed, but the question of how to finance statutory holidays for fishermen has not yet been solved, so the Bill has not yet been implemented. Work is at present going on with the government to solve this problem so that fishermen too may have holidays with pay.

Share-out Rules

Since Norges Fiskarlag is an organisation containing both boat-owners and the ordinary fishermen, it has also undertaken at the organisational level to develop norms for the share-out which shall be binding on its members.

Vocational Training

The Association goes in for the expansion of vocational training in accord with developments in the industry. It is emphasised that formulation of plans for vocational fishery schools must be in accord with the compulsory primary schooling which in Norway now is from 7 to 16 years. The Association goes in for a pattern of education which can open the way from primary school through the fishery trade school up to higher fisheries education.

Advisory Services

The Association has contributed actively to the development of an advisory service for the fishing industry. At the local level, and in the counties, fishermen are involved in the governing bodies in accordance with the provisions of the Act. At the local level they may even be in the majority.

Cultural Questions

Active participation in one's branch-meetings is in itself a form of creative cultural activity. By being the common meeting point for people from various religious and political groups the branches have had enormous importance for the local milieu and have been active spreaders of culture. In order to strengthen and increase the individual fisherman's influence within the organisation and in the life of society at large, the Fiskarlag has an active internal programme of information and study. This was at first run only by the local branches and through seminars, but now it is trying to get its courses out to the boats and to the fishing ports when the fleet assembles there.

Welfare Work

This has a very high priority in Norges Fiskarlag. The Association is represented in a public committee which administers the funds that Norway's Parliament grants for welfare work among the fishermen. The Association also invests considerable funds of its own in running 28 welfare stations up and down the coast. Its policy is to try and meet both the needs of the individual fisherman and the interests of the organisation.

Press and Information

Norges Fiskarlag has a press and information department whose job is to give wider coverage in press, radio and television. It also makes use of film in its information service. There is general agreement that this branch must be strengthened.

The Fishermen's Circulating Library

Fishermen's Circulating Library which lends book-boxes to the fishing boats and provides the welfare stations with small libraries of technical books, has been in action since 1947. The Association covers about half the expenses, the rest of which are paid out of the National Budget. This arrangement is very popular among the fishermen.

THE FEDERATION OF SWEDISH FARMERS

by

Göran Kuylenstjerna*

For many years Swedish farmers had two independent group organisations - co-operative associations and producer societies. In 1971, however, the central organisations of these two associations and the Farmers Union merged into a single body, the Federation of Swedish Farmers (Lantbrukarnas Riksförbund, LRF) whose task is to safeguard the interests of farmers, of the farmers' co-operatives and in general of the people living in the countryside.

The Federation of Swedish Farmers has a unique position in Swedish agriculture. More than 90 per cent of Sweden's 135,000 farmers are organised in the Federation and more than 85 per cent of the agricultural production passes through the farmers' own co-operative enterprises. The organisation structure is also unique. The organised farmers in Sweden have one organisation: there is no separate body for small farmers or for estate-owners nor organisations divided on religious or political lines.

The Federation of Swedish Farmers which started its work in the beginning of 1971, was a result of the merger of the National Farmers' Union and the Federation of Swedish Farmers' Association, central organisations of the producers societies and the co-operative associations. There were a number of reasons for this decision. Agriculture was developing rapidly in several aspects. The number of farmers was decreasing and in consequence rising costs of the general activities of the central organisations had to be met by a smaller number of farmers. At the same time the movement of the National Farmers' Union was of great importance to the rural population. Among other reasons this was due to the reduced political influence of the farming community. It was thus considered important to increase the influence of farmers in a wider field of decision-making.

The LRF has been in operation for 6 years, and it has been very well received by the members; it has a high reputation among governmental authorities and other sectors of the community.

* Lantbrukarnas Riksförbund (The Federation of Swedish Farmers)

It should be added that the general policy on agriculture has been much more positive during the 1970s than in the 1960s, and this has probably contributed to the good reputation of the organisation.

Agricultural co-operation in Sweden dates back to the 19th century. It is based on single purpose societies and comprises today 15 different branches of which the purchasing and marketing organisation, the dairy organisation, the co-operative banks, the meat marketing organisation and the forest owners' association are the most important. The original small local co-operatives have gradually merged into primary societies covering entire districts. These primary societies are grouped again on a single purpose basis into national organisations. Swedish agricultural co-operation today comprises a total of some 700 societies and 1,500 establishments throughout the country. Altogether it employs some 55,000 people and has a turnover of about \$ US. 5,000 million.

Producer co-operatives are paralleled by farmers' unions, whose task is to safeguard its members social, economic and cultural interests. Altogether there are some 1,800 local branches affiliated to 26 county federations.

By international standards the agricultural co-operative movement in Sweden has an unusually large proportion of the processing and the marketing of agricultural produce. Thus, dairy produce is refined completely within the farmers' own co-operative organisations. Some 85 per cent of all meat production comes from co-operative slaughter-houses which also manufacture about 40 per cent of the marketed products. About 70 per cent of the grains and the same percentage of requisites pass through the co-operatives. The processing and marketing of agricultural produce is to a considerable extent handled not by the co-operative enterprises but by their subsidiaries. Among others are the Kungsörnen Mills Co, Semper AB, (baby food), Glacébolaget AB, (ice cream) and AB Kronfågel (chicken slaughter and marketing).

Swedish agricultural co-operation has changed much during the last ten years. There are several reasons for this. One is the agricultural policy during the 1960s. It regarded agriculture as somewhat of a burden for the society and its objective was to move labour from the agricultural to the industrial sector. Government thus attempted to limit agricultural production and to promote a structural change in agriculture. There was a trend towards fewer but larger and more specialised farms, towards a reduction of milk production and towards larger cereal acreages.

The market for food products also changed. Small shops were replaced by chains of retail stores and competition hardened. Consumer preferences also changed and the demand for more processed goods increased. Technological progress resulted in new machinery that needed considerably larger production volumes than before in order to achieve the intended lowering of the processing costs. These factors plus a need to reduce transport costs led to a concentration of the processing establishments during this period. During the last ten years the number of establishments in the dairy organisations was reduced by 62 per cent while during the same time the quantity of milk received per establishment, increased by 125 per cent.

The number of co-operative slaughter-houses increased by 33 per cent while the slaughtered quantity for each establishment increased by 73 per cent. The number of storage establishments within the grain handling organisations increased, however, by 29 per cent while the average storage capacity per establishment increased by 91 per cent.

The structural changes in Swedish agricultural co-operation have not ended and the question is which direction they will take in the future. Structural changes are, however, not easily born, and this is especially true for co-operative movements where the power of decision rests with the members.

The objective for co-operative organisations is to provide certain benefits for its members. One of these benefits is of course the right to take part in the decisions in the co-operative. Each amalgamation of small local co-operatives into larger primary societies means that the individual member will have a smaller influence over important decisions, and it is natural that he feels no benefit from a merger in this respect: there is also an inherent danger in large organisations that the member might feel that the organisation is no more his own and thus lose his feeling of solidarity with it and the other members. This means that in co-operative organisations there are both large-scale and small-scale advantages and one has to weigh these against another in order to decide how far the process of concentration is to be allowed to go. Another important factor that will reduce large-scale advantages is rising transportation costs.

A possible new direction of structural changes could be the introduction of multi-purpose societies. One larger such society has been formed. Depending on local premises it might be possible to gain large-scale advantages in this way.

Since the end of the 1960s a multi-purpose co-operative has been formed, based on four dairies, two for marketing and requisites and one slaughter-house: livestock breeding was also included later. Although there were initial difficulties the co-operative is now working well, and the members are satisfied with their organisation. Other similar ventures are planned.

Another factor is the increasing competition from multi-purpose companies in the processing industry. This might lead to a further concentration in order to provide a firmer base for co-operative-owned processing companies that have to compete with these multi-nationals.

The Federation of Swedish Farmers has many different tasks. It negotiates agricultural prices with the government and provides services for its member organisations and for individual members. The services include training facilities for members and their employees, advice on rationalisation and business economy, control activities, book-keeping and legal advice to member organisations as well as to individual farmers. It looks after the interests of the Swedish farmers on the national level as well as on the international level where it represents the Swedish farmers in the International Federation of Agricultural Producers and in the European Confederation of Agriculture. The Federation also represents the farmers' co-operatives in the International Co-operative Alliance.

The fact that agricultural co-operatives are traditionally strong in Sweden is, however, no guarantee that they will remain strong forever. Indeed the agricultural co-operatives have to adjust to the perpetual changes in society. The general director of the Federation of Swedish Farmers, Harald Håkansson once commented on the structural changes of the agricultural co-operatives by quoting the Red Queen in Lewis Carroll's Alice in Wonderland: "You have to run very fast to stand still".

Swedish Co-operatives: Statistics for 1975

	Number of members	Turnover with producers milj. crowns	Number of co-operatives
Dairies	69,770	3,519	22
Meat marketing	134,088	2,793	10
Selling and purchasing	117,765	6,079	19
Egg marketing	7,770	146	12
Forestry	133,852	2,037	11
Livestock	79,275	66	20
Distillers	1,380	30	1
Starch	2,864	60	6
Furs	812	76	21
Storage societies	2,873	90	4
Sugar beet growers	11,364	288	7
Oil seed growers	15,999	378	) 17
Seed cultivators	1,700	...	)
Canning crop growers	2,220	32	16
Co-operative banks	261,902	8,562	12
Mortgage societies	92,517	3,826	10

NOTES

- (a) Swedish Crowns 7.6 = Sterling £1.
- (b) The turnover refers to the business between the co-operatives and their members, not the total turnover of the co-operatives.
- (c) The number of co-operatives refers to those in membership of the national organisation. There are local co-operatives, especially within the co-operative banks, that are not included.

RECENT DEVELOPMENTS IN AGRICULTURAL CO-OPERATION IN TURKEY

by

Professor Dr. Ziya Gökalp Mülâyim*

Historical Background

The start of the agricultural co-operative movement in Turkey having the actual character of a provisional movement was in 1863. Mithat Pasha, the Turkish statesman and Governor of the Danube for the Ottoman Empire had, with the object of resolving the credit problems of the farmers of this area, initiated the first co-operative movement by setting up the "Memleket Sandiklari" (Country Saving Banks). The successful application, and the regulations issued to guide the implementation of the scheme, are regarded as the beginning of the co-operative movement in Turkey.

The second stage of the Turkish Agricultural Co-operative Movement is marked by the marketing co-operatives set up by the Turkish producers in Western Anatolia, around Izmir, during the unfavourable economic conditions and business cycles prevailing in 1911-1912, aimed at protecting their crop against the speculations of foreign businessman and middlemen.

In 1935 the new regulations aimed at improving agricultural credit and agricultural marketing co-operatives may be regarded as the first stage. This in fact also marks the beginning of state support for such co-operatives.

The final and present stage may be said to be the development, which has been taking place since 1961* and particularly after 1969, with the promulgation of Law 1163 on

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* The new Turkish Constitution, promulgated in 1961, has actually Commissioned the State to develop the co-operative movement. This is obviously of great importance for the development of the co-operative movement. Article 51 of the Constitution states that: "The State takes the necessary measures for the development of the co-operative movement".

Co-operatives.*

Actual Development

At present in Turkey there are about 10,000 agricultural co-operatives with a membership of 3.5 million. Though one may not easily deny the importance of the rapid development of the urban co-operatives in Turkey, the main field of the Turkish economy, in which the co-operative movement has played a major role, is without doubt the agricultural sector.

The following is a brief account of the different types of agricultural co-operatives in Turkey.

1. Agricultural Credit Co-operatives

The actual credit co-operative movement in Turkey began and developed with "Agricultural Credit Co-operatives Law" dated 1935. This law was replaced in 1972 by Law 1581 on Agricultural Credit Co-operatives and Co-operative Unions.

Today some 2,060 agricultural credit co-operatives embrace a total membership of nearly 1.3 million farming population, extending to over 21,000 villages involving a total population of 18 million. Meanwhile, it is estimated that 70% of the cultivated acreage is presently benefitting from these co-operatives.

Farmers input requirements, such as seeds, fertilisers, fodder, insecticides, fuel, etc., as well as operational requirements such as labour, livestock and dairy husbandry, and all kinds of agricultural equipment and machinery, are met by these co-operatives in kind. Nearly half of the existing 2,060 agricultural credit co-operatives have their own building and storage facilities, the total storage capacity of which is estimated to be 500,000 tons. Total capital of these co-operatives is about 830 million Turkish lira;** which is not sufficient for their work and which is also why they are financed by the Agricultural

* For information on agricultural co-operation in Turkey until 1967 see: Margaret Digby, "Agricultural Co-operation in Turkey", Year Book of Agricultural Co-operation 1967.

** Turkish Lira 34.25 = Sterling £1.

Bank of the Turkish Republic. Since 1972, with the new Law, agricultural credit co-operatives are organised in 16 regional unions.

2. Agricultural Marketing Co-operatives

In the co-operative marketing of agricultural products Turks enjoy a very long history extending back 60 years. With the exception of wheat, tea and tobacco, some 700 agricultural co-operatives, with 265,000 members, are presently engaged in the marketing of all kinds of agricultural products, especially the export-oriented ones such as cotton, figs, grapes, olive oil, walnuts and roses. Many of these co-operatives also have processing factories.

Since 1937 the marketing co-operatives apparently prefer to operate under co-operative unions. At present 30 such unions operate on a crop-species system. The Turkish Republic Agricultural Bank gives credit to all these unions.

In 1969 existing agricultural marketing co-operative unions were united in a central union under the name of TARKO.

3. Multi-purpose Village Development Co-operatives

At the end of 1965 the Ministry of Rural Affairs began to stimulate and encourage the setting up of these co-operatives.

Now in Turkey there are about 5,500 village development co-operatives which serve about one million members. The village development co-operatives, which draw their resources largely from the savings of the Turkish workers employed abroad, are also a good example of the utilisation of the small savings of members to increase the value of their products. In this respect, one may also cite the projected small-capacity refrigeration stores, dairy processing plants, and concentrated fruit juice and tomato paste factories as interesting investments. These co-operatives have in fact managed to diffuse the ideas of "project" and "investment" deep into the roots of the agricultural sector and rural areas.

Village development co-operatives were reunited in 45 district unions and then, in 1971, in a central union under the name of KÖY-KOOP. The aim of KÖY-KOOP is to protect the common interests and supply the needs of the members, village development and other agricultural-aimed co-operative unions and of the unit co-operatives which are the members of the unions, and to make co-operation widespread and active in rural areas by trying to solve their socio-economic problems.

In 1975 KÖY-KOOP entered successfully in the business of tractor imports. It imported 3,000 tractors from Rumania and distributed them to the member farmers at a price much less than market price. Now KÖY-KOOP is trying to export the products (such as tangerines, lemons, oranges, grapes, etc.) of member co-operatives.

KÖY-KOOP has made application for membership which should be accepted in 1977, to ICA and EUROCOOP.

4. Soil and Water Co-operatives

These co-operatives are organised by the Soil Conservation and Irrigation General Directorate of the Ministry of Rural Affairs. Farmers who want to irrigate and improve their lands are united to establish soil and water co-operatives by the General Directorate, which grants to these co-operatives a certain amount of credit and technical assistance.

Today the total number of this type of co-operative is 1,300 with about 78,000 members.

5. Sugar Beet Co-operatives

The first sugar beet co-operative was established in 1951. The objective of these co-operatives is to provide inexpensive and good quality agricultural equipment, machines and fertilisers.

At the moment in Turkey there are 19 sugar beet co-operatives, with sales shops in every region of the country. They have 430,000 members, and they get credit from Turkish Sugar Plants Joint Stock Company. They are united in a Central Union by the name of PANKO-BIRLIK.

6. Fishery Co-operatives

This type of co-operative was established first in 1942. Today in Turkey there are 69 co-operatives and they have about 13,700 members.

In addition to the co-operatives mentioned above, there exist tea production, forestry and other agricultural services co-operatives. In Turkey all the Agricultural Co-operatives are registered and supervised by the Ministry of Commerce.

Problems and Suggestions

Agricultural co-operation is very important for the development of agriculture in Turkey because the great majority of existing agricultural holdings are small. In fact, 90 per cent of agricultural holdings are less than 10 hectares in size.

Small-holdings generally have many social, economic and political advantages, but they also have some disadvantages from a technical and economic point of view. There is no possibility of making a technically advanced agriculture without eliminating the disadvantages of small farms. We think that the agricultural co-operative is the only way to eliminate the disadvantages of small farmers.

The essential importance of agricultural co-operation in Turkey has been accepted since 1923, from the beginning of the Republic. In fact, the founder of the Turkish Republic, Kemal Ataturk always noted and emphasized the importance of agricultural co-operatives and supported them. Because of the support of Ataturk and of the State, the number of agricultural co-operatives continued to increase and arrived at 10,000: the members increased to 3.5 million.

But, if we examine the existing agricultural co-operatives, we see that the development is mostly numerical. From the point of quality and effectiveness, the development is far from being enough. So, we can say that agricultural co-operation has not yet reached its objective, which is to organise small farmers and to save them from the bad effects of middlemen, moneylenders and industrialists.

But when we look at Turkish agriculture, we see that many small farmers continue to obtain credit at very high interest rates from moneylenders, and continue to sell their producers to the middlemen. Also, the majority of small farmers continue to buy

production input requirements (such as fertiliser, fodder, insecticides, agricultural equipment, machinery, etc.) from middlemen at very high prices.

Thus, agricultural co-operation in Turkey is still not very effective; and has not been able to eliminate the bad effects of middlemen and moneylenders.

Agricultural co-operation in Turkey is not very effective because it has many unresolved problems, four of which are of great importance: (1) capital and credit, (2) legal, (3) Central organisation, and (4) training.

1. Capital and Credit

Turkish agricultural co-operatives have not enough capital of their own, and they do not have enough access to credit. In reality, the co-operatives need as much credit as middlemen and moneylenders, and sometimes more and cheaper credit because they must make a lot of investments.

But, the actual credit system in Turkey is oriented to middlemen and moneylenders, not to co-operatives, which meet great difficulties when trying to obtain credit.

The only way to resolve this problem is to establish a co-operative bank, so that the Turkish co-operative movement will have its own bank and will have the opportunity to obtain enough credit.

The idea of establishing a co-operative bank has been discussed in Turkey for many years. Only when Ecevit became Prime Minister in 1974 was this idea put into practice and a special bill was prepared to establish a co-operative bank with the support of the government. Unfortunately, before this bill could be passed through Parliament, Ecevit left the government. The successive government did not give priority to the co-operative bank and the prepared bill was never passed. However, the idea of establishing a co-operative bank still lives on the minds of many people and especially in the minds of many co-operators, and discussions on this subject continue.

In our opinion, it is necessary that the co-operative bank should have the direct connection with existing agricultural credit co-operatives, and the direction and capital of the co-operative bank must be mainly in the hands of the co-operatives and their central organisations.

In this connection we should say a few words about the practice of the Ministry of Rural Affairs of giving credit to the village development co-operatives. This Ministry gives credit at very low interest rates to these village co-operatives and their unions, and also grants to the investment projects of village co-operatives and their unions. From this method of grants to co-operatives we get good results. But the funds spared for this purpose in the Governmental Budget are low and are far from being sufficient.

2. Legal

Legislation on agricultural co-operation in Turkey is insufficient and there is judicial confusion. Actually there are five co-operative laws in Turkey linked with agricultural co-operation. These different co-operative laws envisage different co-operative policies and so create confusion in agricultural co-operation.

In our opinion the existence of so many co-operative laws in Turkey is not good, and all types of co-operative should be established according to one co-operative law. We suggest that for this purpose the existing law on co-operatives (1163) must be revised to include marketing, credit and other agricultural co-operatives. We can happily say that there are preparations in Turkey in this direction and we hope that in the next few years the legal problem will be resolved.

Another question regarding legislation is the auditing of co-operatives, which is very important in Turkey, but has been an unresolved question until now. A good audit gives security to

co-operative members, and with the change of co-operative legislation, the co-operative auditing must also be improved.

Government departments related to agricultural co-operation must be re-organised, as at present many departments, such as the Ministry of Commerce, Agricultural Bank, Ministry of Rural Affairs, Ministry of Monopoly and Customs, and Turkish Sugar Industries are concerned with agricultural co-operatives. This situation makes it imperative that all types of co-operatives be placed under one Ministry, and the Ministry of Rural Affairs is the most appropriate for this purpose.

In fact, in 1974, Ecevit's government changed the name of the Ministry of Rural Affairs to "Ministry of Rural Affairs and Co-operatives". At that time all government departments related to co-operatives were transferred to this new Ministry. To relate government functions and control to co-operatives, four general directorates for co-operatives were created in the new Ministry. Nearly one thousand people (agriculturalists, economists, etc.) were working in the Ministry in connection with co-operatives.

But, in 1975, when Ecevit left the government, the new government of Demirel unfortunately changed the name of the Ministry of Rural Affairs and Co-operatives into the Ministry of Rural Affairs, as it was before.

The development and prospects of the co-operative movement in Turkey permit us to make provision for the establishment, in future years, of a separate "Ministry of Co-operatives".

3. Central Organisations

Many co-operatives in Turkey do not belong to any central organisation and generally the State carries out this function. Therefore, agricultural co-operatives have difficulties in competing with big businessmen, moneylenders and industrialists.

Until 1969, the establishment of central organisations of agricultural co-operatives in Turkey was not permitted by law. With the promulgation of the co-operative law 1163 in 1969, the establishment of central organisations of agricultural co-operatives became possible. On this occasion the principal novelty introduced was the articles regarding the establishment of central co-operative organisations as co-operative unions, central unions and national unions.

After 1969, first established was the Central Union of Agricultural Marketing Co-operatives (TARKO) and then, in 1971, the Central Union of Village Development Co-operatives (KÖY-KOOP). A few years later the sugar beet co-operative established a central union under the name of PANKO-BIRLIK. Today, 30 co-operative unions belong to TARKO, and 45 co-operative unions to KÖY-KOOP.

After the promulgation of a new law for the agricultural credit co-operatives in 1972, these co-operatives also established regional unions. The number of agricultural credit regional unions grew to 16 in 1976, and the establishment of their central union is expected in 1977.

However, the Turkish State did not carry out all its duties in the establishment and development of the central organisation of agricultural co-operatives, and did not support the central organisations in a proper and effective way. That is why the established central organisations developed slowly; and they were not able to compete with big middlemen and moneylenders. For the same reason they were also not effective in industrialisation and foreign trade, co-operative training and auditing.

In our opinion, the State should help the central organisations of agricultural co-operatives in a different way. Only with the development of central organisations can the Turkish agricultural co-operatives become an effective movement.

4. Co-operative Training

The term "co-operative training" is used in its broadest context. What we really need is a comprehensive training system which could be effective at all levels right from top management down to the lowest co-operative membership.

Until a few years ago, co-operative training in Turkey was completely neglected. No effort was made to train millions of members of agricultural co-operatives, and nor were managers of agricultural co-operatives trained. On the other hand, the success of agricultural co-operation in Turkey was dependent upon co-operative training.

But, little by little, the importance of co-operative training in Turkey is beginning to be recognised by people interested in co-operatives. We see intensive work in this field in lessons on co-operatives in the general curriculum of schools at all levels, co-operative courses already in the curriculum of schools for teachers, and also co-operative courses in the curriculum of business schools.

In recent years there have been important developments in the teaching of co-operatives at university level in Turkey. Until a few years ago, only in the Faculty of Agriculture in Ankara was agricultural co-operation taught. Now, co-operation is taught in various faculties of Ankara, Istanbul, Erzurum and Izmir universities and in various high schools of business administration and commerce.

And it should be emphasised that Ankara Hacettepe Universities and Istanbul Bogazici University opened a co-operative branch in their Faculty of Social Sciences. It can also be cited that two years ago a post-graduate co-operative school, linked to the Ankara Academy of Business Administration, was opened.

In recent years co-operatives have also taken an important place in the radio programmes in Turkey, and it is often possible to hear co-operative news. Unfortunately, television is not giving enough time to co-operatives in its programmes.

Also, publications, such as books and magazines on co-operatives are increasingly continually. For example, a book on agricultural co-operation was published last year and 11,000 copies were distributed all over the country.* Even daily newspapers publish articles on agricultural co-operatives.

* See: Z.G. Mülayım, Genel ve Tarımsal Kooperatifçilik, Bilgi Yayınevi, Ankara, 1975.

It can also be noted that in the Ministry of Rural Affairs a general directorate for co-operative training was established in 1974, in which many experts and personnel are working.

All of these recent developments indicate that co-operative training in Turkey is not as neglected as it was before. We hope that, as a result of all this training effort, co-operatives and their central organisations will in the future be managed by people trained in this field.

However, we do not think that these co-operative training programmes are sufficient, and believe that in Turkey it is also necessary to open some co-operative schools and practical co-operative training centres.

In co-operative training, efforts made since 1931 by the Turkish Co-operative Association must be cited. Specifically, two co-operative magazines published for many years by this Association have value. Also, the conferences and congresses on co-operatives organised by this Association have been effective, particularly on politicians and high level state officials entrusted with the application of co-operative programmes. The last large co-operative congress organised by this Association took place in Ankara, 20-23 December 1976.

We would like to note also the importance of co-operative research which is connected with co-operative training. We think that it is difficult to obtain good results from co-operative training if it is not based on co-operative research in that country. Unfortunately, in Turkey there is not enough research done on agricultural co-operation, and we suggest opening agricultural co-operative research institutes linked to the faculties of agriculture. In these research institutes various problems of Turkish agricultural co-operation must be studied and co-operative training should be based on these original studies.

Co-operative training in Turkey should not be instituted only by the State. Central organisations of the agricultural co-operatives must also carry out co-operative training and in fact, agricultural credit co-operatives and KÖY-KOOP do train their personnel. This type of training, carried out by agricultural co-operative federations, must be increased in the coming years.

Conclusion

The agricultural co-operative movement in Turkey has developed as a sector having powerful effects on the social and economic development of agriculture. Another characteristic which may be cited, typical of Turkey, is the comparatively long experience in this field. The reason for failing to take steps to improve during this long period of development may be attributed mainly to the inability to adopt proper measures of re-organisation, backed by co-ordinated public support and the various problems resulting from an excessively dispersed system of auditing and inspection.

Foremost in importance of these issues is the education problem. The immediate implementation of a national co-operative education programme, after having determined the objectives and methodology, is considered most essential. The recent implementations which have taken place to resolve educational problems of agricultural co-operation in Turkey are not enough.

We strongly believe that the development of central organisations of agricultural co-operatives and the establishment of a "Co-operative bank will have strong effects on the future development of agricultural co-operation in Turkey.

THE STRUGGLE FOR SUCCESS IN RURAL CO-OPERATION:
Kabuku Ndani Ujamaa Co-operative Society, Tanzania*

by

Goran Hyden **

Co-operatives and Abstract Goals

Most academic publications on co-operative organisations in developing countries pinpoint their failures and shortcomings. This in part reflects the real situation: performance had often been considerably below the expectations pinned on these institutions by members as well as political leaders responsible for their creation. Performance has generally been measured against a set of abstract goals associated with co-operatives: member control, equality among members, greater returns to members than can be obtained in other types of organisations, etc. By comparing the actual state of a co-operative organisation with a set of co-operative ideals, as if these were also actual states, the imperfect features are bound to prevail.

This approach to the study of co-operatives has its limitations. It tends to paint the situation in broad strokes, overlooking differences in performance among co-operatives. Secondly, it is not sensitive to changes in performance over time. Thirdly, it elevates public goals to such importance that other aspects of co-operative development, notably how the co-operative organisations improve their own structures and their relations with the environment, are rendered insignificant. Fourthly, it presupposes a degree of operational autonomy that co-operatives in developing countries rarely enjoy. In brief, whether with reference to operational efficiency or realisation of co-operative ideals, performance assessment is bound to be overwhelmingly negative

* Data, apart from available documents and studies, were collected during an eight day visit to Kabuku Ndani in the middle of September 1975.

NOTE: All amounts are in Tanzanian Shillings (£1 = 16.6 Tan. Shgs.).

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as long as the starting point of the analysis is a set of abstract goals.

Co-operatives as a Social Unit

A more reasonable starting point is the assumption that a co-operative is a social unit which is capable of attaining goals but which in the course of its operations must invest resources in activities other than the pursuit of official goals. To realise co-operative ideals and acquire operational efficiency standards^r the organisation may have to invest considerable resources in improving its own structure and overcoming environmental constraints. This point may be particularly valid in Tanzania where co-operative societies have been set up and managed under conditions far from congenial to such ambitions as improving operational efficiency or effectively realising co-operative goals.

Co-operative Development in Tanzania

There are at least five factors which are important for understanding co-operative development in Tanzania:

- (a) Many registered co-operative societies were set up after independence, often in response to calls by national or local political leaders who argued that co-operatives reduce exploitation. In recent years these political efforts have been directed to the task of integrating the new "ujamaa" villages with the existing co-operative movement.
- (b) Because of strong backing co-operatives have usually been set up on grounds of principle rather than of feasibility, and their economic and operational viability have often become secondary considerations. Heavy financial dependence on other institutions, notably marketing boards and banks has resulted.
- (c) Because co-operatives have often been set up in response to a political call, the operational area of these institutions, whether in functional or territorial terms, has not coincided with existing units of social co-operation in the rural areas.
- (d) To make the co-operatives a more integral part of rural life Government has deliberately tried to transform these institutions from single-purpose (primarily marketing)

to multi-purpose societies involved in both production, marketing, supply of inputs, wholesale and retail distribution. The notion underlying this policy is that with a greater degree of control over the economy co-operatives can progress more quickly.

- (e) In the light of all these factors it is not surprising that the majority of Tanzania's co-operatives have faced serious management problems, some stemming from lack of qualified manpower, others from lack of commitment to the principles of co-operation.

To deal with these problems effectively a revised Co-operative Societies Act gave more extensive powers of intervention in co-operative affairs than before, and it has frequently been used to amalgamate societies, to dismiss management committees.

Measuring Success in Rural Co-operatives

Success in rural co-operation, therefore, cannot be measured only in terms of optimal operational standards or how closely the organisations resemble a set of universal co-operative principles. Account must be taken of structural as well as environmental factors, how they serve as stimuli or constraints and how the co-operative organisations respond to them. Given the patriarchal ways by which co-operatives have been established, the main tasks of co-operative management have been to ensure sufficient operational autonomy and to generate an organisational capability that enables the co-operative to defend and develop itself. A large number of co-operatives in Tanzania have never been able to secure these prerequisites for attainment of co-operative goals, and failed to serve their members on their own; the extent to which members have benefitted can be attributed to help from other organisations. A second group of co-operatives equally large in number have managed to survive, (itself an accomplishment), but not sufficiently well to distribute benefits to members regularly. Very often sudden changes in the environment, e.g. in producer prices, or in the organisation, such as the transfer of a committed or skilful official, have caused a serious decline in the operation of such institutions. As a result, these types of co-operatives have had a great difficulty as those in the first category to secure the develop member loyalty.

A third, and very small, category consists of those co-operatives that have, often through hard struggle against the prevailing constraints, developed a capacity for self-development. In these organisations members (or at least a majority of them) have

developed confidence, loyalty and commitment to such an extent that the organisation has acquired a "reservoir" of good-will on which it can rely in times of crisis and difficulties. In these organisations problems, whether caused by internal or external factors, are usually solved by the members themselves. These co-operatives, through their struggle to reduce dependence on the environment and to defeat hostile groups within the organisations, have developed a capacity of their own to attain co-operative goals. These are the genuinely successful co-operatives in which members are not only the prime beneficiaries but also the prime actors. .

Kabuku Ndani Ujamaa Co-operative Society

This paper concerns one such organisation, Kabuku Ndani Ujamaa Co-operative Society, generally considered successful in the Tanzanian context because: (a) it started under great difficulties but managed nevertheless to develop a capacity of its own to overcome these; (b) it transformed itself successfully into an "ujamaa" village, thereby acquiring a frontline position in the process of socialist transformation in the country; (c) it has in comparison to most other co-operatives succeeded in serving its members and generally to affect their life in a positive direction.

Kabuku - Location and Background

Kabuku is located on the main trunk road between Dar es Salaam and Tanga/Moshi in Tanga Region, the main sisal growing area of Tanzania. The nearest township is Korogwe; 48 Kms. away. The distance to Tanga is 96 Kms., while Chanika, the Handini district headquarters is 115 Kms. away.

Before 1964 the area now occupied by Kabuku was a state-owned reserve forest, but through a tripartite agreement that year between the Ministry in charge of forests, the Village Settlement Agency (VSA) and the privately owned Amboni Estates (a Swiss company), it was decided to set aside 4,120 ha. for production of sisal. The total area was to be divided equally between Amboni and the VSA. The former was to start a nucleus estate, Kwaraguru, to which would be attached a factory processing the sisal leaves. The VSA was expected to recruit 250 settlers whose prime occupation would be the growing of sisal which would be sold to and processed by Amboni at Kwaraguru, about 8 Kms. from the settlement.

The Sisal Growing Scheme

Sisal production is a very tough venture. The sisal leaves are heavy and full of thorns which often inflict painful wounds on the workers and are also hiding places for snakes. Thus, sisal production requires physical strength and endurance beyond that needed for the production of other agricultural crops in Tanzania. Despite this the VSA when starting to recruit potential settlers for Kabuku in 1964/65 had over 1,000 applicants from the two regions in which recruitment was carried out. The policy was to select applicants from the overpopulated mountain area of Kilimanjaro, ex-sisal plantation workers of Tanga who had been laid off, and other suitable candidates. All "urban dandies" were rejected and 65 candidates were accepted as the first contingent to settle at Kabuku. While the VSA continued to recruit new settlers the first contingent, housed in temporary dwellings, were clearing the area and planting the first sisal. By June 1966 the prescribed limit of 250 settlers had been reached and Kabuku was slowly taking shape. Of those who had accepted to come to Kabuku three quarters were recruited from the coffee growing areas of Kilimanjaro, Pare and Usambara Mountains. They lacked experience of living in the dry lowland areas and very many were struck by diseases, notably malaria, and for them the process of adjustment was particularly difficult; 12% of the settlers came from the coastal areas and the remainder from inland areas, and had been working on sisal estates before joining the Kabuku settlement. A substantial number were craftsmen whose skills would be helpful in the construction of the settlement, but only a quarter had any experience of working with sisal. The new life was not made easier by the fact that the settlers lacked formal education or had been only a few years in primary school.

Administration of the Settlement

The settlers were organised into four different blocks of approximately sixty families each. Virtually all settlers were married and they brought both wife (wives) and children to Kabuku after the construction of houses. The plots in each block were distributed randomly so as to avoid the concentration of tribal groups in particular blocks. At the end of 1966 the total population of Kabuku was close to 1,000 including the officials of VSA and their families. The latter were housed in buildings left over from a National Service camp established at the time of clearing the land for the settlement.

In the beginning all the work was done communally under the supervision of the manager appointed by the VSA. Each block was divided into work teams of ten members with their own foreman. Since the settlers had no income from their sisal, they were given food and pocket money amounting to 30 shgs. per month. This system continued until 1968 when they started to harvest their first sisal. As the settlement began to take shape settlers were given individual blocks of the sisal plantation to look after.

Role of the Amboni Company

From the very beginning the Kabuku settlement developed a strong dependence on the Amboni Company. The tripartite agreement regulating the establishment of Kabuku prescribed that Amboni should make available a maximum loan of 5 million shgs. for land clearance, supply of seedlings etc. Interest of 10% was to be charged on the loan. According to the agreement all the sisal leaves harvested by the settlers would be processed at the factory set up by Amboni in conjunction with its new Kwaraguru Estate. All the handling and transport costs would be deducted from the gross income of the settlers.

The Kabuku settlement was a product of the Government's policy of trying to mix the best of both large-scale plantations and smallholder production. Amboni would provide the technical expertise and the necessary capital, the African settlers the motivation and labour to develop the rural areas. The whole project rested on the twin assumption that the settlers had the motivation to work hard and co-operate at the same time. As in the case of so many other co-operatives in Tanzania in those days, Kabuku came about in response to a political call to "build the country". The question of size, rules of operation, etc. were determined by Government and communicated to the farmers once they had agreed to engage in co-operative activities.

The Kabuku Situation

The situation in Kabuku differed from most other co-operatives in that the members were all new settlers and had no previous experience of co-operating with each other. Because Kabuku fell under the VSA, Government officials were permanently present in the village. It was also the only village settlement based on sisal; four others were proposed but abandoned. Although sisal was grown by African smallholders in other villages in Tanga Region, the Kabuku settlers had a unique position because of their close dependence on Amboni and its Kwaraguru Factory.

These factors are important for the subsequent analysis of the co-operative society at Kabuku:

- (a) the growth of co-operation against dependence 1965-70;
- (b) the consolidation of ujamaa under hardship 1970-73;
- (c) the development of ujamaa prosperity 1973-75.

The difficulties faced by the Kabuku settlers and how they tried to overcome these in their ambition to advance a socialist form of co-operation, will be considered in three phases.

Co-operation against Dependence

The first years of operation in the Kabuku settlement were characterised by its strong dependence on the two sponsors of the project - the VSA and Amboni. Their relationship to the settlers became particularly sensitive because of the sudden drop in sisal prices on the world market which occurred between the time of signing the agreement and the time of starting the actual settlement. While in 1964 prices were very favourable and sisal was attractive also to smallholders, a year later prices had sunk to a level where even large plantations found it difficult to break even. Prices remained low during the rest of the decade.

This was a serious blow to the Tanzanian authorities which had started 229 smallholder sisal schemes after Independence. Mainly because of the low price only 43 of these schemes were worth saving by 1969. Kabuku was considered to be in a more favourable position because it was under the "protection" of the VSA and Amboni. Yet, this was not how the settlers saw their own position. They had at the time of recruitment been promised immediate material prosperity. On this assumption some of the Kabuku settlers had left cultivated land in their home areas to be looked after by relatives. These people, but also others, complained about the discrepancy between the official promise and the reality they found in Kabuku.

That the vast majority of the newly recruited settlers decided to stay and develop Kabuku can be explained by several factors. The impact of the unfavourable conditions surrounding sisal cultivation was not directly felt by the settlers until 1968 when they began to harvest their first leaves. During the first three years there was a hope among all concerned that the sisal price would return to the levels of the early 1960's. Secondly, the settlers were supplied with basic foodstuffs through the VSA until they had grown self-sufficient. Settlers in Kabuku

as well as elsewhere complained that the allowance of 30 shgs. per month was too little; it was not enough for them to buy clothes for the family and they had to rely on financial support from relatives. They felt that they were treated unfavourably since workers on the neighbouring Kwaraguru Estate received 150 shgs. per month, the minimum wage for agricultural employees at that time. Sentiments like these were overcome primarily because of evidence that the Government in other respects cared about the welfare of the settlers. A primary school and a dispensary, administered by the Handeni District Council, were opened soon after the establishment of the settlement. Perhaps even more important was the fact that political leaders tried to encourage the Kabuku settlers to engage in other productive activities while waiting for their sisal to produce income. This was also aimed at inculcating a feeling that Kabuku belonged to the settlers and that they should not compare themselves with the labourers on the adjacent estate, but rather with a near-by settlement of TANU Youth League which showed signs of success because they had, through their own initiative, engaged in a variety of money-making projects. The Kabuku settlers were told to emulate this example. They responded to these calls slowly and the main reason for the slow response was the paternalistic manner in which they were approached by local politicians and officials. Interviews in the village also suggest that as newcomers to Handeni District they could not rely on any political leader as their "trustee", and despite Government efforts to assist the settlers they developed a sense of suspicion against the official authorities.

Organisation in the Early Years

From the very beginning the settlers were organised into work teams of ten people, all from the same block. They chose their own foreman who reported to the Settlement Manager, the latter an *employee of the VSA* with overall responsibility for the affairs of Kabuku. He issued directives and orders; he enforced penalties against defaulters, and everything was done in a bureaucratic manner. The official assumption was that in order to secure control and co-operation some form of hierarchical organisation had to be imposed on the settlers, and settlers remained suspicious of each other; accusations of tribalism were frequent and several settlers kept very close ties with relatives in their respective home areas. The official way to combat these sources of disintegration was to enforce negative sanctions and conversations with the villagers confirm that there was very little of a positive nature that induced them to co-operate.

Difficult circumstances and official pressures determined their life and work. The Village Council issued instructions and orders initiated by the Manager, who was treated as a "demi-god" by some villagers and was feared by many. He, like other officials, did not realise that a major reason why the settlers did not easily develop a strong loyalty to their village was the way in which it was administered.

In 1965-66 absenteeism among the settlers was fairly common, on average 75% of all settlers were absent from work every day. In some cases the reasons were genuine: many of the settlers from the highland areas fell victim of malaria. In other cases fictitious reasons were invented to justify absence from work. The distance from home to work was long and the financial reward was small (30 shgs. per month). Thus commitment to the new settlement was slow in developing among the members.

The Start of Members' Understanding

The members did not underestimate the difficulties that they had in getting used to each other. They came from different social milieux and they lacked a unified system of social control of their own. This was apparently both a source of strength and weakness. It made them hesitant and insecure in their social interactions. On the other hand, it also made them flexible and potentially open to new forms of social organisation.

As the contradictions between the aspirations of the settlers and their experience continued to grow, their potential for co-operation increased accordingly. They began to realise that they were victims of unfavourable circumstances. Feeling that they did not enjoy the protection or support of local politicians they also realised that they could only improve their situation by acting in unison. This sentiment was reinforced by an incident that triggered off a chain of other events. An extreme punishment for being lazy was ordered by the Settlement Manager in 1968. The villagers were so angered that the Manager was physically attacked and was forced to leave Kabuku: he never returned. This incident has a liberating effect on the villagers but strained the relationship between Government and the villagers. Officials of the Co-operative Department who were supposed to assist and advise the settlers on a number of matters began to boycott Kabuku. More serious than this a water truck was withdrawn, banana seedlings were never delivered and cement was allowed to lie unused until it became unusable.

The effect of these deprivals, however, was to drive the villagers closer to each other. The Arusha Declaration and President Nyerere's announcement that the Party intended to start ujamaa villages, gave the settlers political support for their reaction against the bureaucratic system of administration to which they had been subjected. They continued their resistance and on his first visit to Kabuku in July 1969, President Nyerere proposed that the settlers ought to turn their settlement into an ujamaa village. To underline his intention he donated all the VSA buildings to the villagers.

Many former village settlements, encouraged by the President's call, declared themselves "ujamaa villages" over-night without seriously considering its full implications. The experience of Kabuku was different, however and it can only be understood by their experience after beginning to harvest their first sisal in 1968.

The First Sisal Marketing - 1968

Sisal prices remained low on the world market but no attempt had been made by the Government or the villagers to revise the tripartite agreement of 1964. The villagers were still expected to collectively repay the loan at a 10% interest rate: an obligation which affected all villagers equally and in contradiction to other trends of events in Kabuku. As noted earlier, the Amboni management believed the highest output would be achieved if every settler was responsible for his own plot and, after clearing and planting had been completed, settlers in each block were given their own plot to look after. This system, however, for a variety of reasons, soon turned into a major source of tension in the village.

Once the sisal was ready for harvesting, the settlers, who had lived almost entirely on their allowance from the Government, were anxious to increase their income. The capacity of the Kwaraguru factory, however, was such that settlers were only allowed to sell their sisal every fourth month. It was believed that this would give everybody approximately the same income at the same interval. Because of the low price of sisal and the deductions that had to be made to Amboni, the net income that settlers received was very small and considered by many to be inadequate to support the household for a four-month period. Some therefore began to hire temporary labour from adjacent villages. In this way they were able to increase the number of leaves cut and get more money. This was possible despite the

limited quota of Kwaraguru because some settlers were unable to sell leaves equivalent to their maximum individual quota. From the point of view of the factory management, this system of hiring labour to increase the output was in their interest. In fact, it went as far as rewarding those with high production by offering radios and bicycles on credit, and income discrepancies at the end of one four-month interval in 1969 varied between 251 shgs. and 881 shgs.

The villagers complained about this system to Amboni and it was agreed in late 1969 that the income cycle should be reduced to two months by cutting the maximum harvesting area by half. The Kwaraguru management was prepared to agree to this as the previous system had encouraged a habit of cutting more leaves off each plant than prescribed. On technical grounds, therefore, it made sense to Kwaraguru to agree to this modified system.

However, it did not change much. Some settlers felt an even stronger need to employ hired labour. Competition among them was not reduced, nor were income differentials significantly reduced. While the figures according to the old system suggest an income differential of 1 : 3.5 between lowest and highest income, in early 1970 it was still a ratio of 1 : 2.6 (75 shgs. to 197 shgs.). Even though these ratios may seem small in comparison to many other co-operatives in Tanzania, they were sufficiently large in the minds of settlers to cause envy in the village. Nor did the new system reduce the tendency to overcutting the plants.

The Work Teams

There were still other factors which caused dissatisfaction and tension among the villagers. Because some tasks such as planting and weeding had to be done collectively by the work teams, the leaders of these teams complained that they had to spend so much time managing them that they, more than others, were forced to neglect their individual plots. Their leadership responsibilities gave them no status and they felt no inducement to manage their teams effectively and the quality of the collective work was low. An effort to rotate the task of managing the work teams did not improve the situation. Nobody felt induced to manage collective work when it clearly interfered with the output on the individual plot. Also contributing to the internal tension in the village was the fact that those settlers, whose plots were on heavy land which held water, recorded a lower output however hard they tried because sisal does not grow well on such land. Others, however, found that

their plot was located on soil which had been enriched by potašh after burning and they reaped a better harvest without any extra input.

Such was the situation in 1969/70 that many settlers engaged in other activities, notably timber-cutting, to supplement their income. Despite the removal of the former manager, people took little interest in village affairs. Self-help projects did not receive support and village meetings were poorly attended. While it had been possible to rally support from all to criticise the VSA and other government officials, the villagers had not yet learnt how to co-operate effectively to solve their own problems. The new era of co-operation was still to materialise.

Ujamaa under Hardship

The Kabuku Village Settlement was registered as a multi-purpose co-operative society in the middle of 1970, and the district authorities treated this as a victorious step towards ujamaa. There is little evidence to suggest that the villagers treated the registration in a similar manner, as to them it was of relatively little significance. Much more important to them were two other factors: (a) the growing internal contradictions among the villagers themselves; and (b) the deepening dependence on Amboni.

During 1970 it became increasingly clear to many villagers that as long as prices remained low on sisal and the agreement with Amboni was not reviewed, it would be virtually impossible for them to make a living at Kabuku. A few who had undertaken additional activities had accumulated some capital, but for the majority prospects were slim unless something drastic was done. A contradiction was building up which had to be resolved either in the interest of the majority or the privileged few settlers.

The first effort to resolve this contradiction was made in early 1970 by some settlers who formed themselves into a "liberation party". The purpose of this faction was to make the settlers realise the disadvantage of disunity and competition among themselves in the light of their strong dependence, as debtors, on Amboni. It gathered support and in August 1970 proposed at a village meeting that production should be collectivised. The proposal first received a mixed support but later the same year a decision was made by a large majority of the villagers to collectivise the production, and to distribute income according to labour contributed to the cultivation of the village plantation.

The decision met with opposition from a minority of settlers who believed that they were going to be worse off in the new system. They also showed lack of confidence in their fellow villagers by suggesting that because three of the village leaders came from the same tribe they might be victimised - a fact which revived tribal feelings and complicated the issue further. The General Manager at Kwaraguru was opposed to the decision to abolish private plots, but there is no evidence that he actively supported the dissidents, who had been given time by the village meeting to decide whether they would accept the majority decision or leave Kabuku. On 17th February 1971 the dissident minority of 26 families decided to leave and settle in Turiani, a sugar-growing area in Morogoro Region.

Relations with Amboni - 1971

Soon after this incident a major crisis developed in the relationship between the villagers and Amboni. During the financial year ending 31st March 1971, sisal from Kabuku had been sold overseas totalling 1,115,542 shgs. The villagers had been paid an advance of 288,224 shgs. and were expecting a second payment at the end of the financial year. It was a great shock when they learned that, after all deductions for processing, transport, amortisation and interest, an overpayment to Kabuku of 198,759 shgs. had been recorded.

This was a very serious blow to the villagers who had decided to remain in Kabuku and continue with production under socialist forms. They brought the matter to the attention of the political leaders in Tanga Region and requested firstly that their loan agreement with Amboni be cancelled and replaced by a loan from the Government and secondly, that they be given their own processing factory at Kabuku. The Regional Development Committee appointed a special sub-committee to look into the problems of Kabuku which proposed that the co-operative society should buy their own tractors rather than hiring them from Kwaraguru. Instead of building new processing facilities at Kabuku it recommended that Government should nationalise Kwaraguru.

Because of Amboni's key position in the field of sisal production in Tanzania and the fact that in spite of low world market prices they had retained their estates in very good condition, the issue of nationalising Kwaraguru was politically very sensitive. In the end the Government decided not to take over Kwaraguru, but to help the Kabuku Co-operative Society by meeting some of its repayment obligations. Amboni agreed in 1972 to waive the

interest on the loan thereby making a gesture that it was interested in the welfare and prosperity of the settlers.

Re-organisation to a Ujamaa

Despite the economic difficulties in which the Kabuku Ndani Ujamaa Co-operative Society found itself during 1971/72 the members had shown that by sticking together they could act as a powerful pressure group on the political authorities in the region. They repeated their lobbying in a successful manner during 1973 when in the light of continued economic difficulties due to low sisal prices, they convinced the Government to again assist in meeting their loan repayment obligations. Despite this help the settlers were still working under difficulties. The supreme organ of the new village organisation was the General Meeting which was supposed to meet once a month. It elected an Executive Committee of 12 members, three from each block, which should also meet monthly. To assist the Executive Committee to run the village it was divided into six sub-committees - finance, work, education, health, commerce and security - expected to meet weekly. With some minor revisions this is the organisation which has been retained.

The Executive Committee of the Co-operative Society was also constituted as the TANU Branch Committee. Political and managerial authority, therefore, rested in the hands of the same group of individuals. The villagers justified this on the ground that otherwise unity may be endangered, and as a result of this concentration of authority, party activities were of little significance. Virtually all attention was paid to running village affairs.

The sub-committee on work was immediately responsible for supervising and recording participation in the collective activities of the Society. The majority of its members were assigned duties on a piece-rate basis on the sisal plantation. The daily targets were such that they could be completed in less than half a day. The remainder of the day was devoted to work on the individual plots, on which people were growing food crops. Because of the diversification of the activities in the village some members were assigned other duties, e.g. carpentry, running the co-operative shop, driving the newly-acquired vehicle, etc. It was agreed that these members should be given the same payment as those working on the sisal plantation.

Problems of Re-organisation

The new village organisation had its problems. Since members could be assigned work anywhere in the village and no longer on a specified plot they often found the distance to work much longer than before. Only a few of the villagers had their own bicycles. To the majority therefore, this was an inconvenience. People preferred to do the collective work on the sisal plantation in the early mornings. The targets were such that it was possible to complete them by 8 or 9 a.m. In some cases, quality was sacrificed: plants were overcut, suckers not removed and bush not effectively cleared. The villagers had agreed to a system of fining members who did not turn out for work. It was also enforced when no satisfactory explanation for absence could be given, but the system only ensured regular attendance, it did not encourage a greater concern with quality of work among the villagers. Accounting and financial control in the village was very poor in 1971: money had disappeared in the co-operative shop and there were other irregularities.

Because of these problems, the Chairman of the Society was suspended for a period of three months, during which the TANU District Chairman came to live at Kabuku to serve as Acting Chairman of the Society. The Village Chairman was later reinstated but voted out of office by the villagers themselves in 1972.

Even during this period the villagers' experience of the district authorities was not wholly positive. All costs involved in keeping the TANU District Chairman in Kabuku were debited to their co-operative, which added to the reluctance of the villagers to deal with the district authorities in Chanika and instead deal directly with the regional authorities in Tanga.

Economic Difficulties - 1971/73

During the period 1971/73, Kabuku Ndani was facing economic difficulties because of low prices and drought, but for the first time the villagers had proved that unity is strength. By concerted action they had been able to remove some of the economic constraints imposed upon them. After the departure of the 26 families they were also gradually able to consolidate their new village organisation. There were problems arising out of both incompetence and lack of commitment or dishonesty. There was evidence, however, that the village leadership was

prepared to deal with these shortcomings in a manner aimed at securing the new order. The diversification of productive and commercial activities in the village enabled it not only to survive but increasingly to acquire the role of a local "growth centre". Kabuku Nje (Outer Kabuku) had come into existence on the other side of the main road to Dar. es Salaam and people began to distinguish between Kabuku Ndani and Kabuku Nje. Despite the poor economic returns from sisal, the socialists in Kabuku Ndani were relatively better off than the majority of the villagers in "capitalist" Kabuku Nje. This factor was of some importance in understanding what kept the socialist co-operative venture at Kabuku going in those days.

Kabuku Ujamaa in Prosperity

Towards the end of 1973 the sisal price on the world market, for the first time in almost a decade, began to rise to levels similar to those in the early 1960's. A triple increase in prices radically altered conditions of the Kabuku settlers. They had slowly learnt to co-operate under conditions of hardship. How drastically different the material conditions of the settlers became in 1974 is shown by the following figures:

Table 1 - Total annual production and income and average annual income per member from sisal at Kabuku Ndani, October 1968 to March 1975.

Year	Tons produced	Total annual income 000's Tan. shgs.	Income per member (based on 225 members) Tan. shgs.
1968/69*	240	148	1,312
1969/70	860	456	2,026
1970/71	830	335	1,489
1971/72	455	143	638
1972/73	915	418	1,858
1973/74	1,115	1,489	6,617
1974/75	840	1,536	6,987
	5,255	4,525	3,067

* 6 months

Before 1973/74 the target of the Kabuku villagers had been to get an average income per month of 150 shgs. (the minimum wage of the labourers on the Kwaraguru Estate), but this was achieved only on one or two occasions when the monthly payment was significantly above average. In 1974 they found themselves with a monthly income of close to 600 shgs., more than twice the minimum wage at Kwaraguru (now raised to 240 shgs.). Their income was also much higher than members of other ujamaa co-operative ventures could claim. Average annual income from communal activities in other ujamaa villages in Handeni District in 1972 varied from 1 shg. to 78 shgs. Although the situation for these villages has improved somewhat since 1972, their income from collective work was still very minimal. Their main source of income was the sale of privately cultivated crops. In 1974 income from collective activities at Kabuku Ndani amounted to 95% of the total income per member. They felt little need to supplement this income by engaging in other activities on a private basis. Whatever they received besides the income from collective work was derived from selling the surplus of their food crops. Because of the generous income from sisal, attention to the management of other activities was not so strict; hence, some of these were run at a loss. Although the co-operative shop - for the first time - showed a surplus of 25,475 shgs. and the hotel and the bar netted together 19,096 shgs., the society vehicles were run at a loss of 1,535 shgs., the petrol pump recorded a loss of 146 shgs. and the butchery one of 9,725 shgs. Despite these losses and the fact that the accounts, according to the Auditor, were so poorly kept that it was difficult to trace internal transfers of money within the co-operative society, the villagers were riding on a wave of optimism during the whole financial year of 1974/75.

Many of the decisions taken during that year illustrate their desire to satisfy material needs which they had been unable to meet before because of low income. Thus, it was agreed that the old houses with thatched roofs should be replaced by new and more permanent houses with corrugated iron roofs. To implement this decision the villagers borrowed a total of 380,000 shgs. from Amboni on the assumption that repayment would be made in the form of deductions from the funds due to the Society. With the help of another loan from Amboni of 56,000 shgs. the Society was able to buy its own Landrover to facilitate transport of members on duty to Korogwe, Chanika and Tanga. It was also agreed that each villager should be given a bicycle by the Society to facilitate his movements within the village, particularly to and from work. This was financed by the village fund in combination with contributions deducted from members' income.

It was a group of very proud villagers who, on the 23rd March 1975, received President Nyerere at Kabuku. This was his third visit to the village and this time they could prove that ujamaa pays. In their report read before the President they listed all their material achievements. They also mentioned to him that 135 children from the village could not get places in their primary school but that they intended to extend their school through self-help work. Of a total of 646 adults 128 could not read and write, but they were all attending adult education courses.

A Development Plan

They also presented the President with their own 3-year "development plan", identifying the projected expansion of activities in the village. On the assumption that the favourable prices of sisal would continue, their plan involved capital expenditure of more than 4 million shgs. to be spent on the following projects:

- Expansion of sisal plantation (125 ha);
- Cashew nut production (373 ha. for 3-year period);
- Fruit growing (32 ha) and pineapples (32 ha) for sale at proposed new factory in Korogwe;
- Cattle-keeping (250 milk cows and 250 goats);
- Chicken rearing (1,000);
- Expansion of maize cultivation (area not specified);
- Cultivation of castor seeds (area not specified);
- Opening of carpentry workshop for primary school leavers;
- Building of a bakery;
- Provision of furniture for members' houses.

The villagers concluded their presentation by donating 15,470 shgs. to the President to be used for the Handeni water project, the Liberation Fund and the construction of the new capital at Dodoma.

Decline in Production of Sisal

In spite of all these achievements it would be wrong to conclude that everything was fine in the village. As is shown in Table 1, with the exception of the extremely dry year of 1971/72 production had risen from 1968 to 1974 but thereafter began to show a decline.

The villagers maintained that the decline was partly due to the need for replanting of sisal which had preoccupied them over the

previous twelve months. It had been impossible for them to devote as much time as before to harvesting; hence the decline in output. The General Manager at Kwaraguru, whose factory depended on the daily supply of sisal leaves from Kabuku to keep his workers fully occupied, maintained that the principal reason was the unwillingness among the villagers to work hard on their sisal plantation. By 9 a.m. they would have finished their piece rate and returned to engage in other activities. He believed that by staying another 2-3 hours on the plantation every day they could significantly increase the output and also improve the case of their sisal. He supported his claim by quoting figures which showed that the Kwaraguru Estate, with approximately the same work force, was able to produce between two and three times as much as the villagers at Kabuku Ndani. The fibre content per ton of sisal leaves, an indication of care and quality, was also a little higher at Kwaraguru than at Kabuku.

When faced with these facts the villagers first referred to the tough nature of cutting sisal: it is exhausting work and they had other important duties at home. They maintained that work on the estate and in the village could not be compared. The workers lived in houses provided by the Company but they did not enjoy the freedom of choice that the villagers did. The latter maintained that they used their rights as owners of their own means of production to engage in other activities, such as improving their houses, etc: these required time and it was unrealistic to expect that they could produce as much as the estate workers.

Increased Government Taxes

The villagers also advanced another reason: despite their relatively high income they did not receive enough remuneration for their efforts. What they meant was that the money paid to the producers was only a small proportion of the export price. Both Amboni and Government made such large deductions that the producers got a very low price. The villagers had by now repaid virtually the whole original loan from Amboni and they knew that the processing could not be done cheaper at that time than at Kwaraguru. According to the most recent balance sheet, Amboni charged approximately 43% of the gross income of Kabuku from sisal for processing and transport. Their main complaint, however, concerned the Government deductions. These were significantly increased from June 1974, when the Government, in view of the unfavourable economic conditions of the country, introduced a highly progressive export tax on sisal. It meant

Table 2 - Production and Income of Kabuku Ndani Ujamaa Co-operative Society
September 1973 - March 1975

Months	Tons Produced	Amount repaid to Amboni (10% of CIF sales value)	First Payment to Members	Payment to Society Fund	Second Payment to Members	Total Payment to Members and Society	Monthly Average price paid by T.S.A. per ton
Sep 73	90	Tan. shgs.* 43,000	Tan. shgs.* 40,000	Tan. shgs.* 4,000	Tan. shgs.* 88,000	Tan. shgs.* 135,000	Tan. shgs.* 2,520
Oct 73	120	27,000	52,000	5,000	92,000	149,000	2,400
Nov 73	120	26,000	47,000	4,000	89,000	141,000	4,073
Dec 73	90	47,000	36,000	3,000	95,000	135,000	2,990
Jan 74	90	13,000	43,000	4,000	86,000	135,000	2,999
Feb 74	75	2,000	38,000	4,000	86,000	128,000	1,821
Mar 74	45	158,000	23,000	2,000	403,000	429,000	5,778
Apr 74	35	6,000	18,000	2,000	75,000	95,000	3,771
May 74	75	4,000	36,000	3,000	81,000	121,000	-
Jun 74	100	14,000	39,000	4,000	97,000	140,000	5,712
Jul 74	85	71,000	33,000	3,000	159,000	195,000	2,935
Aug 74	85	27,000	38,000	4,000	127,000	169,000	3,035
Sep 74	80	24,000	35,000	3,000	125,000	166,000	2,889
Oct 74	85	61,000	36,000	3,000	127,000	166,000	3,605
Nov 74	80	65,000	32,000	3,000	112,000	148,000	3,124
Dec 74	50	61,000	26,000	2,000	110,000	138,000	2,930
Jan 75	70	35,000	32,000	3,000	45,000	80,000	2,685
Feb 75	55	41,000	21,000	2,000	41,000	64,000	2,667
Mar 75	40	32,000	16,000	1,000	70,000	87,000	2,637

* Tan. shgs. to nearest thousand.

that when prices were high the sisal producers paid a lot to the Government, while the opposite was true if prices were low. There is no doubt that Government revenue increased as the following figures show:

Table 3 - Export tax paid by the Tanzania Sisal Authority to Government 1973-75.

<u>Year</u>	<u>Tan shgs. 000's</u>
1973	9,156
1974	180,934
1975	63,232

(Source: Tanzania Sisal Authority)

With good prices and the new tax, Government revenue increased almost twenty times between 1973 and 1974. The villagers at Kabuku noticed the effects of this new tax and they maintained that it was a major reason why they were not anxious to produce more. They sent delegations to the regional authorities, to the Prime Minister's Office and to the Ministry of Agriculture to complain about the tax but in March 1975 the Government refused to make exceptions especially to Kabuku which was prosperous compared to other ujamaa. While the villagers could see the point, they continued to feel deprived. They did not compare themselves with other ujamaa villages but with other sisal producers, and as the only successful co-operative venture in sisal, they believed they ought to be treated differently.

Effects of Growing Maize

The decline in sisal production in part was due to a greater interest among some villagers to grow maize. This interest stemmed from more favourable producer prices introduced by the Government in 1974 and from the fact that the village co-operative had been appointed as buying agent on behalf of the National Milling Corporation, the state-owned buying agent. Because of these factors and falling sisal prices from the beginning of 1975 it was not surprising to find that a considerable number had gone into maize cultivation on a private basis. The interest in maize growing was justified by the campaign launched by TANU to intensify food crop production in the country. The villagers then were growing 225 ha. of maize collectively and 249 ha. privately.

Some of this maize was for consumption by the villagers themselves but since the surplus had been grown by a few individuals, the latter found themselves on a collision course with the collective interest of the village. Firstly, these villagers were able to reap substantial incomes on an individual basis at a time when the collective income from sisal was in decline. Secondly, they appeared to be so much more interested in cultivation of maize that they were prepared to hire labour from neighbouring villages to work for them on the sisal plantation. Although this was contrary to the village constitution it was apparently made possible by collusion from members belonging to the same work team. In July 1975, however, twelve such hired labourers were arrested on the village plantation on the grounds that they were cutting sisal without offering a satisfactory explanation. Police investigations subsequently confirmed that they were hired by some villagers but at the time of arrest they were unwilling to reveal the names of their employers.

Status of Sisal Work

There is also evidence that the increasing diversification of activities in the village had created a situation where work on the sisal plantation had come to attain low status. Villagers aspired to other duties such as working in the shop, the hotel, the maize mill and transport. When they asked why those who worked on the sisal plantation were not paid more than the others, they were told firmly that the village constitution prescribed that everybody, regardless of duty, should be paid the same. Nobody seemed prepared to defend higher pay for the manual labour on the sisal plantation. As a way of defending this view one village mechanic said:

"Look what kind of a sacrifice I make by staying here in the village. The other day we took the landrover to Tanga to find out the charges for overhauling the engine. The quotation was approximately 20,000 shgs. We could not afford it so now I am doing it myself - for 75 shgs., my monthly income at present! Suppose I were in Tanga or Dar es Salaam"

Individual versus Collective Interest

Conflict between individual and collective interest of the members seems to have increased during this period of prosperity in Kabuku. Management of the co-operative organisation was facilitated in that the leadership could take credit for the achievements made. At the same time there is evidence that the

leadership was slackening in its defence of the socialist principles enshrined in the village constitution. Although official village records show that village meetings had decided on measures to be taken against those who failed to meet loan repayment obligations, who did not turn up for duty or who misappropriated village funds, the trend of events revealed that the growing contradiction between communal and private interests of the members was not consistently resolved in the interest of socialist co-operation. For instance, no attempt was made to reduce private, in favour of collective, maize cultivation.

Financial Situation - Mid 1975

The effects of these contradictions became particularly apparent when in the middle of 1975, for a variety of reasons, income from collective work fell drastically from its peak level at the turn of the year. Falling sisal prices and low output were partly responsible, but in addition monthly net income per member was down to 50 shgs. in August 1975 due to deductions for loans incurred during the previous financial year. Table 4 shows how by early 1975 the members had virtually settled their debt to Amboni, incurred by the loan to start the village plantation. During late 1974, however, the villagers had also borrowed from Amboni another 380,000 shgs. for construction of their new houses and 56,000 shgs. for their new landrover. In addition they had been given a loan of 500,000 shgs. from the Tanzania Development Bank for purchase of their own tractors, harrow trailers and hoes.

Table 4 - Amboni Funds lent to Kabuku Ndani and repaid by the members during the period 1st July 1974 to 31st March 1975.

<u>Advanced by Amboni</u>	<u>Tan shgs.</u>		<u>Tan shgs.</u>
1964/65 (9 months)	207,000	Repaid by members	
1965/66	322,000	up to 28.2.75	1,227,000
1966/67	184,000	Repaid by Government	
1967/68	327,000	in 1971/1973	695,000
1968/69	265,000	Interest waived by	
1969/70	204,000	Amboni in 1972	<u>147,000</u>
1970/71	164,000	Repayment total	2,069,000
1971/72	56,000		
1972/73	46,000	Balance of loan	
Interest	<u>514,000</u>	1.3.75	220,000
Advance total	2,289,000		

(According to unconfirmed figures the loan balance was down to 72,000 shgs. by 1st September 1975)

The villagers complained that they were not getting enough cash in their hands at the end of the month: this was due to investments in their own development and welfare was difficult for them to accept. There was strong pressure on the village leadership to waive the deductions, at least temporarily, so that they could get a higher income but the village leaders were unable to accept such a proposal. In fact so much had the villagers extended their commitments by mid-1975, that Amboni did not pay any money into the village funds but instead deducted the equivalent as repayment for the landrover. In view of the prevailing situation an opposition to the incumbent leadership had been formed in the village. They were conducting a campaign which put the blame on the leaders for the decline in income. One criticism was that the political and managerial authority in the village ought to be separated, otherwise bad or incompetent leaders could perpetuate themselves in power by using their political leadership positions. The incumbent village leadership defended itself by pointing to the achievements since 1973 and also by accusing the opposition of trying to bring back individualism and capitalism to the village. Such was the situation in September 1975.

In June 1976, the situation was still characterised by uncertainty as to where the village was actually going. This seems primarily to have been due to two factors: (a) problems of sustaining previous levels of sisal production; (b) suspension of the election of new leaders in the village. The slump in sisal production had continued into 1976. As is evident from the figures presented below the production of sisal fibre by the villagers from August 1975 to February 1976 was lower than the production for the same period during the two previous years.

Table 5 - Tons of sisal fibre produced by Kabuku Ndani between August 1975 and February 1976.

<u>Month</u>	<u>Tons</u>	<u>Month</u>	<u>Tons</u>
August 1975	70	December 1975	50
September "	60	January 1976	35
October "	70	February "	40
November "	70		

(Source: Kwaraguru Factory)

Officials at the District Headquarters in Handeni attributed this fall in production primarily to low world market prices of sisal during this period. The management of Kwaraguru Factory

maintained that it was due to ineffective leadership in the village. The villagers, on their part, without refuting either of the points made by the others, maintained that it was difficult to mobilise labour among the members because they had other activities to attend to as well as sisal.

Due to the low price of sisal during the latter part of 1975 and early 1976 it is clear that the relative competitiveness of sisal production had, particularly in the light of its drudgery, declined. Members found maize production increasingly more attractive which was evident from the fact that they had planted, on a block-farm basis, 330 ha. of maize. This was higher than any previous years and excludes the unofficial maize production by a few members on individual plots in the village area. The "capitalist" inclinations among some members still prevailed but the information suggested that "unofficial" maize production on private plots in 1976 was less extensive than the previous year.

This could not really be attributed to the "socialist" leadership in the village having been able to curtail private production. It probably stemmed from an actual labour shortage in the village, a factor which may also in part explain the problems of sustaining the previous levels of sisal production. During 1975 there was a major exodus of younger people from the village, most of whom found that sisal production was too demanding and that there were other more attractive job opportunities elsewhere. This limited the capacity of many households to supply labour on the collective sisal plantation. This is confirmed by the observation of the Kwaraguru management that absenteeism had increased during 1975/76. A comment made by one villager also illustrates the same problem:

"The officials in Handeni and the manager at Kwaraguru do not realise the range of activities in which we are involved here. They believe that we are only sisal producers and if we fail to turn up every day they call us lazy."

This person referred to activities both within the household and the village as a whole. The pressure for diversification of activities in the village had continued. The Village Women's Group (UWT) had opened a second village shop, and a considerable number of women were directly involved in its management. There is little doubt that this diversification process is at the cost of stronger commitment to sisal production, particularly as long as prices are non-competitive. It may also be in the

long-term interest of the villagers who, through this process, may reduce their dependence on the sisal factory.

Yet, the success of diversification of activities will depend on effective leadership. The election scheduled for October 1975 was indefinitely postponed and had not been held by May 1976 because Kabuku Ndani had not yet been registered according to the 1975 Villages and Ujamaa Villages Act. This meant that the old conflict surrounding the effectiveness of the incumbent leadership still simmered below the surface. The leaders seem to have been concerned with ensuring that the conflict did not erupt as an open issue. One of the effects of this "strategy" appears to have been a less determined leadership on a number of issues affecting the welfare of the villagers. Mobilisation of labour for the sisal work was one of the tasks which slackened during this period. Conflicts can be constructive for the development of the village; brushing them under the carpet may be more harmful.

CONCLUSIONS

(a) Production of Sisal

Kabuku Ndani Ujamaa Co-operative Society may not in operational terms be the most successful co-operative organisation in the country. The General Manager at Kwaraguru Estate believes that the Kabuku co-operative falls short of operational efficiency. In judging the sisal production and in comparing the village with his own estate he may be right, but the point about the Kabuku co-operative is that it is more to its members than just a sisal-producing organisation. In fact the evidence that the co-operative spends some of its resources on other activities than just production shows how much of the life and work at Kabuku it regulates and influences. In assessing the performance of a self-managing, multi-purpose rural co-operative like Kabuku Ndani it is not enough to look merely at its efficiency in the field of production.

(b) The Social Situation

Nor is it enough to examine how close it comes to a set of universal socialist goals. A group of British students visiting Kabuku Ndani in 1974 felt that in measuring socialist development the villagers were mainly spelling it out "in terms of increased wages and rising standards". Measuring socialist progress in

relation to "purist" ideals, however, underestimates the "distance" an organisation may have covered to reach its present position. Kabuku Ndani started under conditions which were not wholly favourable to socialist co-operation. Yet, the villagers by strengthening their own organisation were gradually able to overcome hurdles and take advantage of opportunities such as the national directives on ujamaa, to advance in a socialist direction. If the villagers showed a great concern with improving their material standards, it was primarily because of the many sacrifices that they had made in earlier years. They felt that they now had the right to reap the fruits of their socialist labour. This concern on the part of the members should not conceal the fact that over the years their co-operative had strengthened its capability to achieve socialist goals.

(c) An Association of Strangers

Kabuku Ndani started as an organisation of strangers, none of whom felt subjected to a unified system of social control. Nor did any of the settlers have kinship relations with members of the district or the regional political elite. In these respects, Kabuku differed from most other villages. The experience suggests that the absence of a traditional system of control and a political patron in the superior organs of the Party promoted democracy and the search for a new viable co-operative organisation. Members both among themselves and in their relation to other institutions developed a need to stand on their own feet. The close dependence on Government and Amboni only reinforced such sentiments. The case of Kabuku confirms the observation made by a study of two neighbouring settlements that in such contexts the pattern of co-operation tends to be egalitarian, decisions of agricultural practice, etc., being taken jointly and profits and costs shared. Socialist forms of co-operation, therefore, tend to be easier to develop in these communities than in traditional villages where relationship of respect and authority lead to distinctions not only in terms of obligations but also of rights.

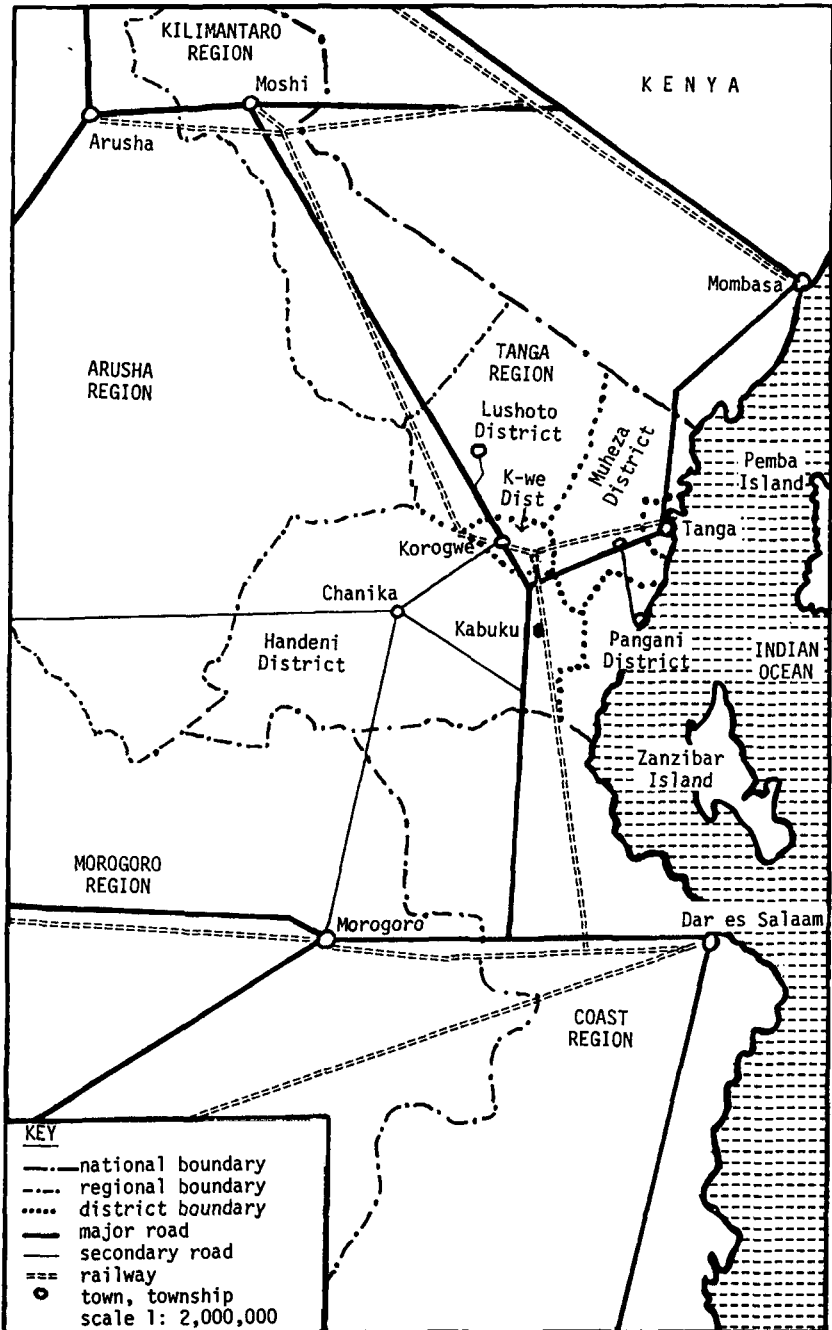
(d) Prosperity versus Hardship

Socialist co-operation in self-managing rural co-operatives seems more difficult to manage in conditions of relative prosperity than in conditions of hardship. This point has been made with reference to another ex-village settlement in Tanzania: Upper Kitete Ujamaa Village. There the task of socialist progress

became increasingly difficult to pursue as members got more and more income. This point is also relevant with reference to rural and urban co-operatives in capitalist societies in the West. Those who found it easier to share in production and distribution were the poorer sections of society. Where these co-operatives have been materially successful they have also gradually turned more and more into ordinary commercial enterprises. Rural co-operation may not be easier under conditions of hardship if those involved are a group of individual small-holders facing uncertainty about meeting their subsistence needs. Under such conditions they may be more strongly inclined to first look after their individual family needs and forget about communal needs.

These seem to be some of the general conclusions that can be drawn from this case study of Kabuku Ndani Ujamaa Co-operative Society, in which we have tried to show that success can most adequately be measured in terms of how well co-operatives develop a capability to deal with internal and external constraints bearing on the realisations of co-operative goals.

Map of North Eastern Tanzania, Locating Kabuku



YUGOSLAVIA - SLOVENIA
Agriculture and Agricultural Co-operation

by

Margaret Digby, M.A., O.B.E.,

Slovenia is, in the main, an alpine country with narrow plains between mountains, an area of karst land in the south west and considerable industrial development throughout. Nearly half the land surface is covered by forest, usually mixed coniferous and broad-leaved, (mainly beech and oak). Of this 40% is in public ownership (much of it originally large German private estates, usually in solid blocks on the higher ground) and 60% is the private property of peasant farmers. This arrangement dates from the ending of the feudal system in 1826. In south Slovenia peasants live in villages, and holdings are much fragmented. In north Slovenia they live scattered on their land, and holdings are usually in one piece. In all this Slovenia is unlike the rest of Yugoslavia, where there is less forest in proportion to arable and much less private ownership. Though the number is falling, 20% of the population of Slovenia is occupied in agriculture and forestry. There are some 180,000 agricultural households, not quite half of which depend on agriculture alone. In the remainder either the farmer himself or some member of his family works in industry, at least part-time. There is a small proportion of private owners of small areas of forest who are not farmers (though they may be the sons of farmers) who follow urban occupations and are only interested in the possibility of raising money by selling timber. They are felt to be an anomaly, but peasant ownership is accepted and indeed welcomed.

During the 1980's the policy of the Government was to discourage private farming. Although general collectivisation had been abandoned in the previous decade, official support was concentrated on large agricultural "enterprises" in which the salaried workers, of all grades, were members and elected the managing body. The system was the same as that prevailing in industry and in formal structure was fairly close to the traditional workers' productive co-operative, though the scale was frequently much larger. The "classical" agricultural co-operative, of which the members were independent farmers managing their organisation through an elected committee, which traditionally played an important part in Slovene agriculture, was not abolished but its activity was reduced. The co-operatives

usually lost any productive functions which they may have had (dairies, for example, were detached and transformed into "enterprises" run by their workers) and the emphasis was placed on contracts by which the farmer member pledged himself to accept advice, supplies and services (such as mechanised cultivation) from the co-operative and in return to sell his crop through it. This system does not appear to have attracted the hoped-for general support, partly no doubt because experience of collectivisation was recent and a renewal in another form was feared; partly perhaps because farmers had little confidence in the advice and services offered. There was also at this time a statutory limitation of 10 ha. on the size of private farms. In spite of these limitations the private farm continued and even became increasingly mechanised (second-hand heavy machinery from the enterprises, direct importation of small tractors).

Since 1970 there has been a change, responsibility for agricultural policy has been transferred to the Republics and Slovenia has taken the lead in adopting a new co-operative law (1972) followed by laws dealing with forests, agricultural credit, land holding and inheritance. The long-term effect of these changes will no doubt take time to show itself but the immediate effect has been to re-establish an agricultural co-operative movement much closer to the world pattern than has existed since the war. The numbers of primary societies have indeed been reduced by amalgamation to 52 units, one for each commune, with a total of 330 branches, bringing their services within reach of all farms. Each branch has an agricultural adviser, but productive functions are still run by "enterprises" managed by their workers.

Half the farmers of the Republic are members of the revived co-operatives. Paying an entrance fee and in some cases, a share, members enter into marketing contracts to deliver milk, meat, grapes or hops through the co-operative to the appropriate enterprise. The co-operatives also supply agricultural and consumer requirements, but there is no contract to purchase. Many farmers do business with the co-operatives without being members. Non-farmers may also buy consumer goods from co-operatives but may not become members.

The former co-operative credit societies (Raiffeisen system) have become banking departments of the primary co-operatives and are now planning to set up their own central bank for the Republic of Slovenia. There appears to be fairly full provision for loans to agriculture both "private" and "social" not only through

the co-operatives but also from the Chamber of Economy of the Republic of Slovenia, government corporations and banks. Loans are secured by mortgages on farms and buildings. Interest on loans to individuals is at 3% if the recipient agrees to accept advice, and loans run for periods of 5-20 years. When the money has been borrowed by the lending institution at the commercial rate of 10%, the Slovene Government meets the difference and there are tax relaxations and other concessions in poor communes and for approved developments.

Some co-operatives have been formed by farmers for joint productive efforts at farm level, especially for joint vineyards and hop gardens (which have technical advantages), for joint use of machinery (about 700 groups, usually on a neighbourhood basis) and recently for communal cattle stalls. These developments, however, are not being pushed while the memories of collectivisation are still fresh.

The average farm is 6-8 ha. of which 4 ha. is probably arable or improved pasture and the rest forest. There is however considerable variation in size and the maximum for arable land has now been raised to 20 ha. The rapid industrialisation of Slovenia has led to a flight from the land, some abandonment of cultivation and the unplanned encroachment of forest. This is an unwelcome development and a good deal of effort is going into the retention of younger people on the land. This includes modifications in the law of inheritance which has hitherto burdened the member of a family taking on responsibility for a farm, with the payment of shares to brothers or sisters who make no contribution to the farm. It also includes plans for the voluntary leasing of all or part of the land of elderly farmers to younger men, so that it may be more efficiently farmed. The aim is a total of about 75,000 farmers on economic holdings concentrating on the production of meat and livestock based in turn on the local production of hay, dried grass and silage, so avoiding feed imports from abroad or even from the arable regions of the Danube Basin. Finally the aim is to supplement farming with other enterprises, notably the controlled exploitation of farmer-owned forests and the development of the tourist industry.

The Slovene Agricultural Co-operative Union was reorganised and reconstituted in 1972. It is so far the only one of its kind in Yugoslavia but it is hoped that similar steps will be taken in the other Republics to be followed eventually by a Federal Co-operative Union. The Slovene Union is run by a board consisting of the directors of 33 district co-operatives and 22

farmers, together with agricultural and forestry experts. It has a farm women's section and a young farmers' section. The latter promotes local associations (67 at present) led by agricultural specialists. The Union is responsible for policy and co-operative relations with other bodies such as the Chamber of Economy. It does not at present undertake the specialised training of co-operative staffs but draws on students from the Workers University and the Agricultural Extension Service.

A brief summary of the position in farms visited will give an idea of the effects on the individual of the system now developing. Beginning with the district of Kranj:

Farm A - about 30 ha. most of it forest but about 10 ha. of improved pasture and arable. There are ten cows and young cattle; all stall-fed almost entirely on hay and silage produced on the farm; breeding is by artificial insemination. Some potatoes are grown and some concentrates bought when the price is within reason. Pigs and poultry are for home use only. The farm has a tractor but its use is restricted by the steep gradients of fields and the scythe must be retained. All milking is by electricity though the voltage is too low for efficiency. Milk is delivered to the main road by tractor daily by one of a small group of farmers, each undertaking delivery on one day a week.

Farm B - has a similar area but less wood and more arable and improved pasture, also similar livestock. Little timber has been sold lately from farm woodland but much has been used in rebuilding the farmhouse and steading.

Neither farm uses alpine pastures, and both suffer acutely from water shortage. A. has an adequate supply, piped at considerable cost from a spring 2½ miles away. B. has at present only rain-water but hopes to join with neighbours to install a piped service. Both farmhouses have well-equipped kitchens, deep-freeze cabinets, milk coolers etc. The enterprise is pushing tourism in which B. is interested but A. feels will be too difficult in view of the water situation and the claims of young children (all children walk 2½ hours daily to and from the school bus on a main road).

Four farms were visited in Postanja, all fairly large (up to 30 ha.) but karst land is relatively poor and waterless, and labour is not available. All were engaged principally in keeping dry cattle (stall-fed) and selling them to the market. All made their own hay and bought compound feeds when they could afford it.

The cost of imports is high, however, and home-produced proteins, such as fish or meat meal or even maize or offals, do not appear to be available. The fatstock industry (which depends on export) is also threatened by the decision of the EEC to exclude Yugoslav beef. Arable land is restricted and mostly devoted to potatoes, maize and vegetables. All farms seem to have tractors and modern implements. Pasture is treated with slurry and artificial fertilisers are not used. Some farms specialise in poultry and all keep pigs for household use. Those who own substantial woodlands, use them to increase their cash income: those with small areas use them only for firewood. There are many so-called "half-peasants" who also work in factories. Most farm children stay late in school and study for higher qualifications. (In one case an only daughter was studying at an agricultural college.) Many leave the land for the professions so that farms are run by married couples and old people.

Slovenia Gorod

Farm A - This has an old manor house, unmodernised. The farm was collectivised by the owner immediately after the war but has since reverted to individual ownership and management. There are 15 ha. of improved pasture and very little arable but a substantial area (10 ha.) of woodland, well used to bring in cash. The farmer is interested mainly in cattle for milking, breeding and sale for meat. They are allowed free pasture in the warmer months but otherwise feed on silage and hay. No food is produced from the farm family. The farm has a tractor, liquid manure spreader and other attachments. Milking is by electricity - the milk being delivered by tractor to the roadside daily. All work is done by the farmer, his wife (who does the book-keeping) and mother, with the advice of the Ljubljana Agricultural Research Institute. The farmer is chairman of the local agricultural co-operative which formerly owned the creamery, now run as a workers' enterprise. The co-operative also supplies agricultural requirements, including machinery and runs the loan and deposit bank which lends to farmers on their sureties' knowledge of the borrower and on his contracts for the delivery of meat, milk and timber.

Farm B - Acreage is similar and all cattle are stall-fed, mainly on hay and silage. Pigs and poultry are kept for home use and a good deal of fruit and vegetables is grown. The farmhouse has been quite elaborately converted for tourists over several years. During the first four years after inheriting the property the farmer, who had been a steel worker, continued to work a night-shift in the steel plant while getting the farm into order with only his wife's help.

Trebinje

In this area an old co-operative has been reconstituted. Almost all farmers are members or are contracted to the co-operative for the sale of all milk, potatoes and meat. They also buy seeds, fertilisers and other requirements, although contracts are not rigidly applied, and borrow for development purposes from the banking department. The co-operative sells milk and meat to processors and distributors in Ljubljana and has no plant of its own, though it would like a bulk cooler. There is a potato flour enterprise in the village to which it sells member's potatoes, and also a woodworking factory. The co-operative has 15 technical advisers who visit farms and in 1974 held short winter courses for members, which 1000 farmers attended. There has been a considerable advance in the last few years in the number and quality of cattle kept (artificial insemination is provided by the Veterinary Institute), in feeding cattle, in the yields of corn (use of fertilisers and selected seeds), and in mechanisation. Most farms have their own tractors and borrow harvesters, potato planters and spinners, either from the co-operative or from 3-4 man farmers' pools.

The farm visited had 2 ha. of improved pasture and arable with 4 ha. of woodland not currently much used. There were 57 cows and young cattle of the local breed, well kept, with electric milking. There was a small vineyard, with poultry and pigs for home use. The farm was run by man and wife; their son was at an agricultural school and their three daughters away from home.

Conclusions

The only obstacle to a more rapid revival of co-operation in its traditional forms (which suit the Slovenian type of agriculture) and its further development in forestry, would seem to be that most peasants have painful memories of the decade of forced collectivisation (with which they are inclined to identify co-operation) so that confidence is difficult to re-establish. In the meantime sons go into the professions (one farm visited had given birth to three professors in past generations) and middle-aged married couples are left to keep going fair-sized mixed farms, with woodland attached, including large houses and potential tourist services, without holidays or replacement labour in cases of emergency. At the same time, growing industries offer a strong temptation to abandon or neglect the land, and the forest is all too successful in re-occupying areas not continuously cleared, cultivated or grazed. What has been achieved is however remarkable, while the plans for further integration and their flexibility as between regions are no less impressive.

RESEARCH INTO CO-OPERATION

by

Helen Kimble*

The Plunkett Foundation for Co-operative Studies has always tried to live up to its name. That is to say, while education has been an enduring concern this has been accompanied, in the best academic tradition, by a continuous emphasis on study and research, extending the frontiers of knowledge. There has been a constant flow of books, articles and monographs, many of them from the pen of Margaret Digby, who has devoted a longer-than-average working lifetime to the study of co-operation worldwide, and especially in the Commonwealth. This output has in turn provided the input for regular series of seminars, courses and conferences. But perhaps the process has tended to be somewhat inward-looking: if not actually contemplating our own navels, perhaps preaching mainly to the committed.

Recently, however, research into co-operation has been given a new lease of life and - at last, even in British universities - a new aura of academic respectability. This has been largely due, at home, to the foresight and initiative of the Central Council for Agricultural and Horticultural Co-operation and, abroad, to the imaginative aid programme and consultancy projects of the Ministry of Overseas Development. This account will concentrate upon the home front. The purpose of Central Council grant aid is to promote and encourage the growth of co-operation among British farmers and growers; this has been liberally interpreted to include research into the process and patterns of that growth, into the structure of co-operation, and into the role of co-operative trade and production within the modern economy. Applied research, yes; but, once academics began to take an interest in a field that had largely been left to descriptive works and practical handbooks, several things happened.

In the first place, a new, more systematic, analytical approach was developed. Secondly, the analysts set to work fashioning an "appropriate technology". Thus, for example, Gordon Mitchell of Bristol University's Agricultural Economics Research Unit

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(now, alas, wound up) resurrected a sociological tool developed in the early thirties for the study of attitudes - called the Likert scale after its American inventor - and applied it to the study of agricultural co-operation. Thirdly, it was not only agricultural economists who were rummaging in their academic toolbox. Rural sociologists, development economists, agricultural extension specialists, and even a few managers and farmers with practical experience of co-operation, all began to develop their own special approaches. The precise nature of their previous training seems to have been less important than their interest in and understanding of co-operation; some of the most original and readable research reports so far produced have come from an Oxford classicist with some milking experience!

The fourth result was, however, as the Central Council planners had cannily foreseen all along, that the universities, finding themselves harbouring grant-aided research projects in this relatively new field, began to seek a niche for co-operative studies in their undergraduate syllabus, both to make use of the research findings and to ensure that future research students would have already learnt a little about the theory and practice of agricultural co-operation. Thus increasingly the relevant university departments are setting up - at least optional - courses of lectures and seminars. At the same time, perhaps partly because of this new preparatory groundwork, the research itself is becoming not only more rigorous but also more relevant to the problems faced by the co-operatives themselves.

A fifth corollary has been the realisation that the study of co-operation is essentially an interdisciplinary affair. Just as an understanding of the process of development in the Third World involves the collaboration of specialists from a wide variety of disciplines - economics, politics, sociology, physical planning, agricultural sciences, social psychology, business studies, to name only some - so the understanding of co-operative development must call upon a wide variety of specialist skills. It helps if those concerned can understand one another's language; and from there it is a short step to crossing arbitrary and artificial "subject" boundaries.

When I became Research Officer at the Foundation, in August 1976, the need for a multidisciplinary approach to co-operative studies was fairly obvious. What was less easily ascertained was the number of research workers who were already tackling a wide range of projects, with the support not only of the Central Council and the ODM (through ESCOR) but also of the Agricultural

Research Council, the Social Science Research Council, the Royal Agricultural Societies, several international bodies - including the International Co-operative Alliance, the EEC (through FEODA), COPAC (the Joint Committee for the Promotion of Aid to Co-operatives) and various UN agencies, notably FAO and UNDP - not to mention university departments, schools and institutes, agricultural colleges, and a few of the larger co-operatives themselves.

Because the sponsors were so multifarious and the research work itself so widespread, it is surprising that there has not been more duplication of effort, both in subject and in geographical area. Fortunately, perhaps, the Plunkett Foundation has been able to take a hand, before this happened, in collating and drawing together the threads of work in progress. The Foundation had been given, as long ago as 1924, a mandate to act as a clearing house of information on agricultural co-operation. This function can now usefully be interpreted to cover the exchange of information on research - and this is in fact what we have already begun to do, through a series of research seminars.

The first Co-operative Research Seminar, held in Oxford in January 1977, invited the help of research workers and managers of agricultural co-operatives in planning a new research project, "Specialisation and Aggregation". In fact, this was partly a bait to bring representatives of these two groups together to consider more general aspects of co-operative research. As it turned out, the closing Open Forum on Research revealed several matters of common concern, besides a need and a willingness to learn from one another, and a common desire to keep abreast of the research that was going on. It was therefore agreed not only that there should be a regular series of seminars but also that the Plunkett Foundation should both act as a clearing-house and initiate regular exchanges of information on current research. This could initially be done by means of a newsletter, but later perhaps by producing a full-scale Research Register of UK-based research on co-operation.

Plans are already well under way for the Second Research Seminar, also to be held in Oxford, 22-24 September 1977. Over 180 research workers and co-operative managers have been invited, and so many papers have been offered that only a selection could be placed on the programme. The report will be widely distributed - circulated free to participants but sold to others at a price that will cover the cost of production.

As a result of these contacts, and through visits to universities and Research Institutes, we have been able to compile a substantial list of research in progress or recently completed. A news letter will be distributed as soon as possible after the second Seminar, and any research workers reading this are invited to send in information on their work, if we are not already in touch. The letter will carry information on all UK-based research into co-operation, whether at home or overseas, and will be produced regularly, three or four times a year, for a small subscription. At the same time, however, we have more ambitious plans, for a regular Research Register.

The publication of an annual or biennial Register of Research into Co-operation is of course a more ambitious, long-term target (although, given the necessary funds, it could be a short-term possibility). There is certainly a gap to be filled. Although a number of such registers are already in existence, none of them covers exactly the ground proposed. The ICA publishes a Research Register of Studies on Co-operatives in Developing Countries, edited in Budapest and Warsaw. Nearer home, the Institute of Development Studies at the University of Sussex produces regularly a Development Studies Research Register covering UK-based projects; but only a handful of these relate to co-operation, as is also true of the Register of Farm Surveys in the United Kingdom and Eire (1976, unfortunately unlikely to be repeated) produced by a small working party which had been set up at a Symposium (on questionnaires for farmers) held in Aberystwyth in 1975. Perhaps even more specialised are the Research Register of the Countryside Commission and the Research Index of the Institute of Grocery Distribution (which includes a number of relevant items, from "Livestock Marketing in Wales" to "A Simultaneous Equation Model for the Marketing of Frozen Fish Products"). This list is by no means exhaustive.

Although all these registers are useful and interesting: although the IDS at Sussex even produces a Directory of Research Registers relevant to development studies: and although all of them intermesh with our plans: nevertheless, none of them actually does what we are proposing to do, and none of them has any special interest in research into co-operatives. Where overlapping might occur, as with the ICA or Sussex Registers, this can be simply dealt with by cross-references instead of substantive entries. Mutual cross-referencing could well be of benefit all round. But the preparation of such a register, including the brief abstracts that are essential if it is to have any value

as a work of reference, is expensive, both in time and in money, especially to get it going in the first place. After the initial Register has been produced, however, the revenue from sales should enable subsequent issues to be self-financing.

This article has done little more than to sketch out some new approaches and tentative plans for the encouragement, development and recording of research into co-operation. There is no room for an account of the current projects being undertaken by the Plunkett Foundation itself - one being due for completion in July 1977, another by the end of the year, and a third, involving two visits to Botswana, also to be completed in 1977. Reports on each of these will be made available; and it is hoped that subsequent Year Books will carry some reports and accounts of research work in progress, for example by reproducing papers presented at our Research Seminars, which may well reach a wider audience in this way.

But much remains to be done. All sorts of topics demand the attention of research workers. Several are on the Plunkett programme, if only we can find the time and the money for them, not only to fund the specific projects but to provide the support facilities required - adequate space to work, room to extend the library, equipment for recording and processing the information obtained from surveys, and additional research assistance. Only thus can the Foundation expand its research work to meet the needs of co-operative studies in the changing and challenging conditions of the last quarter of the twentieth century.

STATISTICS OF UK AGRICULTURAL CO-OPERATIVES

by

T. F. Riordan, B. Comm.*

The figures shown in Tables 1-5 (pages 255 - 257) have been extracted from the Plunkett Foundation's booklet "Agricultural Co-operation in the United Kingdom - Summary of Statistics 1975/76" **. Data from co-operative companies and societies which are frequently represented separately, are merged to give a more complete picture.

Using Table 5 as a base, certain facets can be highlighted as follows:-

Number of co-operatives: There are approximately two societies to every company. The number of societies has been declining in recent years (389 in 1975 compared with 396 the previous year) due to a process of rationalisation of agricultural co-operatives; on the other hand there has been a slight increase in the number of companies mainly in horticulture and cereals marketing. Two thirds of the co-operatives are involved in marketing for each country, with horticulture and livestock being the most prominent activities. Almost half of the co-operatives shown as "Other Marketing" deal in cereals, mostly grain, oilseeds and sugar-beet; a few are in horticulture (Wales/Northern Ireland), while fishery societies in Northern Ireland are also included.

Membership: The growth in size of the average requisite co-operative is reflected in the disposition of the total of members. While marketing co-operatives are almost four times greater in number, their membership barely exceeds half the number operating in requisites; the chief reason for this is that marketing co-operatives are smaller because they are often single crop businesses and full commitment is important. A closer scrutiny reveals that only England and Wales are concerned, for in both Northern Ireland and Scotland by far the greater

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** Copies of this booklet are obtainable from the Plunkett Foundation for Co-operative Studies, price 60 pence.

number of members belong in marketing, i.e. an average of 68% as against 22% for England/Wales.

Turnover: The English figure (£652.6 million) is 73% of the combined UK total and, like Wales, is composed of 65% sales of requisites. Marketing sales claim the main share in the turnover for Scotland (82%) and Northern Ireland (73%); over half of the Scottish figure is derived from livestock, while dairy produce accounts for 57% of the total for Northern Ireland.

Owned Capital: The figure of £74.4 million is over £10 million higher than the previous year's figure.

Loan Capital: A decrease of £1 million compared to the previous year was brought about by a 10% drop (£2.2 million) in bank borrowings. The supply of additional funds by means of members' loans increased by over £1 million in the same period.

Fixed Assets: The figure of £55.5 million is £7.6 million up on the preceding year.

TABLE 1 - Agricultural Co-operative Statistics, NORTHERN IRELAND

	No. of Co-operatives	Membership	Total Turnover £000's	Owned Capital £000's	Loan Capital £000's	Creditors £000's	Fixed Assets £000's	Current Assets £000's	Total Assets £000's
NORTHERN IRELAND									
REQUISITE CO-OPERATIVES									
Total Requisites	3	5,050	12,148	371	142	437	331	619	950
MARKETING CO-OPERATIVES									
Dairy	12	3,852	25,719	4,925	1,100	3,165	3,758	5,432	9,190
Livestock	18	5,188	5,148	371	138	201	276	404	680
Other Marketing (*)	8	7,578	2,357	1,511	17	493	840	1,181	2,021
Total Marketing (*)	36	16,618	33,231	6,757	1,225	3,658	4,874	7,017	11,891
SERVICE CO-OPERATIVES									
Total Services	4	746	9	12	...	1	11	2	13
GRAND TOTAL	53	22,412	45,388	7,140	1,417	4,297	5,216	7,638	12,854

TABLE 2 - Agricultural Co-operative Statistics, SCOTLAND

	No. of Co-operatives	Membership	Total Turnover £000's	Owned Capital £000's	Loan Capital £000's	Creditors £000's	Fixed Assets £000's	Current Assets £000's	Total Assets £000's
SCOTLAND									
REQUISITE CO-OPERATIVES									
Total Requisites	20	17,923	28,828	4,610	1,670	3,337	2,797	8,820	9,617
MARKETING CO-OPERATIVES									
Livestock	23	12,237	86,370	1,277	1,289	940	1,220	2,304	3,524
Horticulture	22	1,004	7,693	488	2,146	1,447	1,811	2,482	4,093
Egg & Poultry	7	8,528	1,794	170	95	243	127	381	508
Fisheries	13	2,040	4,706	445	459	459	304	832	1,136
Other Marketing	7	7,265	24,342	1,050	535	2,038	1,142	2,479	3,621
Total Marketing (*)	72	31,075	124,905	3,440	4,309	5,133	4,404	8,478	12,882
SERVICE CO-OPERATIVES									
Total Services	3	79	51	25	-	185	11	179	190
GRAND TOTAL	95	49,077	151,784	8,075	5,979	8,635	7,212	15,477	22,689

(*) Including fisheries co-operatives

... value below \$500

TABLE 3 - Agricultural Co-operative Statistics, MALES

	No. of Co-operatives	Membership	Total Turnover £000's	Owned Capital £000's	Loan Capital £000's	Creditors £000's	Fixed Assets £000's	Current Assets £000's	Total Assets £000's
MALES									
REQUISITE CO-OPERATIVES	25	41,324	27,763	3,370	698	3,866	1,512	6,420	7,932
Total Requisites									
MARKETING CO-OPERATIVES									
Livestock	38	8,108	8,024	215	75	153	181	262	443
Dairy	3	737	7,485	1,080	30	934	1,173	891	2,064
Other Marketing	16	1,488	853	152	27	94	54	219	273
Total Marketing	55	10,331	16,342	1,447	132	1,201	1,408	1,372	2,780
SERVICE CO-OPERATIVES									
Total Services	6	867	68	37	20	14	14	57	71
GRAND TOTAL	86	52,542	44,173	4,854	848	5,081	2,934	7,849	10,783

TABLE 4 - Agricultural Co-operative Statistics, ENGLAND

	No. of Co-operatives	Membership	Total Turnover £000's	Owned Capital £000's	Loan Capital £000's	Creditors £000's	Fixed Assets £000's	Current Assets £000's	Total Assets £000's
ENGLAND									
REQUISITE CO-OPERATIVES	58	143,289	413,072	33,918	13,543	48,132	19,175	74,418	93,593
Total Requisites									
MARKETING CO-OPERATIVES									
Egg and Poultry	6	20,985	52,528	2,444	909	8,792	2,846	9,499	12,145
Horticulture	150	9,570	84,326	12,286	4,694	8,323	12,179	13,124	25,303
Meat and Bacon	7	5,126	30,854	2,049	1,087	3,874	3,299	3,765	7,004
Livestock	45	3,011	29,553	200	815	1,045	439	1,621	2,060
Wool	5	10,987	8,313	1,242	5	1,122	505	1,864	2,368
Dairy	5	3,036	2,549	442	64	556	430	632	1,062
Other Marketing	50	2,221	30,547	778	1,190	1,772	713	3,025	3,736
Total Marketing	268	54,916	239,670	19,433	8,784	25,484	20,151	33,530	53,681
SERVICE CO-OPERATIVES									
Total Services (**)	23	12,522	918	992	122	189	808	505	1,313
GRAND TOTAL	350	210,727	652,660	54,343	22,429	71,815	40,134	108,453	148,587

(**) Does not include N.F.U. Mutual Insurance Society Ltd

TABLE 5 - Agricultural Co-operative Statistics, UNITED KINGDOM

UNITED KINGDOM	No. of Co-operatives	Membership	Total Turnover £000's	Owned Capital £000's	Loan Capital £000's	Creditors £000's	Fixed Assets £000's	Current Assets £000's	Total Assets £000's
REQUISITE CO-OPERATIVES									
Total Requisites	117	207,588	479,811	42,289	16,051	53,772	23,615	86,277	112,092
MARKETING CO-OPERATIVES									
Egg and Poultry	13	29,514	54,322	2,614	1,004	9,035	2,773	9,880	12,653
Horticulture	172	10,574	92,019	12,794	6,642	9,770	13,790	15,606	29,396
Meat and Bacon	7	5,128	30,654	2,043	1,087	3,874	3,239	3,785	7,004
Livestock	120	28,540	129,093	2,013	2,347	2,347	2,116	4,581	6,707
Wool	5	10,987	8,313	1,242	5	1,122	505	1,894	2,399
Dairy	20	7,825	35,732	6,447	1,194	4,675	5,381	6,955	12,316
Fisheries	13	2,040	4,706	445	232	459	304	832	1,136
Other Marketing (*)	81	18,552	56,109	3,489	1,769	4,395	2,749	6,904	9,653
Total Marketing (*)	431	112,938	413,148	31,077	14,480	35,677	30,837	50,397	81,234
SERVICE CO-OPERATIVES									
Total Services (**)	36	14,234	1,046	1,066	142	379	844	743	1,587
GRAND TOTAL	584	334,758	894,005	74,412	30,673	89,828	55,496	139,417	194,913

(*) Figures for Northern Ireland Fishery Co-operatives are included in "Other Marketing"

(**) Does not include N.F.U. Mutual Insurance Society Ltd.

BOOK REVIEWS

by

Margaret Digby, M.A., O.B.E.

Guide to Agricultural Co-operative Legislation, by Barbara Shedden, London, Central Council for Agricultural and Horticultural Co-operation, 1977. pp. 277.

In the United Kingdom, as in a number of other countries, co-operators have experimented with organisations formed under legislation other than that originally intended for their use. Agricultural co-operatives, in particular, have been formed in quite large numbers under the Companies Acts, as well as under the Industrial and Provident Societies Acts, to the delight of lawyers, but to the despair of farmers, who are aware that they have a choice of registration, but are uncertain how this should be exercised. To deal with this situation (though the book is designed to be read by advisers, rather than by farmers themselves), the Central Council for Agricultural and Horticultural Co-operation has produced a guide, which summarises and sets out side by side the provisions of both Acts, and quotes the references to all the relevant legislation in which they are to be found. The publication runs to 277 pages, and includes a useful index.

L'Avenir des Coopératives Agricoles: projet de rapport soumis à l'assemblée générale. Paris, Confédération Française de la Coopération Agricole, 1976. pp. 143.

In 1975 the French Confederation of Agricultural Co-operation appointed a working party of some 40 persons, representative of the Confederation and its regional organisations, to carry out a general review of agricultural co-operation in France and to make recommendations for its immediate future. Co-operatives, it was felt, should periodically examine themselves. The environment and the status of farmer members was changing. Adaptations were due to take place and the consequences should be foreseen and studied. In October 1976, a preliminary report was completed and laid before the general meeting of CFCA.

The report is a stimulating one which is worthy of careful reading and consideration, not only in France but in other countries with a long history of agricultural co-operative

development. It begins with five assumptions regarding co-operative aims which are to:

- a) assure the member of a steady and if possible a rising income;
- b) give him security;
- c) secure and perpetuate real democracy;
- d) promote solidarity among co-operators and co-operatives;
- e) take into account the needs and aspirations of the paid staff of a co-operative.

The recommendations fall into four groups:

- a) loyalty of co-operative members to the co-operative;
- b) loyalty of the co-operative to the interest of each member;
- c) solidarity among and between co-operatives;
- d) participation of all concerned in a wider co-operative democracy.

The report embodies much thought on the use of contracts, or rules with the force of contracts in binding members to their co-operative, and methods and problems are suggested. Shareholding, in modern conditions, is also considered in relation to the position and interest of both old and new members, the provision for the withdrawal of capital and the special capital problems of multi-purpose societies.

A second section deals with the obligations of the co-operative to its members. The first of these is to fulfil its own objectives. To do this successfully involves assessing its own efficiency and good management, for which criteria are suggested, not only in the field of accountancy. The report includes a fairly searching discussion of price differentials, especially volume discounts or premiums. After stating a case for this practice the report recommends against it, as not conducive to any genuine co-operative end. It is not only the commercial success of the co-operative which must be pursued but the success of each member's farm. Much here depends on the technical adviser in constant touch with the membership.

The development of solidarity between co-operatives possibly in the form of federation, perhaps in mere avoidance of competition for membership and trade, is next considered and various solutions set out including the detailed study of each case by an impartial body such as a regional or national federation with final recommendations. This leads to a general consideration of the role and opportunities for joint action both administrative

and commercial. All these recommendations aim at a much more closely knit and economically organised co-operative movement without overlapping, waste of capital or internal conflicts. The result should be a more formidable face presented to the world of competitive business.

The section on co-operative democracy examines the rights of members in primary co-operatives and the relations between paid management and elected boards. It considers the fairly widespread, but not always well-grounded, feeling among farmer members that they are insufficiently informed and that co-operatives are run by and for their staffs. A number of recommendations are made for ending this situation, where it exists. The report calls for more information and education of members and boards and advocates the specialisation of their services. It is not anxious to see any retreat from the "one man, one vote" principle but concedes that some concessions based on contracts strictly fulfilled might be acceptable. Increased interest and responsibility for members of boards of directors are likely to improve their performance and their loyalty. Relations with paid staff in general require fresh consideration and the legal possibility for some sort of associate membership as a contribution to solidarity is discussed, as are methods of devolution and decentralisation for the co-operative structure as a whole.

The Irish Co-operative Movement - its History and Development, by Patrick Bolger, Dublin, Institute of Public Administration, 1977. pp. 434.

The Irish Co-operative Movement has existed for more than 80 years and has played a part in the evolution of agriculture and rural life which is more than equal to that of co-operation in any European country. But though a good deal has been written about it from time to time, it has never been the subject of a full, systematic history and appraisal. That gap has now been filled by Patrick Bolger's book. It is particularly strong on what may be called the pre-history of the movement, the little-remembered story of Ralahine, the work of the original thinker and superficial eccentric William Thompson of Cork, the relation of these events and persons to contemporary co-operative progress in England and the land system in Ireland. Interest in co-operation was suspended while the land war was being fought out and the beginnings of reform introduced; then Plunkett, perhaps the most surprising innovator of all, with his brilliant team, finally launched the movement. It progressed, through wars and revolutions, to the place in national life which

it holds today. So far the record is chronological, but when the story line might have flagged with the death of its most striking protagonist, the author switches adroitly to the functional approach and carries the creameries, the credit societies, the agricultural supply co-operatives, the livestock auctions and meat packing plants with all the smaller, but often fascinating, ventures with poultry, flax, home industries, fishing and the rest over 40 years of varying fortunes. He traces their relations with government and its institutions and services and the influence of personalities. The book is written with affection and the subject acutely researched and well-presented. Possibly the credit movement might have stood a more rigorous appraisal; possibly more might have been shown of Irish co-operation in the context of the European movement; certainly more could have been made of the pioneering work of the IAOS in bringing Irish agriculture into the councils of the EEC, where its influence has been noteworthy. But the narrative is both ample and fast-moving, fascinating to anyone who has seen events described at close quarters, a treasure of experience and, it is hoped, an inspiration to those who will face the problems and find the solutions arising in the future.

Le Projet Coopératif: son utopie et sa pratique; ses appareils et ses réseaux; ses espérances et ses déçourvenues, by Henri Desroches. Paris, Editions Ouvrieres, 1976. pp. 461.

Professor Desroches (Director of Studies in the School of Advanced Studies in the Social Sciences in Paris, and also Director of the Co-operative College in France) has written an important and fascinating book for which all students of the underlying ideas of co-operation will be grateful. The theme is the transition from the nineteenth century vision of co-operation as a social Utopia to the working economic structure in which its validity is being internationally tested today. It is a history of ideas which took on material form. Professor Desroches gives full value to the ideas and traces them through the writing of the pioneers in England, France and Germany, and the pronouncement of congresses, linking them with contemporary ideas and movements in trade unionism, and politics. It is a method which conveys a great sense of life and personality, of "youth and rejuvenation". It does not give quite so clear a picture of the working co-operator, the store-manager, the part-time chairman worrying about his half-understood balance sheet, and yet pushing on through near disaster to final success; but his presence is felt if his motives and what sustained him are not so expressly discussed.

The second part is devoted to typology and to systems of classification and what they imply. Professor Desroches is probably most at home among the consumer co-operatives and the worker-producer associations but he has some perceptive things to say on agriculture and the relation between the "peasant" co-operatives of small individual farmers, and the large-scale "enterprises" with the structure of modern commercial farming and an element of formal worker participation in management. He is frank on the mistakes in some South American co-operative farming and on the business character of large North American co-operatives.

The last section is entitled "Sociology" and includes an interesting discussion on co-operative "implantation" which the author likens to a surgical transplant and illustrates from the experience of primitive village societies. He inclines to see co-operation as a rediscovery of the best side of the communal village, a view which is not universally accepted. He also discussed the relationship between land reform and co-operative organisations as another form of social transplant. This leads on to the relation between co-operatives and the state and to the lack of serious, academic study of what in fact a co-operative, as a business enterprise, really is. A discussion of co-operative democracy and co-operative "convictions" - something between principles and assumptions - then follows. Professor Desroches acknowledges that co-operators have had their disappointments and disillusionments but concludes with the phrase which he attributes to Roger Bastide: "Shall we begin again?"

Economics of Co-operative Farming (objectives and optima in Hungary), by Ferenc Fekete, Earl O. Heady and Bob R. Holdren, Budapest, Akademiai Kiado, 1976. pp. 184.

Subtitled "objectives and optima in Hungary," this is an American-Hungarian enterprise aiming at the analysis and evaluation of Hungarian collective farming in the last 30 years in terms of theoretical models mathematically expressed. It is an exercise which in some form was worth attempting though whether the assumption that a large collective farm in Hungary can be judged in the same terms as a large farm in America seems more doubtful. The treatment throughout is rarified - the head swine-herd has become a "hog operations chief". Actual experience, including statistical and accountancy experience is little used. The authors however, seek to stimulate "fresh ideas and further research" which could well take the form of field studies and case histories to be compared with the theoretical framework elaborated in the present volume.

Das Genossenschaftswesen in Lateinamerika, edited by Dieter W. Benecke. Münster, Westfälische Wilhelms - Universität, 1976. pp. 335.
Las Cooperativas en America Latina, by Dieter Benecke and others. Zaragoza, Centro Nacional de Educación cooperativa, 1976. pp. 335.

Interest in co-operation in Latin America has existed, especially in intellectual circles, for some time but no comprehensive book had been written until the excellent study just published simultaneously in German and Spanish by the Co-operative Institute of the University of Münster and the Centre for Co-operative Studies in Zaragoza. Professor Benecke of the Co-operative Institute in Münster is more than the editor, for he has designed the plan on which information was collected, decided the methodology and the form in which the material is presented and himself written the introductory section. In this the development of co-operation in Latin America as a whole, the comparative statistics in considerable detail, and the institutions common to all the countries of the continent are set out with great clarity and an awareness of the economic and political background which commands confidence. The rest of the book is taken up with 11 studies of 20-50 pages each dealing with a single country of which four are by Professor Benecke, three by Dr. N. Frank who covers Central America, and the rest by South American contributors. All are on the same plan and cover as far as possible the same information, thus facilitating comparison. Brazil, Paraguay and the former British and French colonies in the Caribbean are omitted. Information on Chile does not extend beyond 1973.

The book is highly recommended to all who seek a full and balanced understanding of co-operation in a region where it has made its mark already and may well become of increasing importance in the future.

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

Through his research Dr. J.G. Craig has made a very interesting contribution to co-operative thought in Canada. Multinational corporations are among the dominating forces in world trade today and are the subject of controversy and sharply differing views. But why not multinational co-operatives which might retain the advantages and diminish the dangers of the corporations? Dr. Craig has devoted himself to this question, making careful studies of the multinational co-operatives which do in fact exist today, in many cases after a long and successful history. International Co-operative Insurance, the Nordisk Andelsforbund, Inter-

national Petroleum Association, to the Canadian-based Co-operative Fertiliser International, are all working industrial or commercial undertakings, none of which have been studied in this particular context by someone familiar with this academic approach to the more controversial corporations. The book is to be welcomed for its presentation of facts in which comparatively little interest has been taken but which will be the growing-point of fresh ideas and practical developments in the co-operative sector.

The International Co-operative Movement: its growth, structure and future possibilities, by W.P. Watkins, Manchester, Co-operative Union Ltd. 1976. pp. 116.

The Co-operative Union of Great Britain has done the movement one more service in publishing a handbook on international co-operative movements and entrusting the authorship to W.P. Watkins who has both the essential and encyclopaedic knowledge and the clarity and grace of style which ensure pleasurable reading.

The work begins with an historical survey from the end of the 17th century to the present day, particularly covering the spread of co-operation throughout the world and its approaches to integration at various levels. The second part is a descriptive directory of international co-operative institutions, governmental and non-governmental, beginning with the International Co-operative Alliance but including many of more limited scope either in geographic or functional coverage. The last three chapters look to the future and to the design of policies which will determine the future. A valuable book which all co-operators should be familiar with.

The CWS in War and Peace 1938-1976: the Co-operative Wholesale Society Limited in the Second World War and post-war years, by Sir William Richardson, Manchester, Co-operative Wholesale Society Ltd. 1977. pp. 199.

The CWS is the largest consumer co-operative business in the world and the longest-established of its kind. It has an unique fund of experience which cannot but be of value to others in many parts of the world. It has produced at least two previous histories of its own development but both refer to periods which are rapidly becoming of mainly historical interest. The present book devotes the first 40 of its 400 pages to the period up to 1938. This is followed by a detailed treatment of the war and post-war years and the great re-organisation which has taken place in the sixties and seventies. This must have taken courage and clear-sightedness to write, for the CWS had undoubtedly reached a state of complacency, if not of relative

decline, in the new multinational and supermarket world of the post-war years, and only saved itself after the shock of outside criticism, including that of the Gaitskell Commission, by a determined policy of reorganisation. The whole story is well and hoestly told. It is aimed primarily at the intelligent member, at committees and at students. The latter might perhaps have welcomed more financial and accountancy details regarding the problems and solutions involved in so remarkable a self-rescue but this might have raised questions of business confidentiality which have been prudently deferred, perhaps to a future re-issue. Chapters on the Co-operative Bank and the Co-operative Insurance Society bring their stories up to date and place them in the contemporary scene and in relation to the parent CWS.

Las Cooperativas: Fundamentos. Historia. Doctrina, by Alicia Kaplan de Drimer and Bernardo de Drimer, Buenos Aires, Intercoop, 1973. pp. 622.

Co-operation in Latin America after a slow start is now gaining ground and developing its own existence but little is disclosed to the outside world. Argentina is known to have an interesting consumers' movement later much involved with the South American speciality of co-operative housing, some ventures in industrial production and, rather unexpectedly, what seems to be a commercially viable large farmers' marketing and supply organisation, about which more information would be valued. A 500 page book on co-operation by two professors of the Economics Faculty of Buenos Aires University raises immediate hopes that the gap in knowledge has been filled. Unfortunately only about 20 pages deal with a very much condensed record of past and present developments in Argentina. The rest is a survey of the ideas and achievements of co-operation throughout the world, mainly intended for Spanish-speaking students seeking background knowledge. Perhaps the two professors might be persuaded to follow it up with a critical study in depth of co-operation for all purposes in their own country.

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103 COPAC Ujamaa villages in Tanzania as a co-operative solution to the problems of the rural poor. Rome, COPAC, 1976. pp 78, bibl.

A comprehensive study of the structure and organisation of Ujamaa villages.

104 DON, Yehuda. Dynamics of the development in the Israeli kibbutz; discussion paper, 7512. Ramat-Gan, Bar-Ilan University, 1975. pp 28, bibl.

Paper presented at the group Farming Conference organised by the Land Tenure Centre, University of Wisconsin.

105 EUROPEAN COMMUNITIES. COMMISSION. Report on relations with non-governmental organisations (NGOs) active in the field of development with special reference to the cofinancing of projects (Commission communication to the Council) COM (77) 83 final. Brussels, CEC, 1977. pp 45

DEVELOPING COUNTRIES

In 1976 for the first time the Community budget included an appropriation for the cofinancing of projects in developing countries by NGOs of the Member states. This communication concerns the utilisation of the appropriation for cofinancing and also development education.

106 EUROPEAN COMMUNITIES. COMMISSION. Report of the third assembly of representatives of non-governmental organisations (NGOs) dealing with development co-operation, with commission staff. Brussels, CEC, 1977. pp 6 + 7 annexes.

The report expresses satisfaction with the progress made, particularly in cofinancing.

107 ERASMUS UNIVERSITY (Netherlands). Research programme of the Centre for Development Planning, 1977. Rotterdam, CDP, 1977. pp 19

108 FOOD AND AGRICULTURE ORGANISATION. Agrarian reorganisation and rural development for Jamaica; chapter 4: worker participation in agricultural development. Preliminary draft of a Report on a FAO/UNDP Mission July-September 1974. pp 23

109 FOOD AND AGRICULTURE ORGANISATION. Integrated rural development. FAO's approach and programme. Rome, FAO, 1976. pp 12

110 GAGNON, Gabriel. Coopératives, politique et développement. Article in Sociologie et Sociétés (Montreal) 1974. Vol VI/2

Co-operatives, participation and development in Senegal, Tunisia and Cuba. The article covers the major points of three research studies carried out between 1963 and 1973 on co-operatives and their effects on the developmental process.

111 HANEL, Alfred & MÜLLER, Julius Otto. On the evaluation of rural co-operatives with reference to governmental development policies - case study of Iran. Marburger Schriften zum Genossenschaftswesen Reihe B/Band 15. Göttingen, Vanderhoeck & Ruprecht, 1976. pp 300, bibl.

This study is the result of a positive response from Iran (where rural co-operatives are rapidly expanding) to the recommendations of the FAO Ad Hoc Consultation in Co-operatives and other farmer organisations in agrarian reform areas in Africa and the Near East, calling for a methodology for evaluating the performance of co-operatives.

DEVELOPING COUNTRIES

112 INSTITUTE OF DEVELOPMENT STUDIES, Sussex. Development policy in small countries; edited by Percy Selwyn. London, Croom Helm, 1975. pp 208, bibl.

Papers prepared for a conference on problems of small developing countries organised by IDS in August 1972 at the University of West Indies, Barbados.

113 INSTITUTE OF DEVELOPMENT STUDIES, Sussex. The evolution of Tanzanian rural development, by John Connell. Brighton, IDS, 1973.

114 INSTITUTE OF DEVELOPMENT STUDIES, Sussex. Industries in the Southern African periphery; a study of industrial development in Botswana, Lesotho and Swaziland. London, Croom Helm, 1975. pp 156, bibl.

This study argues that the difficulties these countries experience reflect not so much their small size as the polarisation of industry in the core area of South Africa. Results of a survey of most manufacturing and processing industries are given.

115 INSTITUTE OF DEVELOPMENT STUDIES, Sussex. Ten year review and annual report, 1966-76. Brighton, IDS, 1977. pp 90

116 INTERNATIONAL CO-OPERATIVE ALLIANCE. NEW DELHI REGIONAL OFFICE. Amalgamation of primary agricultural co-operatives in the Republic of Korea by Lionel Gunawardana. New Delhi, ICA, 1974. pp 54 (Co-operative series, 17)

The formation of these large units has created a favourable framework for rural and agricultural development through co-operatives. Two case studies are included.

117 INTERNATIONAL CO-OPERATIVE ALLIANCE. NEW DELHI REGIONAL OFFICE. Long-term agricultural development programme through agricultural co-operatives and technical assistance, by M.V. Madane. New Delhi, ICA, 1974. pp 32 (Co-operative series, 11)

118 INTERNATIONAL COUNCIL OF VOLUNTARY AGENCIES. Co-operative teaching and rural development in Africa south of the Sahara, by Joseph Schiffiers. (IVCA Doc. 17) Geneva, ICVA, 1974. pp 60

A paper proposing, as part of a rural development policy, a 12-stage programme to introduce a co-operative movement. Based on an actual experiment in Cameroon, it stresses the role of education and the psychological preparation needed to introduce the movement to rural dwellers.

DEVELOPING COUNTRIES

119 INTERNATIONAL LABOUR OFFICE. Asian regional conference on human resources development in Asian countries: Colombo, 1975. pp 155

120 INTERNATIONAL LABOUR ORGANISATION Programme des Nations Unies pour le développement. Republique de Burundi: résultats et recommandations en decoulant. Développement du Mouvement Coopératif, BDI/75/005. Genève, ILO, 1975. pp 38

121 INTERNATIONAL LABOUR ORGANISATION Rapport au gouvernement de la republique du Mali sur le développement coopératif. Programme régulier d'assistance technique. OIT/OTA/Mali/R.13. Genève, ILO, 1975. pp 80

122 KUHN, Johannes & STOFFREGEN, Heinz. How to measure the efficiency of agricultural co-operatives in developing countries: report to the Federal Ministry for Economic Cooperation, Bonn, Marburg, Philipps Univ., 1971. pp 165

The first part of this report attempts to define "efficiency" and "co-operative" theoretically, then deals with problems in general and three case studies in particular.

123 LIAISONS COOPERATIVES June/July 1976 No.197. La coopération et le tiers monde.

Special issue devoted to the third world with sections on technical assistance given to co-operatives, state aid, education, structure and individual countries. It includes a list of principle co-operative colleges and institutes.

124 OSUNTOGUN, Adeniyi. Institutional determinants and constraints on agricultural developments: case studies from the western state of Nigeria. London, ODI, 1976. pp 51

This study identifies some of the institutional arrangements that affect agricultural opportunities in selected villages and makes suggestions for choosing organisational and institutional tools for the implementation of agricultural policies, mainly for the small farmer.

125 OVERSEAS DEVELOPMENT INSTITUTE. Farmers and foreigners: impact of the Common Agricultural Policy on the associates and associables, by Frank Ellis, John Marsh and Christopher Ritson. London, ODI, 1973. pp 86

DEVELOPING COUNTRIES

Independent commonwealth countries outside Asia have been offered association with the European Community. Some of these associables may choose a package trade and aid deal on the lines of the Yaoundé convention, some may opt for an arrangement confined to trade, and others may avoid association altogether. This book provides basic data on the significance of the Commonwealth as a market for the associates' and associables' goods and analyses the impact of the CAP on this market.

126 OVERSEAS DEVELOPMENT INSTITUTE. The Lome Convention. London, ODI, 1975. pp 6

An ODI briefing paper.

127 OVERSEAS DEVELOPMENT INSTITUTE. More help for the poorest: a comment on the white paper (on British aid policies) published in 1975. London, ODI, 1975. pp 8

128 OVERSEAS DEVELOPMENT INSTITUTE. Stimulating local development. Edited by Guy Hunter and Janice Jiggins. Agricultural Administrative Unit occasional paper. London, ODI, 1976. pp 56, bibl.

A new method is used to produce these papers: the final texts are built up by amalgamating the comments on a preliminary statement of experts (executives, academics, scientists/technicians and donor agencies) drawn from irrigation and pastoral "networks". Subjects covered are Local Diagnosis, Consulting Farmers and Farmers and Community Groups.

129 OVERSEAS DEVELOPMENT INSTITUTE. The implementation of agricultural development policies: organisation, management and institutions by Guy Hunter. London, ODI, 1974. pp 39

A summary and comment on the second International Seminar on Change in Agriculture held at the University of Reading, 1974.

PHILIPPINES see UNIVERSITY OF THE PHILIPPINES

130 SCANDINAVIAN INSTITUTE OF AFRICAN STUDIES. Land holding in the Usangu Plain: a survey of two villages in the Southern Highlands of Tanzania, by Knut Pipping, Research report, 3. Uppsala, SIAS, 1976. pp 122, bibl.

131 SRI LANKA COOPERATIVE MANAGEMENT SERVICES CENTRE. The cooperative movement of Sri Lanka. Colombo, CMSC, 1974. pp 44

DEVELOPING COUNTRIES

132 SRI LANKA DEPARTMENT OF CO-OPERATIVE DEVELOPMENT. National seminar on co-operatives and population problems. Colombo, March 1975, sponsored by the Department and the National Co-operative Council Sri Lanka in collaboration with the International Labour Organisation. pp 70

133 SWEDISH CO-OPERATIVE CENTRE. What aid? Stockholm, SCC, 1976. pp 25, illus.

Information about Swedish co-operative aid to developing countries.

134 SWEDISH INTERNATIONAL DEVELOPMENT AUTHORITY. Profile of Swedish development assistance policy. Guiding principles for development assistance - co-operatives. Stockholm, SIDA, 1975. pp 20 + appendices.

135 TAHA, Taha El Jack. The development of Managil South-western extension to the Gezira Scheme. A case study. Khartoum, Sudan Gezira Board, 1976. pp 26.

Paper presented at EDI/IBRD Agricultural and Rural Development Course Field Workshop, Khartoum, March 19-31, 1976

136 TEWARI, R.N. Agricultural planning and co-operatives. Delhi, Sultan Chand, 1972. pp 100

Based on field work in Rajasthan, the research examines the conditioning factors of the High Yielding Varieties Programme.

137 UNITED NATIONS. Conference on the application of science and technology for the benefit of the less developed areas: summation of the papers and discussion on agriculture, prepared by the Scientific Secretariat for Agriculture. Geneva, UN, 1963. pp 299

138 UNIVERSITY OF THE PHILIPPINES AT LOS BAÑOS. Source book in rural development compiled by N.R. Bustrillos and C.F. Azucena. (Integrated rural development program IRAD) Los Baños, UP, 1975. pp 185, bibl.

This book comprises a major part of IRAD's inventory of pilot projects in rural development conducted in the Philippines and overseas.

EDUCATION & TRAINING

- 139 COMMONWEALTH FOUNDATION. A new look at Commonwealth University co-operation: report on a seminar sponsored by the Commonwealth Foundation at the Institute of Development Studies, Sussex, August 30-September 2, 1973. Occasional Paper, 19. London, CF, 1973. pp 97
- 140 COMMONWEALTH SECRETARIAT. Materials for learning and teaching: report of the Commonwealth conference held at Wellington, New Zealand, 22 September-3 October, 1975. London, CS, 1976. pp 125
- 141 GAMBIA DEPARTMENT OF CO-OPERATION. EDUCATION & TRAINING UNIT. Radio Broadcasts 1976. Banjul, Dept. Coop., (1976). pp 34
Radio is one means of educating and informing Gambia's 70,000 co-operative members. These scripts were used from January to June 1976.
- 142 GB. DEPARTMENT OF EDUCATION & SCIENCE and THE CENTRAL OFFICE OF INFORMATION. Agricultural Education: full time and sandwich courses serving England and Wales, 1976-77
- 143 ICECOOP (Instituto Chileno de Education Cooperativa) Memoria de actividades, 1975. Santiago, ICECOOP, 1976. pp 40
- 144 INTERMEDIATE TECHNOLOGY DEVELOPMENT GROUP. An initial course in tropical agriculture for the staff of co-operatives, by Peter Yeo. London, ITDG with CEMAS of ICA, 1976. pp 54
- 145 INTERNATIONAL CO-OPERATIVE ALLIANCE. CO-OPERATIVE EDUCATION MATERIALS ADVISORY SERVICE (CEMAS). Co-operative education radio programmes: a general guide with specimen scripts, by Sam Mshiu. London, ICA, 1976 (2nd ed.) pp 123
A manual.
- 146 INTERNATIONAL CO-OPERATIVE ALLIANCE. Functional literacy and co-operatives: report of the ICA seminar ... from 9-15 February, 1975 at the Co-operative College, Ibadan. ICA studies and reports, 12. London, ICA, 1975. pp 55
- 147 INTERNATIONAL CO-OPERATIVE ALLIANCE. Third ICA Youth conference held in the USSR, 17-27 May 1976: cooperative education and training for young people. London, ICA, 1976. pp 29

EDUCATION & TRAINING

148 INTERNATIONAL CO-OPERATIVE ALLIANCE. NEW DELHI REGIONAL OFFICE. Education for agricultural co-operatives in South-East Asia, by J.M. Rana. Co-operative series, 6. New Delhi, ICA, 1971. pp 20

Includes information on member education programmes and vocational training of farmers.

149 INTERNATIONAL CO-OPERATIVE ALLIANCE. NEW DELHI REGIONAL OFFICE. ICA-NCUI co-operative education field project Indore District, India: a report by J.M. Rana and V.N. Pandya. New Delhi, ICA, 1975. pp 44, illus.

The field project of intensive co-operative education for selected agricultural co-operatives and secondary organisations at district level.

150 INTERNATIONAL LABOUR OFFICE. UNITED NATIONS DEVELOPMENT PROGRAMME. TECHNICAL ASSISTANCE SECTOR. Report to the government of Zambia on co-operative education. Geneva, ILO, 1973. pp 94

151 PRAKASH, Daman. A handbook of communication and the co-operative teacher. Co-operative series, 18. New Delhi, ICA, 1975. (rev. ed.) pp 127

Used extensively throughout India, this book deals briefly with the principles of communication, then with the various methods of teaching.

ECONOMICS & AGRICULTURAL ECONOMICS

152 BOETTCHER, Erik. La funcionalidad de la cooperacion economica. Santiago, Nueva Universidad, 1976. pp 171, bibl. (Original title Kooperation und Demokraties in der Wirtschaft by J.C.B. Mohr.)

The role played by co-operation in an economic system, its principles and existent types are some of the themes of this book. Collective action versus industrial action, conflict and its treatment, democracy as a variable in decision, effectiveness, production and the setting up of co-operation are analysed.

ECONOMICS & AGRICULTURAL ECONOMICS

153 COMMONWEALTH SECRETARIAT. Towards a new international economic order: a final report by a Commonwealth Experts' Group. London, CS, 1977. pp 104

The Group, established by Commonwealth Heads of Government in 1975, proposes a comprehensive and inter-related programme of practical measures directed at closing the gap of rich and poor countries. The report is one of the important items for consideration by Commonwealth Heads at the meeting in June 1977.

154 FEKETE, Ferenc, HEADY, Earl O. and HOLDREN, Bob R. Economics of co-operative farming (objectives and optima in Hungary). Budapest, Akadémiai Kiadó, 1976. pp 184, bibl.

155 HULL, Brian. Britain's agricultural industry. Studies in the British Economy. London, Heinemann, 1975. pp 99

Written for GCE and agricultural students, farmers and laymen who want to know more about the economic background to agriculture and government policies affecting the agricultural industry.

156 HINTON, W.L. & HOUSDEN, W.C. Economics results from horticulture 1975 harvest year. Cambridge University, Agricultural Economics Unit, 1977.

157 HUNT, K.E. The concern of agricultural economists in Great Britain since the 1970's. Paper given to Agricultural Economics Society Meeting 1-4 April 1976. pp 11

158 LEVI, John and others. African agriculture: economic action and reaction in Sierra Leone. Commonwealth Bureau of Agricultural Economics Miscellaneous publication, 2. Oxford, CAB, 1976. pp 428, bibl.

159 RESERVE BANK (OF INDIA) STAFF Occasional papers, 1976. Vol 1. nos. 1 & 2. Technical papers devoted to economic problems.

160 SCHUMACHER, E.F. Small is beautiful. London, Blond & Briggs, 1973. pp 288, bibl.

(Subtitled "A study of economics as if people mattered")

FINANCING, BOOK-KEEPING & AUDITING

161 BANGLADESH ACADEMY FOR RURAL DEVELOPMENT. Accounts manual. Comilla, BARD, 1975. pp 204

A guide book primarily for the accountants, officers, staff and members of the managing committee of the Thanen Central Co-operative Association.

162 CONTINUA PRODUCTIONS Fred learns accounts, by the Chronicler, Lord High Keeper of the Royal Fredlandic Archives. (n.p.) Continua, 1975. pp 93, illus.

A painless method of learning all about them - simple but substantial plus amusing illustrations.

163 EDELMANN, Arnold. Auditing in the Raiffeisen savings and credit co-operatives in Switzerland. Paper given at co-operative top management seminar, April 1975, Ankara. English translation of article in Agrarische Rundschau, May 1975. No. 4. pp 18

164 HAASPAR, Karl-Wilhelm. Dividenden, Warenrückvergütungen und Nachvergütungen als Mittel der genossenschaftlichen Investitionsfinanzierung. Justus Liebig - Universität Giessen, Schriften aus dem Institut für ländliches Genossenschaftswesen, Heft 14. Giessen, Wilhelm Schmitz, 1974. pp 233, bibl.

Dividends, repayment in kind and late repayment as a means of co-operative investment financing.

165 INTERNATIONAL CO-OPERATIVE ALLIANCE. International financing of co-operative enterprise in developing countries: a study prepared by the ICA in collaboration with the ILO, the FAO and COPAC. Geneva, ILO, 1974. pp 65

Explores such questions as what are the typical financing needs, where can foreign resources be obtained, what kind of organisations should be created for financing co-operative enterprise.

166 INTERNATIONAL CO-OPERATIVE ALLIANCE Report of the 41st International Co-operative Seminar, Nicosia, October 1973: Self-help and Outside Help in Financing Co-operative Activities. London, ICA, 1975. pp 159, bibl.

167 LEONARD, James. Conspectus of co-operative capital. Leicester, Co-operative Productive Federation Ltd., 1976. pp 15, bibl.

FINANCING, BOOK-KEEPING & AUDITING

168 LONDON CO-OPERATIVE SOCIETY Understanding the accounts in a period of inflation, by David Hutton. London, Coop. Ed. Dept., 1975. pp 16

A booklet for directors,

169 MORLEY, John A.E. Finance for marketing groups and co-operatives. Article from Farm Management 1976, Vol 3/2

Discusses dilemma of farmers' need for more capital when they, as principle investors, have decreasing amounts to spare.

170 RASMUSSEN, A. Eric. Financial management of co-operative enterprises. Saskatoon, Co-operative College of Canada, 1975. pp 180

Financial management is planning and controlling the source and use of funds. This book deals with the efficient direction of the use of the funds which flow continuously throughout a co-operative organisation.

171 SCHOTENROEHR, Harald D. Die Konsolidierte Deckungsbeitragsrechnung in kooperativen und konzernmässigen Verbündsystem. Göttingen, Vanderhoeck & Ruprecht, 1975. pp 171, bibl.

(Consolidated gross margins accounting in co-operative and large-scale business group systems.)

FISHERIES

172 EUROPEAN COMMUNITIES. COMMISSION. Forms of co-operation in the fishing industry: Denmark, Ireland, United Kingdom. Information on agriculture, 9. Luxembourg, CEC, 1976. pp 370

Outlines prevailing conditions in the three new member states, comparing them with the original six. The importance of fishing in the three means different forms of co-operation whose functions and possible impact and tendencies are described.

173 INTERNATIONAL CO-OPERATIVE ALLIANCE Report of the first open world conference on co-operative fisheries; modernisation of fisheries and the rational utilisation of resources; the role of co-operatives, held in Tokyo, September/October 1975; organised by the ICA (hosted by ZENGYOREN - National Federation of Fisheries Co-operative Associations). London, ICA, 1976. pp 98

FISHERIES/FORESTRY

174 OTNES, Per. The failure of socialism in one fjord. Skriftserie, 21. University of Oslo, Institute of Sociology, 1975. pp 35

175 WRONSKI, N. La pêche collective en URSS. Paris, Bureau d'Etudes Coopératives et Communautaires, 1975. pp 26.

Reprint from Archives Internationales de Sociologie de la coopération, Jan-June 1975.

FORESTRY

176 BADEN-WÜRTTEMBERGISCHEM FORSTLICHEN VERSUCHS- UND FORSCHUNGSANSTALT. (Baden-Württemberg Forestry Experimental and Research Institute) Forstwirtschaftliche Zusammenschlüsse: eine Untersuchung aus forstpolitischer Sicht auf der Grundlage des Gesetzes über forstwirtschaftliche Zusammenschlüsse von 1969 im Vergleich zur Forstverbandsverordnung von 1943, (by) W. Hodapp. Heft 36/3. (An investigation into the fundamentals of the 1969 law of forestry unions compared with the 1943 forestry associations regulations.) Baden, 1972. pp 148, bibl.

177a BEHRE, C. Edward. Forest products: a neglected opportunity for co-operative enterprise. Photocopy of paper written for United States Sub-commission on Forest Products Co-operatives. c. 1965. pp 10

177b DEUTSCHE FORSTWIRTSCHAFTSRAT. Forstwirtschaftliche Zusammenschlüsse in der Bundesrepublik Deutschland, by Prof. Dr. Hasel. (Forestry federations in the Federal German Republic) Rheinbach, DF, 1968. pp 324

178 DIGBY, M. & EDWARDSON, T.E. The organisation of forestry co-operatives. Occasional Paper, 41. Oxford, Plunkett Foundation, 1976. pp 250

Co-operation in forestry is less well-known and less widespread than in agriculture. However, it accounts for a considerable volume of business and makes a substantial impact on forest management in a number of countries. Over 20 countries are surveyed.

179 GUJARAT STATE FOREST DEPARTMENT. Forests Gujarat. Baroda, Govt. Pr., 1972. pp 88, illus.

Comprehensive survey of all aspects of forestry in the State of Gujarat, including Forest Labourers' Co-operatives.

180 METSÄLIITTO-YHTYMÄ. Metsäliitto-Yhtymä. Finland, c.1975. pp 23

A description of this commercial-industrial organisation set up by the Finnish forest owners, its method of operation and the goods it produces for world-wide markets.

181 NORGES SKOGEIERFORBUND Some features of Norwegian forestry and the Norwegian Forest Owners' Federation. Oslo, NS, c.1967. pp 8

182 SVERIGES SKOGSAGAREFORENINGARS RIKSFORBUND (National Federation of Swedish Forest Owners) Our forests. Stockholm, SSR, 1971. pp 16, illus.

Half of Sweden's forest area is privately owned. Among the owners there has grown up an organised co-operation in a producers' co-operative forest owners' business, which is the most expanding part of the industry.

HOUSING

183 FOUNDATION FOR CO-OPERATIVE HOUSING. A co-operative approach to minimum shelter and improvement of human settlements. Washington, FCH, 1976. pp 23, illus.

184 HANDS, John. Housing co-operatives. London, Society for Co-operative Dwellings Ltd., 1975. pp 170

Explains what housing co-operatives are, how they started and evolved in other countries, what succeeded and failed abroad and how they could be developed to play an effective role in tackling this country's housing and associated social problems.

185 KULUTUSOSUUSKUNTIEN KESKUSLÜTTO. Housing in Finland. Helsinki, KK, 1976. pp 12, illus.

Concise information on the situation in Finland, particularly on HAKA societies, housing-sponsoring bodies founded in various parts of Finland over 35 years ago.

HOUSING

186 LEWIN, A.C. Self-help housing through co-operatives - prospects and problems for urban Africa. Cologne, (n.p.) 1976. pp 313, bibl.

Describes the phases involved in mobilising self-help through co-operatives and stresses the need for education and training of members. Also evaluates self-help housing in several African countries.

187 NORTH BRITISH CO-OPERATIVE HOUSING CENTRE. In co-operation: a guide to the services available to local authorities in promoting management. Preston, 1976. pp 14 (Photostat of draft)

188 VIENNA. UNIVERSITY. FORSCHUNGSINSTITUT FÜR GENOSSENSCHAFT-WESEN. Die Gemeinnützigkeit von Enwerbs- und Wirtschaftsgenossenschaften im Abgabenrecht. Grundfragen ... von Gerold Stoll. Vorträge und Aufsätze der Forschungsinstituts, 8. Wien, Univ., 1976. pp 45

The social utility of commercial industrial co-operation in the law on taxation: basic considerations with special reference to the social value of housing.

LAND REFORM

Approximately 200 books and pamphlets on land reform and related subjects donated by the late Professor Doreen WARRINER, OBE, Ph.D., M.A., Trustee of the Foundation from 1959-1972, are kept together as a special collection.

For other books on Land Réform, see DEVELOPING COUNTRIES.

LAW/LEGISLATION

189 ALVAREZ, José Luis del Arco. Genesis de la nuevo ley: los principios cooperativos en la ley general de cooperativas. Reprint from Estudios Cooperativos, 1975-1976, Nos 36,37,38. Madrid, Asociación de Estudios Cooperativos, 1976. pp 84

Discusses the development of cooperative law from 1942, explains the 1972 law in detail, pointing out its conformity with ICA's principles.

190 BRUNEI. STATUTES. The co-operative societies enactment 1974; the co-operative societies rules, 1975. pp 20

191 BURNS, Campbell B. Co-operative law: a comparative study. of the law relating to co-operatives in the U.K., France and Hungary. Co-operative College Papers, 17. Loughborough, 1977. pp 93

192 CENTRAL COUNCIL FOR AGRICULTURAL AND HORTICULTURAL CO-OPERATION. Guide to co-operative legislation, by Barbara Shedden. London, CCAHC, 1977. pp 277

Intended for those advising farmers and growers who have decided to co-operate in production, marketing or in obtaining requisites this work is usefully bound in loose-leaf form for updating.

193 GAMBIA. STATUTES. Co-operative societies act, Chapter 33, 1st July, 1966. Banjul, Dept of Co-operation, 1977. pp 30 + 19

Incorporates all amendments made from 1968 to 1975

194 INTERNATIONAL CONFERENCE ON BANKING LAW AND DEVELOPMENT IN AFRICA. Special issue of Journal of African Law, 1975, Vol 19, Nos. 1 and 2. pp 280

Introduction and report of proceedings, papers and appendices of banking acts in Ghana, Kenya and Nigeria.

195 INTERNATIONAL CO-OPERATIVE ALLIANCE. NEW DELHI REGIONAL OFFICE. The effect of co-operative law on the autonomy of co-operatives in South-East Asia, by P.E. Weeraman. New Delhi, ICA, 1973. pp 59

196 JAMAICA. STATUTES. The co-operative societies act and regulations 1976 pp 34 + 16
1950 act, including amendments of 1974 and 1975.

197 MÜNKNER, Hans-H. The new German co-operative Societies Act of 1973. Reprint from Co-operative Information 2/74, published by the Institute for Co-operation in Developing Countries, Philipps-Universität, Marburg.

198 SRI LANKA. STATUTES. Co-operative societies law No.5 of 1972 of The National State Assembly. Colombo, Government Publications Bureau, (n.d.)

English and Sri Lankan versions

MANAGEMENT & ORGANISATION

199 TANZANIA. STATUTES. The villages and Ujamaa villages (Registration, Designation and Administration) Act 1975. (No. 21 of 1975)

200 UNION OF CO-OPERATIVE FARMERS OF THE CZECHOSLOVAK SOCIALIST REPUBLIC. The agricultural co-operative act (effective on 1.1.76) Prague, UCFCSR, 1976.

MANAGEMENT & ORGANISATION

201 CENTRAL COUNCIL FOR AGRICULTURAL AND HORTICULTURAL CO-OPERATION. Communications in co-operatives. London, CCAHC, 1976. pp 35, illus.

Discusses the importance of - and techniques for - communications between the business and its members, its employees and the local community.

202 CEPFAR (Centre Européen pour la Promotion et la Formation en Milieu Agricole et Rural). Seminar at Funen, Denmark, June/ July 1976: information and training of board members of co-operative societies. Papers, addresses, reports.

203 COADY INTERNATIONAL INSTITUTE OF ST. FRANCIS XAVIER UNIVERSITY. Report of proceedings of second development seminar, Belize: Management for Growth. pp 67 + 14 appendices.

204 COPAC. Guide for the preparation of co-operative projects. Rome, COPAC, 1975. pp 51

205 DICK, R. Glenteviot farmers - the management of co-operative farming enterprises. Article from Farm Management 1976 Vol 3/2

206 DUBELL, F.E. Spatial co-operative planning - with special reference to developing countries. Unpublished, 1976. pp 53, bibl. (Photocopied typescript)

207 FALKENSTEIN, Lorenz. Co-operative organisation and planning. Paper given at Seminar on Co-operative Top-Management, Ankara, April 1975. Translation of article in Agrarische Rundschau, May 1975, No.4.

MANAGEMENT & ORGANISATION

208 FARM MANAGEMENT ASSOCIATION. Farm management policies towards the 1980's: proceedings of the twelfth annual conference of FMA, Kenilworth, 16-18 November 1976.

209 FOOD AND AGRICULTURE ORGANISATION. EUROPEAN COMMISSION ON AGRICULTURE. WORKING PARTIES ON AGRARIAN STRUCTURE AND RURAL SOCIOLOGICAL PROBLEMS. New organisational forms in European agriculture. Summary report. Rome, 1974.

This report is the result of FAO's recognition of the importance of the changes in agrarian structures, due to general social and economic developments. Governments are active in inducing these changes and influencing new organisational patterns and therefore need to have deeper knowledge of the processes in their own and other countries. The report is based on 9 country studies on recent structural changes and deals with (1) experience gained in countries with predominantly market-orientated economies and (2) those with predominantly centrally-planned economies.

210 FOXALL, G.R. & McCONNELL-WOOD, M.M. Member society relations in agricultural co-operation. University of Newcastle upon Tyne, Department of Agricultural Marketing, Report 2. 1976. pp 50.

Part I is an analysis of the results of a personal-visit survey carried out in Northumberland among both members and non-members of co-operative societies for opinions on co-operation and ideas for the improvement of member/society relations. Part II, based on a postal survey of directors of ten large societies is concerned with directors' views.

211 GAMBIA. DEPARTMENT OF CO-OPERATION. EDUCATION AND TRAINING UNIT. Series of lecture materials on secretarial practice, laws and principles, co-operative extension, management, thrift and credit societies, agricultural credit. Duplicated typescript, Banjul, 1976.

212 GAROYAN, Leon, THOMPSON, Stanley R. & WENTZEL, Roland K. Planning and scheduling post-unification decisions for agricultural business. University of California, Agricultural Extension, 1976. pp 129, bibl.

More attention has been given to pre-unification efforts in bringing co-operatives together. This study concentrates on post-unification - when management must reorganise the entire business and personnel structure, while keeping the business functioning.

MANAGEMENT & ORGANISATION

213 HARPER, Malcolm. The African trader: how to run a business. Nairobi, East African Publishing House, 1973. pp 143

This practical book, consisting of case studies describing real-life problems in Africa, shows the reader how to develop his own ability, to analyse and solve management problems in small businesses.

214 HYBOLT, Flemming. Andels virksomhedernes Konkurrenceevne og funktionsdygtighed: Andelsudvalgets prisopgave, 1975. (n.p.) Albertslund, 1976.

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216 INTERNATIONAL LABOUR OFFICE. UNITED NATIONS DEVELOPMENT PROGRAMME. TECHNICAL ASSISTANCE SECTOR. Report to the Government of Guyana on co-operative development and planning. Geneva, ILO, 1973. pp 41

217 INTERNATIONAL LABOUR ORGANISATION. Organisation et fonctionnement administratif des coopératives, par R. Louis. Manuel de formation coopérative, Fascicule 2. Genève, ILO, 1976. pp 146

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222 UNITED STATES. DEPARTMENT OF AGRICULTURE. FARMER CO-OPERATIVE SERVICE. Improving the export capability of grain co-operatives. FCS research report, 34. Washington, USDA, 1976. pp 90

223 WISCONSIN. UNIVERSITY CENTER FOR PROGRAM COOPERATIVES. CO-OPERATIVE COMMUNICATIONS.

- UW 2 Techniques. pp 236
- UW 4 Instructors' guide. pp 243

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224a ABERDEEN & DISTRICT MILK MARKETING BOARD Report of Board and accounts for year ended 31st March 1976.

224b AITCHISON, J. & KNOWLES, S.E. Horticultural marketing in Lancashire and Yorkshire: a preliminary report. Aberystwyth, University College of Wales, 1976. Typescript pp 12 + 11. Unpublished.

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225 BOWMAN, Keith. Contract farming: types of contract for planned production and marketing. London, British Farmer and Stockbreeder, 1974. pp 35

Includes information on contracts with co-operatives.

226 BRITISH WOOL MARKETING BOARD. Annual report 1976

227 CANADA. AGRICULTURE. The role of the Co-operatives and Producer's Marketing Organisations Unit in the Federal Department of Agriculture. 1976. pp 4

228 CENTRE FOR EUROPEAN AGRICULTURAL STUDIES. CEAS reports by Anne McLean Bullen and David H. Pickard. Ashford, Wye College. No. 1. Livestock marketing systems in certain EEC countries 1975.

229 No. 2. Livestock marketing systems in EEC countries: Belgium and Luxembourg. pp 49 + 13 + appendices.

230 No. 3. Livestock marketing systems in EEC countries: Italy 1975.

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232 CHEATER, A.P. Co-operative marketing among African producers in Rhodesia. Article from Rhodesian Journal of Economics, March 1976, Vol 10, No.1. pp 45-57

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234 FMC LTD. (Fatstock Marketing Corporation). Report and accounts No. 14 1975-6.

235 GB. MINISTRY OF AGRICULTURE, FISHERIES & FOOD. Report on agricultural marketing schemes 1973-4. London, HMSO, 1975. pp 97.

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236 HAMMONDS, T.M. Co-operative market pooling. Oregon State University Circular of Information, 657. Corvallis, 1976. pp 45

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237 HINTON, Lynn. The wholesale marketing of fruit and vegetables in Britain. University of Cambridge, Department of Land Economy, 1975. pp 6 (Paper given at the International Society for Horticultural Science Economics Conference, Würzburg, 1975)

238 HINTON, W.L. Private and co-operative enterprise in apple and pear marketing in Britain. University of Cambridge, Department of Land Economy, 1974. pp 23 (Paper given at the Horticultural Economics Conference, International Society for Horticultural Science, Warsaw, 1974)

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239 HOPS MARKETING BOARD. The functions of the United Kingdom hops marketing board. Tonbridge, HMB, 1976. pp 2

240 HOPS MARKETING BOARD. Report and accounts for year ended 31st March 1976.

241 INTERNATIONAL CO-OPERATIVE ALLIANCE, in collaboration with the CENTRAL UNION OF AGRICULTURAL COOPERATIVES OF JAPAN, IDACA and ZEN-NOH. Report of the regional seminar on agricultural co-operative marketing, Tokyo, 1975. New Delhi, ICA, 1976.

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242 INTERNATIONAL CO-OPERATIVE ALLIANCE. NEW DELHI REGIONAL OFFICE. Report of the ICA/CCE regional seminar on co-operative marketing of foodgrains; Manila, 1969. New Delhi, ICA, 1970, pp 6

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243 JESSUP, W. A study of the market information services provided by Agricultural Co-operation and Marketing Services Ltd. Typescript submitted for Master of Science in Management Studies at Durham University Business School. 1976. pp 134, bibl, (unpublished)

The research was undertaken to assist in reviewing ACMS's progress before further developments are made. Recommendations for improvement include the compilation of "decision information packages" containing all information relevant to a particular marketing decision.

244 LE VAY, Clare. Co-operative theory and farmers' attitudes - a preliminary study. Aberystwyth, University College of Wales, 1975. pp 83, bibl.

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245 LE VAY, Clare. Farmers' attitudes to co-operation - the views of non-members. Aberystwyth, University College of Wales, 1976. pp 83, bibl.

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246 MILK MARKETING BOARD. Forty-third annual report and accounts for the year ended 31st March 1976.

247 MILLETTE, Marc. Les marchés d'exportation et les coopératives du Québec. University of Sherbrooke, 1976. pp 190, bibl. (Collections "Dossiers sur les coopératives", 3)

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- 248 PATON, Frank. Agricultural marketing in the United Kingdom. Bridgewater, Taurus Livestock Marketing, 1976. pp 9
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- 249 PIGS MARKETING BOARD (NORTHERN IRELAND) Annual report and accounts 1975.
- 250 POTATO MARKETING BOARD Annual report and accounts 1976.
- 251 SARGENT, Malcolm J. Case studies in horticultural marketing co-operation. London, Central Council for Agricultural and Horticultural Co-operation, 1975. pp 81, bibl.
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- 252 SCOTTISH MILK MARKETING BOARD. Annual report and accounts for year ended 31st March 1976.
- 253 SZÖVETKEZETI KUTATÓ INTÉZET: Köslemények (Co-operatives' Research Institute: publications) (Hungary)
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- 256 TREHANE, Sir Richard. Together in enterprise. Coventry, Massey-Ferguson, 1975. pp 60, illus. (MF papers, 7)
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258 UNITED STATES DEPARTMENT OF AGRICULTURE. FARMER COOPERATIVE SERVICE. Viability of a co-operatively co-ordinated egg complex. Marketing research report, 1055. Washington, USDA, 1975. pp 33

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263 NATIONAL FEDERATION OF WOMEN'S INSTITUTES Jam and Jerusalem: a pictorial history of Britain's greatest women's movement, by Simon Goodenough. Glasgow, Collins, 1977. pp 124

264 SHORNEY, Brian. Relief labour co-operatives in Holland. Article from Farm Management 1976, Vol 3/2.

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266 CRAIG, John G. Multinational co-operatives: an alternative for world development. Saskatoon, Western Producer Prairie Books, 1976. pp 135, bibl.

A new facet in the current debate on multinational corporations. The author's thesis is that co-operatives can provide a technique for organising economic activity on a global basis; thus providing developing countries with the benefits of multinational exchanges of technology, as well as preserving for them the power to ensure that developments are in line with their own priorities.

267 INTERNATIONAL CO-OPERATIVE ALLIANCE in collaboration with IFAP (International Federation of Agricultural Producers) Agricultural Co-operative strategy with regard to Multinational Corporations: Open World Conference in Paris, 1975. Papers. Paris, ICA, 1976.

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268 PEDERSEN, Anders. Is it relevant to apply the idea of strategy to the practice of co-operative societies with regard to the multinational corporations? pp 5

269 SPALLONE, Giulio. Relationship between consumers' co-operation and agricultural producers in the fight against the growing power of multinationals. Report by President of EUROCOOP, 1975. pp 7

270 INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS The situation of agricultural co-operatives in the face of the development of multinational companies. Special issue of World Agriculture 1976, XXV, 4, with articles by Benetière, Nouyrit, Karlander and Yoshida.

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271 INTERNATIONAL CO-OPERATIVE ALLIANCE. NEW DELHI REGIONAL OFFICE. Report of the regional seminar on multi-purpose co-operative societies, with special reference to Japan. May 16-June 6 1972. New Delhi, ICA, 1973. pp 38

272 INTERNATIONAL CO-OPERATIVE ALLIANCE. MOSHI REGIONAL OFFICE. Report on the proceedings of the ICA regional seminar on multi-purpose co-operatives. 17-22 February 1975, Dar es Salaam. Moshi, ICA, 1975. pp 202

273 UNITED STATES DEPARTMENT OF AGRICULTURE. FARMER COOPERATIVE SERVICE. Potential for cooperative distribution of petroleum products in the South. FCS Information, 91. Washington, USDA, 1973. pp 26

Describes the current co-operative share of the farm petroleum market in 11 southern States, informs on the economics of co-operative distribution and develops recommendations for co-operative and farm leaders.

274 UNITED STATES DEPARTMENT OF AGRICULTURE. FARMER COOPERATIVE SERVICE. Major regional cooperative supply operations. Annual volume above \$25 million. Fiscal years 1972 and 1973, by J. Warren Mather. FCS Research report, 29. Washington, USDA, 1975. pp 57

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275 CANADA AGRICULTURE. 1976 Directory of farmers' organisations and marketing boards in Canada. Ottawa, pp 25

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- 276 COMMONWEALTH SECRETARIAT. Commonwealth directory of qualifications and courses in educational administration, compiled by the Commonwealth Council for Educational Administration. Education in the Commonwealth series, 13. London, 1976. pp 53
- 277 COMMONWEALTH SECRETARIAT. Training for agricultural development: directory of resources in the Commonwealth. London, 1976. pp 360, bibl.
- Lists about 900 institutions providing training related to increasing food production.
- 278 CONFEDERATION EUROPEENE DE L'AGRICULTURE. DIVISION FOR ECONOMIC ACTIVITIES. Directory of the agricultural co-operative societies of CEA interested in direct import and export. Lausanne, CEA, 1977. pp 148
- 279 COPAC. Directory of agencies assisting co-operatives in developing countries. Rome, COPAC, 1975. pp 59
- Survey of the main sources of external assistance available for the promotion of co-operatives in developing countries.
- 280 EUROPEAN COMMUNITIES. COMMISSION Directory of the Commission of European Communities. Brussels, 1976. pp 91
- 281 GB. MINISTRY OF OVERSEAS DEVELOPMENT. ABC of development assistance: some international terms and institutions. London, HMSO, 1977 (rev.ed.) pp 64
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- 283 INTERNATIONAL CO-OPERATIVE ALLIANCE. CO-OPERATIVE EDUCATION MATERIALS ADVISORY SERVICE (CEMAS) A co-operator's dictionary: a basic list of co-operative and commercial terms for use at primary level in developing countries; compiled by Anne Lamming. London, ICA, pp 54
- 284 INTERNATIONAL CO-OPERATIVE ALLIANCE. Directory of institutions for international co-operative training. London, ICA/CEMAS, 1976. pp 9
- Gives main subjects of courses in 27 institutions worldwide and indications of their size.

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285 INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS Handbook 1975. Paris, IFAP.

286 PLUNKETT FOUNDATION FOR CO-OPERATIVE STUDIES. Directory of Agricultural Co-operatives in the United Kingdom, 1977. Prepared by the Plunkett Foundation on behalf of the Central Council for Agricultural and Horticultural Co-operation, in collaboration with the Federation of Agricultural Co-operatives (UK) Ltd. Oxford, PF, 1977. pp 116

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287 Register of Farm Surveys in the United Kingdom and Eire, compiled by a working party, following a conference on farm surveys in July 1975. (University of Exeter), 1976. pp 93

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290 CONFEDERATION FRANCAISE DE LA COOPERATION AGRICOLE. Données statistiques récentes sur la coopération agricole. Paris, CFCA, 1975. pp 9

291 CO-OPERATIVE UNION LTD. ECONOMICS & RESEARCH DEPARTMENT. Co-operative Statistics, 1975. Manchester, CU, 1976. pp 80

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293a FOOD AND AGRICULTURE ORGANISATION. STATISTICS DIVISION. Production year book, Vol. 29, 1975. Rome, FAO, 1976.

- 293b FOOD AND AGRICULTURE ORGANISATION. The state of food and agriculture, 1975. World review. The second United Nations Development Decade: mid-term review and appraisal. Rome, FAO, 1976.
- 294 GB. COMMAND PAPER 6703. Annual review of agriculture 1977. London, HMSO, 1977. pp 45
- 295 INTERNATIONAL CO-OPERATIVE ALLIANCE. Statistics of affiliated organisations: comparative statements 1972-73. London, ICA, 1976. pp 39
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- 297 UNITED STATES DEPARTMENT OF AGRICULTURE. FARMER COOPERATIVE SERVICE. Statistics of farmer cooperatives 1970-71 and 1971-72. Research report, 2. Washington, USDA, 1976. pp 50

WORKERS' CO-OPERATIVES & INDUSTRIAL DEMOCRACY

- 298 ANGLO-GERMAN FOUNDATION FOR THE STUDY OF INDUSTRY. The Caja Laboral Popular and the Mondragon co-operatives in the Basque provinces of Spain: draft for a report, prepared by Alastair Campbell, Charles Keen, Geraldine Norman and Robert Oakeshott. pp 37 (Duplicated typescript)
- 299 BAVISKA, B.S. Co-operative sugar factories in Maharashtra; a brief overview. Reprint from Land Tenure Newsletter, 1976/ 51
- 300 BERSANI, Giovanni. M.C.L. Movimento Cristiano Lavoratori: una risposta ai problemi dei lavoratori e della società italiana. Bologna, MCL, 1976. pp 142, bibl., illus.
- The Workers' Christian Movement's answer to the problems of both workers and Italian society.
- 301 CENTRO NACIONAL DE EDUCACION COOPERATIVA Cooperativas de producción. Documentos de Educación Cooperativa, 28-29. Zaragoza, Federación Nacional de Cooperativas, 1976, pp 131, bibl.

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302 COATES, Ken (editor) The new worker co-operatives; with contributions by Tony Benn and others. Nottingham, Spokesman, for the Institute for Workers' Control, 1976.

After a series of factory occupations in 1971 some groups of workers conceived the notion of reactivating their enterprises as workers' co-operatives. This book tells the story of the three best-known ventures - Triumph Meriden, Kirkby Manufacturing and the Scottish Daily News.

303 CO-OPERATIVE PARTY. Workers' co-operatives. A Co-operative Party report. London, CP, 1975. pp 41

304 FROME MONYMUSK LAND COMPANY LTD. Education and training for the transformation and development of estate farms into sugar cane worker co-operatives, by Cedric McCulloch. (Jamaica), FMLC, 1975. pp 30, bibl. (Duplicated typescript)

305 FROME MONYMUSK LAND COMPANY LTD. Sugar cane worker co-operative development project: some necessary support systems, by Cedric McCulloch. (Jamaica), FMLC, 1976. pp 20, bibl. (Duplicated typescript)

306 GB. DEPARTMENT OF TRADE. Report of the Committee of Inquiry on industrial democracy, presented to Parliament by the Secretary for Trade by Command of Her Majesty, January 1977. Chairman: Lord Bullock. London, HMSO, 1977. pp 204

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Little is known outside the Federal Republic about the commonweal enterprises which embrace co-ops, insurance, housing associations and the Commonweal Bank. This book traces the origins and analyses the present structure and functions of this powerful, controversial factor in the economy.

308 INDUSTRIAL PARTICIPATION ASSOCIATION. Industrial democracy - the way forward. Evidence of the Industrial Participation Association to the Committee of Inquiry on Industrial Democracy. London, IPA, 1976. pp 55

309 INDUSTRIAL PARTICIPATION ASSOCIATION. Works councils employee directors supervisory boards. A guide to the debate. IPA study paper, 2. London, IPA, 1973. pp 32

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310 MONDRAGON - articles from Economist - December 11, 1976 and Times - April 7 and 14, 1977, (by Peter Jay)

311 MÜNKNER, Hans-H. Co-operatives and trade unions: paper presented at the seminar on Trade Unions and Co-operatives, Korea, 1976. Marburg, Philipps-Univ., 1976. pp 37, bibl.

This paper describes the similarities and differences of co-operatives and trade unions and discusses the possibilities and limitations for the joint action of the two movements.

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313 UNIONE REGIONALE EMILIANA-ROMAGNOLA DELLA COOPERAZIONE ADERENTE ALLA C.C.I. Iniziative e programmi della cooperazione di produzione e lavoro in Emilia-Romagna, Convegno, 17 maggio 1975. (Conference on projects and programmes for production and worker co-operatives)

314 UNITED SUGAR WORKERS' CO-OPERATIVE COUNCIL LTD. Management and Development of Sugar Workers' Co-operatives. Seminar held in Jamaica, November 7-20, 1976, sponsored by the USWCC, the Co-operative Department of the Ministry of Agriculture and the Friedrich-Ebert Stiftung. Draft prepared for participants. pp approx 90. (Duplicated typescript)

315 WISCONSIN UNIVERSITY. UNIVERSITY CENTER FOR CO-OPERATIVES. A proposal for assistance in co-operative development, prepared at the request of the Frome Monymusk Land Company, by Wayne Robinson and Mary Jean McGrath. Wisconsin, Univ., 1975. pp 28

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322 SVERIGES SKOGSAGAREFORENINGARS RIKSFORBUND SKOGSARET 1971 (Association of Swedish Forest Owners' Societies)

323 ULSTER FARMER INVESTMENTS LTD. (1976)

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