

**INTERNATIONAL COOPERATIVE ALLIANCE**



# REVIEW OF INTERNATIONAL COOPERATION



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# THE INTERNATIONAL COOPERATIVE ALLIANCE

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

It comprises organisations in every continent, and its total affiliated membership through national organisations exceeds 200,000,000. The consumers' movement accounts for about half the membership, the other half consisting of agricultural, credit, workers' productive, artisanal and fishery societies.

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

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

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

Within the United Nations it enjoys the right to participate in the work of the Economic and Social Council as a Category "A" member.

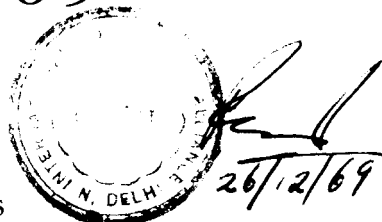
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The ideological work of the Alliance also finds expression in the annual celebration in July of International Cooperative Day.

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The I.C.A. is not responsible for the opinions in signed articles

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## PRESIDENT'S NEW YEAR'S MESSAGE



Dr. Mauritz Bonow

**A** GAINST the background of the present world economic trends, greater importance than ever before is now being placed on co-ordinated action to cope with the huge problems confronting mankind in respect of the combined effects of wide-spread undernourishment and a rapidly increasing population. The FAO, in collaboration with other UN Agencies concerned, is systematically trying to assess needs and resources through its world indicative food plan to minimise or, if possible, avert a hunger catastrophe. The World Bank, regional banks and national development agencies are to an increasing extent becoming aware of the imperative need for measures aiming at a rapid increase of the world food production. In this context, international and national governmental planning is essential. But to succeed, it must be supplemented by efforts to mobilise active support, especially in the newly developing countries, of large strata of the population engaged in production and distribution of food. For this very reason, the cooperative form of enterprise as the best instrument to stimulate the common people to self-help activities will assume great and increasing significance.

Against this background, the challenge before our world organisation and the national movements in membership of



the I.C.A. is clearly indicated. We must increasingly assist in promoting cooperative development in the newly developing countries. This is a stupendous task. It cannot be accomplished by collaboration only between the well-established movements in the industrialised parts of the world and the emerging cooperative organisations in the newly developing countries themselves. To achieve the real impact urgently needed to expand the cooperative sector as a means of strengthening self-generating economic development processes, internationally co-ordinated action is called for. For many years, it has been the explicit policy of the I.C.A. to try to establish as close and efficient working relations as possible with international and national governmental agencies and non-governmental organisations engaged in cooperative technical assistance and cooperative promotional work generally.

It can be noted as a great achievement that, through common consent, a liaison committee has been set up between the FAO, ILO, IFAP (International Federation of Agricultural Producers) and the I.C.A. Within this institutional framework, it is hoped that gradually practical results will be attained with the aim of expanding and strengthening cooperative technical assistance activities in various parts of the world.

We in the I.C.A. welcome very warmly the great interest thus manifested by the two specialised UN Agencies, the ILO and FAO, which play such an important role in promoting cooperative development in the third world.

The ILO, as the most important UN Agency associated with cooperative development programmes in all fields, is now celebrating its fiftieth anniversary. There has, over the decades, existed a close and very fruitful collaboration be-

tween the ILO and the I.C.A. in promoting cooperative development. This collaboration was indeed very clearly highlighted in the preparation of the important ILO document "The Role of Cooperatives in the Economic and Social Development of Developing Countries". This is only just one important, but rather recent, example of the excellent working relations between the ILO and I.C.A., and our forthcoming collaboration on the subject of "The Role of Cooperatives in the Industrialisation of Developing Countries" must also be mentioned here.

In the field of technical assistance, specifically to agricultural cooperatives in the newly developing countries, the FAO is playing an increasingly important role. This is quite natural in view of the growing significance which is attached to agricultural cooperation as an instrument to increase productivity in agriculture and fisheries. In respect of FAO's general activities and in conjunction with the joint UN/FAO World Food Programme, which the I.C.A. and IFAP have strongly supported, there exist vast fields where close collaboration between these two international non-governmental organisations and the FAO could be further strengthened to mutual advantage. Within the framework of the five priorities now accepted as guide-lines for FAO's working programme in the near future, there will no doubt ensue new and increased possibilities for such constructive collaboration.

For the new year and years to come, the I.C.A. will no doubt be strengthened in its efforts to promote cooperation in newly developing countries with the help of the collaboration of the recently established joint ILO, FAO, IFAP and I.C.A. secretariat. The practical results will, however, as far as the I.C.A. is con-

cerned, to a great extent depend on what we ourselves, supported by our national member-organisations, are prepared to do.

The I.C.A. has now established a second office outside London, namely, for East and Central Africa, which, for the time being, is located in Moshi, Tanzania. It is less than ten years since the first I.C.A. office outside Europe came into being. The beginning in South-East Asia was a rather modest one. Today, the Regional Office and the Education Centre attached to it are firmly established and fully supported by the South-East Asian cooperative movements and the cooperative government departments concerned. Let us hope that the modest I.C.A. activity now started in East Africa will likewise be gradually extended and intensified.

In Latin America, the OCA (Organization of the Cooperatives of America) has now decided to set up an institute to promote cooperative integration. This initiative, which is supported by the I.C.A., will open up possibilities of extending and further strengthening the already well-established Inter-American cooperative collaboration. The I.C.A. will continue to publish its official organ, the "Review of International Cooperation", in Spanish from the offices of Intercoop, Editora Cooperativa Ltda., Buenos Aires, for a second year, and support for the "Revista" is strongly urged on our cooperative friends in Latin America.

It will now be up to the member-organisations of the I.C.A., both in the industrialised and the newly developing countries, to give the powerful support needed to utilise efficiently these new institutional facilities for our common task to promote cooperative development. In other words, we are gradually

getting some new and some better tools for our work. Are we all prepared to do our part and to join our efforts to achieve the progress which is so urgently needed?

Last year, a review of the whole structure of the I.C.A., including its Auxiliary Committees and Working Parties, was undertaken and discussed in a preliminary way by our authorities. The aim of this exercise has been to try to achieve a maximum of efficiency in performing the manifold tasks which the I.C.A. has to deal with, bearing in mind the restricted financial means available to our world organisation. It is too early yet to pronounce any definite opinion on the practical results which may materialise as a result of this penetrating analysis, which our former Director, Mr. W. G. Alexander, has carried out for us in such a commendable way. There is, however, already a better understanding of the issues involved.

One important action to streamline the work of the Auxiliary Committees has been decided in principle by the Cooperative Wholesale Committee and the Committee on Retail Distribution. The decision to set up a committee to consider amalgamating these two committees is the result of discussions over a considerable period. It has been motivated mainly by the fact that, with the modern trend towards integration of wholesaling and retailing functions in a great number of movements, it is practical to have the problems in this field discussed and dealt with in a joint committee. Through this amalgamation, we may expect that the exceedingly important exchange of technical and commercial experience between national cooperative movements may be still more extended and strengthened. In view of the increased competition which a number

of our consumer cooperative movements has to face from chain-stores and so-called voluntary chains, which themselves have integrated wholesaling and retailing functions to a high degree, it is hardly possible to over-estimate the significance of the activities which will be promoted by our joint Auxiliary Committee in this field.

Last year, the political climate in Europe was unfavourably influenced by the invasion of Czechoslovakia by Warsaw-Pact troops. The increased political tension which ensued from this tragic event had also an impact on the Executive and Central Committee meetings held in Glasgow. This was unfortunate but, under the circumstances, not possible to avoid.

Even if world political events to some extent are bound to influence the work of an international organisation like the I.C.A., it should, however, be our endeavour to try to concentrate our activities to the greatest possible extent on our special cooperative business. This has been something to be wished for during many years. The experience at the Glasgow meetings may perhaps contribute to make the I.C.A. authorities more inclined to try to avoid in future taking up highly controversial world political is-

suues and to pronounce judgements on actions taken by one or the other national government. Yet, we heard with relief of the order issued by the President of the United States to halt the bombing of North Vietnam in order to facilitate intensive peace talks with Hanoi.

The tasks we as cooperators have to perform are so urgent and so important that they will give us quite enough to deal with at our meetings. We can do something fundamentally better than passing resolutions, and by our own cooperative work, nationally and internationally, make a constructive contribution towards "peaceful coexistence" in the real sense of these words.

May I end this message by wishing all the national member-organisations of the I.C.A. a better new year. Let us fervently hope for a year of peace and increased international understanding, a year when, without political disturbances, we can concentrate on our cooperative tasks – to the benefit of our member families in all parts of the world, whose representatives we hope to meet at our 24th Triennial Congress in Hamburg from the 1st to 4th September, 1969.

Dr. Mauritz Bonow



## NEW STRUCTURE — NEW TASKS

**37th International Cooperative Seminar  
Søhus, Denmark, 16th-25th September 1968**

**by Dr. L. Sieber**

**T**HE “scientific and technical revolution” taking place in all fields of human activity is making the world change faster than ever before. This is generally recognised in theory, but in practice people and their institutions and organisations are often caught unprepared for the fact that what was good enough yesterday is no longer sufficient today, let alone for tomorrow.

The same applies fully to the cooperative movement, which can only keep pace with the rapid development and justify its existence if it adapts itself to the new requirements of efficiency and service on an adequate level. For this purpose, however, new methods of work are indispensable in practically every respect, but hardly practicable without profound structural changes.

This fact is realised and taken into account not only by many national cooperative organisations, but also by the authorities of the I.C.A., which have given much attention to this problem and have found it important enough to include it on the agenda of the next International Cooperative Congress, to be held in Hamburg in September 1969.

In this connection, it is no mere coincidence that the main theme chosen for the 37th International Cooperative Seminar, held at Søhus in Denmark from the 16th to 25th September, was “Problems and Achievements arising from recent Structural Changes in Cooperatives”. This theme was examined from different angles by highly experienced specialists from several countries in their papers and lectures, and then further in dis-

cussions by the 51 participants from 17 countries—mostly European, but also including delegates from Ghana, Japan and Papua (New Guinea).

*Professor E. Dülfer*, Head of the Co-operative Institute, University of Marburg, Federal Republic of Germany, pointed out in detail the various implications of the organisational problems involved, particularly from the scientific point of view. The reasons necessitating structural changes in cooperatives and the methods available for this purpose were elucidated by *Mr. O. Moback*, Research Specialist, of Kooperativa Förbundet, Sweden.

Experiences of the Danish cooperative movement were explained to participants by two leading representatives of the host organisations, both members of the I.C.A. Central Committee—*Mr. C. Pedersen*, Secretary-General of the Central Cooperative Committee of Denmark (also member of the I.C.A. Agricultural Committee), and *Mr. K. Nielsen*, President of the HB Consumer Cooperatives of Denmark and Chairman of the I.C.A. Committee on Retail Distribution—who also spoke about structural problems in consumer cooperatives in general.

The lecturers included two more members of the I.C.A. Central Committee: *Mr. R. Kérinec*, Secretary-General of the French National Federation of Consumer Cooperatives, who gave a very clear explanation of the reasons for structural changes in the cooperative movement in France, and *Mr. E. Groes*, Managing Director of the Danish Cooperative Wholesale Society (FDB) and Chairman of the Scandinavian C.W.S., who most convincingly outlined the financial aspects of structural changes and the problems involved. (The papers presented by these two speakers are reprinted in the issue.)

The international character of the

Seminar and of the problems examined was emphasised by the presence of representatives of other international organisations: *Dr. A. F. Braid*, Agricultural Cooperatives Specialist of the FAO Rural Institutions Division, greeted the participants on behalf of the UN Food and Agriculture Organisation, outlined its work and pointed out fields of activity suitable for collaboration with the I.C.A.; a similar aim was pursued by the explanation given, on behalf of the International Labour Organisation, by its representative, *Mr. E. Dembélé*, of the Cooperative, Rural and Related Institutions Branch of the ILO Social Institutions Development Department, who attended the whole Seminar as an observer; furthermore, the interest of UNESCO in international cooperative education schemes was indicated by the visit of *Mr. P. A. Andersen*, who addressed the Seminar on behalf of the Danish National Commission of this UN agency.

The work of the Seminar followed the pattern found successful during previous events of this kind (until last year called I.C.A. "Schools"), i.e., lectures and discussions held at plenary sessions, but mostly exchanges of experience and opinion taking place in four study groups, into which the participants were divided according to languages. These groups studied the main problems arising from individual lectures and then presented their reports at plenary sessions for further discussion and comments. Their studies were eventually summarised in final reports, in several instances containing suggestions likely to prove valuable not only for the participants themselves and the cooperative organisations they represented but possibly also for future study by various specialised committees of the I.C.A. and other international organisations engaged in

cooperative matters.

During the Seminar, several films were shown to inform participants of cooperative developments in Denmark, the host country, and one film of special importance to make everybody realise more clearly the responsibility of cooperatives in economically advanced countries for the promotion of a sound cooperative development in the less fortunate parts of the world. This fact was also emphasised several times by various speakers. It was pointed out, for example, that truly believing in cooperative principles should nowadays imply readiness to promote these not only in one's specific field of activity or branch of specialisation, but also in other economic spheres; and, likewise, not only in one's own village, town, district, or even in the whole country, but throughout the world. Any narrower viewpoint was bound to be merely a somewhat higher-level form of local patriotism, departmental parochialism or even virtual defeatism as regards the applicability of cooperative methods. This could be the only logical conclusion, if we were prepared to recognise that, in the present-day rapidly changing world, one can hardly afford the luxury of indifference to developments outside one's own "playground", especially in view of the recent technical progress, which has made events on one side of the globe significant even for people on the very opposite side. This realisation, if put into effect in actual practice, must spotlight the importance of international and inter-cooperative solidarity—not only in words and declarations, but also in the field of economic relations and collaboration.

Another matter which became the subject of much attention was the requirement of assuring maximum effi-

ciency without detrimental effects to the characteristic feature of the cooperative movement, i.e., democratic control by members. This problem was felt to have become increasingly acute in connection with the structural changes which uncompromisingly required integration. The difficulty of co-ordinating business efficiency with democratic control was pointed out by participants from several countries, but it was concluded that any attempts to sacrifice the latter in favour of the former would make the cooperative movement lose the very reason of its existence. As one of the British participants aptly pointed out, advocates of policies regarding member control as merely an unnecessary burden were, in fact, "re-discovering" capitalism. Moreover, they were virtually admitting their complete lack of ability to make use of one of the greatest assets of the cooperative movement—the possibility of advancing with the support of initiative from below, i.e., initiative and activity of wide sections of rank and file members. In this field, of course, a great deal still remained to be done in order to replace apathy by interest. It was realised that, without achieving success in the "human factor" field which could be turned into the cooperative movement's greatest advantage over all its competitors, structural changes would only end to increase the gap between members and the management. In this connection, the great importance of education and information was realised, and it was emphasised that every effort must be made also in these fields to bring all methods up-to-date so as to make them efficient enough.

Within the framework of these problems, many other matters were examined in detail with the aim of finding the best methods of work and sources of fin-

ance. The conclusions were embodied in the final group reports, which were subsequently duplicated not only to be sent to individual participants, but also to be brought to the attention of all interested parties, including members of the I.C.A.'s specialised committees.

After the Seminar, most of the participants stayed on in order to take part in a four-day study tour which had been very carefully prepared by the Danish host organisations. By seeing in actual practice some of the Danish cooperatives' achievements in the fields of retail distribution, wholesaling, production, marketing, education, gardening, etc., they were able to broaden their knowledge and enrich their experience very suitably for the benefit of their future work.

Thus, it is hoped, the Seminar and its results may prove fruitful in several respects, because it has undoubtedly helped to bring about a certain integration, at least in the minds of those who attended it: most of them are sure to have realised how inseparably inter-connected the various aspects were—business efficiency, financing, organisational matters, the educational and social functions, assistance to the developing countries, scientific research, publicity, distribution, production, services, etc.

Furthermore, the Seminar has certainly been a source of inspiration to many by bringing them together to learn about their specific problems and establish

lasting personal contacts, as well as by enabling them to see farther across the horizon of national boundaries, narrow specialisation and time—into the realm of international and inter-cooperative collaboration and into the future. It has shown them, without optimistic exaggeration or pessimistic defeatism, the realistic and enormous possibilities of the cooperative movement itself, but also the limits beyond which it could not be successful without working together with other organisations, institutions and people of goodwill in the whole world. At the same time, it has helped to reveal various mistakes, weak points, dangers and obstacles, as well as to indicate suitable ways and means of coping with the main problems impeding cooperative progress. Above all, however, the Seminar has, perhaps, made it sufficiently clear that, although economic success is the prime condition for cooperatives, this cannot be an end in itself, for the cooperative movement must serve a definite purpose, i.e., work for the creation of social, economic and political freedom and justice for people who seek neither power nor profit at the cost of others and who voluntarily decide to cooperate in order to achieve the aims outlined in the Principles of Rochdale and in the Rules determining the policy of the International Cooperative Alliance.

# FINANCIAL ASPECTS OF THE STRUCTURAL CHANGES IN THE COOPERATIVE MOVEMENT

by **Ebbe Groes**

*Danish Cooperative Wholesale Society*

**T**HE emerging new structure not only of cooperative activity, but of the industrial system as a whole is characterised by large requirements of capital. This is so because structural improvement is closely connected with the utilisation of modern technology in a number of fields. New methods in production and distribution on the wholesale as well as the retail level means heavy and time-consuming investments. Capital has become a key factor in competition. This is why long-term planning of investment and financing is an art of ever increasing importance in our cooperative societies confronted with the imperatives of change.

More than 100 years have elapsed since the first cooperative societies started to function on the basis of the rather modest capital amounts which their poor members were able to save for this purpose. The first Danish consumer cooperative in Thisted started to work in 1866 with the distribution of bread from a private house. In the beginning, the members did not pay less for the bread than from the private shops. The savings on the bread price which the cooperative was able to get was retained in the society to create funds for acquiring a shop and expanding business. On ac-

count of this willingness of the members to put hard needed money in their common society, the basis was laid for much larger savings in the future.

Even if conditions since then have changed totally in almost every technical aspect, it still holds true that the capital formation of cooperation is deeply connected with retained earnings and dividends. Awareness of this simple principle has been a fundamental feature through the history of all expanding cooperative movements and it should not be forgotten in the world of today with all its complicated financial mechanisms.

Planning of structural changes in most cases means aiming at bigger technical or economic units, for example, full line supermarkets and giant societies covering a whole region or perhaps the whole nation. Internationally, it means the shaping of industrial units producing for several countries. In the cooperative movements all over Western Europe, the structural goals have resulted in long-term investment programmes, the fulfilment of which is a question of time and money.

A few figures will illustrate the amounts involved in Denmark:

1. The cooperative societies deliver-



ing fertiliser, seeds and feeding stuffs for agriculture are aiming at concentration in one organisational unit. Production and distribution centres are going to be fewer and bigger. The investment need for this is calculated to about 80 mill. kr. per year in the next few years.

2. The cooperative dairies are also engaged in a plan for creating one country-wide organisation. The estimates of their yearly capital requirements exceed 100 mill. kr.

3. The consumer cooperatives are presently working hard to realise a shop structure consisting of bigger and fewer units located in centres pointed out by careful analysis of demographic and economic developments. A long step has already been taken in this direction, but yet for some years investments will be required in supermarkets and department stores amounting to approximately 150 mill. kr. per year.

Which financial sources are available for these huge investment needs? I shall mention some of the most important.

### **Self-financing**

A high degree of self-financing has for many years been typical for the main part of European cooperative movements. During the last few years, there has been—at least in Denmark—a tendency of a falling percentage of own capital in new investments, but this should be considered as a natural consequence of a strong expansion period.

This first method of securing a fair financial position is to follow a rational policy of allocations to depreciation and reserve funds. The amounts accumulated in this manner are cheap money to work with, even if the demand for re-

turn on investment of these means should not be less than in the open capital market. The advantage is that no high interests have to be paid to private capital investors.

Cooperative managers have the important task to convince the board members of the necessity of a good consolidation. In a great many Danish consumer societies, the costs are presently increasing sharply in proportion to turnover. This, in turn, puts a squeeze on the capacity to show a fair surplus and to pay the traditional dividend. In 1966, for example, the Danish cooperatives as a whole tried to maintain the dividend at its usual level, which was unfavourable to consolidation. In 1967, many of the cooperatives took the consequence of the continued fall of earnings and reduced the dividend percentage. The main reason, I dare say, was that the financial consultants from FDB seriously and carefully advised the societies not to weaken their position as regards the yearly accounts. The exact advice was that the allocations for depreciation and reserve funds should amount to at least one per cent of the turnover of the society.

Another capital source belonging to the category of cooperative self-financing is upward adjustments of the members' shares. In the largest consumer cooperative in Denmark, HB, for example, the congress recently decided to increase the share of each member from 100 kr. to 300 kr. This sum can be paid in cash, but the usual method is to transfer a certain part of the yearly dividend to the members' share accounts until they have reached the demanded sum.

In accordance with fundamental cooperative principles, the interest payment on members' share capital is limited to a so-called "normal" level. In

FDB, the maximum is 6 per cent per annum. In HB, the interest on the shares follows the interest on time deposits in the savings banks.

There has been some discussion on the determination of the interest on shares in cooperatives. If it is low in relation to the general level of interest on the money market, there is no stimulus for the members to invest their savings in such shares. During a recent international conference for cooperative leaders in Paris on finance questions, it was proposed to offer shares in cooperative companies for sale on the Stock Exchange in order to get more capital. This probably can be done in the way of issuing debentures bearing the same interest as obtainable on the bond market. You could also choose to reserve the debentures for sale to members only. To issue securities offering profit possibilities as joint stock companies do is not feasible in cooperatives, if we shall stick to our principles—which we must. When speaking of finance, we should always keep in mind that, within our movements, capital must be regarded as a cost factor and never as a profit factor. Otherwise, all speeches on economic democracy will become hollow words.

In many Danish consumer cooperatives, loan capital is obtained from members by withholding part of the dividend on an account, which is paid back after a certain number of years. According to the recommended rules for the societies, the loan or dividend account receives an interest of 5 per cent per annum.

Members' savings accounts play only a modest rôle within the Danish retail societies. The town society, HB, has, however, established a savings department for its members. Savings certificates are issued and bear an interest which is

$\frac{1}{2}$  per cent above the discount rate of Denmark's National Bank. The deposits can be withdrawn by members giving at least three months' notice. In Sweden and Norway, the degree of self-financing through members' savings deposits is a good deal more advanced than in Denmark. Further information about the practical methods to obtain members' savings deposits can be secured directly from the KF in Sweden and NKL in Norway.

If the financing by members is included in the concept of self-financing, the following figures for the degree of financial self-support are obtained:

*In Sweden:* 67 per cent of the consolidated balance total of the central organisation, KF, and the retail societies.

*In Norway:* 41 per cent of the total balance of the central organisation, NKL, and 67 per cent of the balance of the retail societies.

*In Denmark:* 46 per cent of the balance of FDB, and 50 per cent of the balance of the retail societies.

### **Capital from External Sources**

The planning for dynamic change throughout the cooperative sector cannot, however, be financed by own capital and members' savings only. Outside loan resources have to be taken into account by the preparation of the finance budgets.

First of all, long-term loan capital is obtainable from the credit associations lending on first, second and perhaps third mortgages. Secondly, there is the possibility of getting money from the cooperative insurance companies. Especially in Norway, this possibility has been realised to a very large extent. In this connection, the pension funds are also an important source of capital in

the bigger cooperative enterprises.

Thirdly, there are the savings banks, also lending on long term against mortgages in real property, and the ordinary commercial banks, primarily working with short-term financing of current assets. Instead of giving security in property, money can be obtained at the banks against guarantees from cooperative societies. This requires solidarity and a spirit of collaboration from the societies joining the guarantee arrangement. In Denmark, a considerable number of projects for new supermarkets and self-service stores has been financed through such arrangements co-ordinated through a special institution carrying the name "The consumer cooperative societies' Guarantee and Credit Fund". The financial support made possible through this fund so far exceeds 20 mill. kr.

The State does not participate in the financing of structural change in Danish cooperation. One of the exceptions is state support to the building of cooperative stores in Greenland. Another is state grants for the consultant service in FDB and private organisations. The consultants play an important rôle in the realisation of new shop projects and in the endeavours to improve efficiency throughout the distribution chain. A recent statute promises state guarantees for liabilities of financing institutes established by retailer associations. So far, the consumer cooperatives have not needed such state guarantees. Lastly, it can be mentioned that cooperatives have had their part of cheap loans from a Marshall-Fund for shop modernisation.

Loans from foreign countries are a capital source of increasing importance. As an example of Scandinavian cooperation, I should like to mention the substantial credits obtained from the Bank

of America against joint guarantees from the cooperative wholesale organisations in the Scandinavian countries. These credits are channelled through the Scandinavian Cooperative Wholesale Society's daughter company in San Francisco and have especially been utilised by FDB as a consequence of rather high interest levels on the Danish capital market.

This survey of cooperative capital sources should not be ended without mentioning the International Cooperative Bank in Switzerland. This Bank has as its purpose to promote collaboration between its members in the field of international banking, finance and credit and to assist cooperative organisations all over the world in their expansion and development, for example, by financially supporting the rationalisation of their merchandising and production operations. The Bank acts as an ordinary commercial Bank. The stockholders comprise 32 cooperative organisations and Banks with special interest in the development of cooperative activity. The stockholders come from 16 countries inside and outside Europe. The Bank's total balance amounts to about 300 mill. Swiss francs, and it is steadily expanding its activities.

#### **Utilisation of Capital Resources**

The problem of capital for structural development is not only a question of getting the financial means from internal and external sources, but to utilise the means in the most economical way.

Two of the biggest items in the balance sheet of consumer cooperatives are credits to members and stocks. Capital need for members' debts can be reduced by the introduction of full cash payment. So far, this has been done in 1,100 of Denmark's 1,800 cooperative retail

societies. Costs can be reduced and capital liberated by increasing the rate of inventory turnover.

These and other efforts to improve the efficiency of capital utilisation require a close collaboration between the local societies and the central society. One of the main reasons for structural concentration is the possibility to make better use of the total financial resources of the movement. This is why the Danish cooperatives in different trades try to co-ordinate in investments decisions—and ultimately to centralise them. The risk of fatal investment failures is overhanging if this co-ordination is not successful.

In the consumer cooperation, for example, investments must be properly balanced between the requirements of the retail level, the wholesale distribu-

tion system and the production facilities. Furthermore, the expansion of turnover following structural improvements draws new capital needs in the form of increases of stock and other current assets at all levels. Theoretically, there is at any time an optimal allocation of capital on the different demands. In practice, this allocation cannot be realised, but it can be approximated by overall judgements of the capital situation of the movement.

Electronic data processing and improved methods of analysis and economic control provide the management with new tools for better administration of capital use and financial budgeting. Skill in working with these tools probably will be more important in future competition than the procurement of the needed capital itself.

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## A NEW COOPERATIVE STRUCTURE IN FRANCE

by Roger Kérinec

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**M**Y experience is that of the entire French Cooperative Movement which, only a year ago, adopted new structures.

Why it had to take this decision, how it did it and what are the present structures: these are the points at issue in this report. We shall also try to define some of the preliminary results achieved and shall not be able to avoid mentioning certain general aspects.

Nevertheless, if from among all the structural reforms undertaken today by

Cooperative Movements all over the world we can define certain points in common, this might help to some extent those who will be called upon without any doubt to tackle the same problem.

### 1. Why the Need for New Structures?

If we seek the essential fact which set in motion a whole process which has ended (provisionally, at least) by a reform of the structures of the French Movement, we find that we must accept the

brutal fact that consumer cooperatives were not progressing as fast as their more dynamic competitors.

It was the 1961 National Congress in France, which took note of this and decided to undertake a thorough study of the reasons which lay behind this relative decline.

Since the end of the war, the French Movement had been progressing regularly and had "harvested laurels", which fact seemed to eliminate the necessity of worrying about its future, but, as one humorist has remarked, "nothing fades faster than laurels upon which one rests" and our Movement did have a slight tendency to do just that, to rest on its laurels.

A detailed and thorough examination of the figures revealed that, towards the end of the 'Fifties, the chain stores and the department stores were gaining on the cooperatives; this tendency continued into 1967; this meant that it was during those years in fact that our Movement was engaged in re-thinking its aims, and subsequently in re-establishing itself.

Since it had become obvious that our fiercest competitors were progressing faster than we were, it was equally obvious that it was vital to discover the reasons for this, and it soon became clear that what each of us now knows to be true today (and for this reason I will not dwell too much on the fact) was summed up as follows:

that the population of France was in a state of renewal which, in its turn, meant that here were large-scale movements of population from one area to another and also from the countryside into the towns; apart from these factors, we must not forget the creation of the new towns; that the rapid evolution of new me-

thods of transport meant new ways of life, particularly as the new towns themselves were built "out in the country", i.e., far from the place of work;

that purchasing power was increasing and was no longer concentrated on the same products; this meant that a new sales structure must be introduced (importance of non-food market); that a new European market had opened up and that, for all these reasons and some others also, trade was on the point of a break-through; that there were new types of shops, new commercial techniques, new distribution circuits and new methods of finance; and that our competitors were merging, etc.

And during that period, the Cooperative Movement went on opening small shops, hesitating to launch itself into fields which would have given it the key to the new techniques.

This hesitation can be explained by the fact that there was an unsatisfactory profitability ratio, coupled with very heavy investments financed through the collective savings of co-operators who remained faithful to their traditional cooperative shops.

Respect for tradition can also be explained by the fact that, for half a century, the French Cooperative Movement had adopted a policy of small branches, and the face which it showed to the public at large was that of a network of small shops, at either village or district level, based on a range of groceries, and all practising the same price policy throughout all the shops belonging to a particular cooperative.

The degree of success which was achieved with this type of structure was embodied in the network of 10,000

shops, all virtually "interchangeable" and all more or less corresponding to an identical commercial conception.

And then the French Cooperative Movement was suddenly made aware that this particular type of "sales front" was in the melting pot, because, although it allowed the Movement to live, it no longer could be considered a winning feature.

The Movement disliked "large areas" and self-service stores also and this attitude had led the authorities and the consumer to the conclusion that the Cooperative Movement was on the defensive and was no longer to be considered a motivating force in the development of the distribution chain.

It had, therefore, become obvious that urgent action was needed to prevent the cooperative heritage from being dispersed; it needed to be preserved, and even enlarged, so that cooperative ideas would lose none of their chances of permeating the world of tomorrow.

In 1964, therefore, the National Congress decided that this objective would be unattainable if the cooperatives continued to maintain the same rate of progress as they had done in the past, and it set up a Commission of 12 members to determine a new rate of progress and to establish the means to attain it, to visualise new frontiers for Cooperation to conquer, new structures also, and in a word, to plan for the Movement's expansion.

## **2. How the New Structures were worked out**

Planning was nothing new for French cooperators; it had been a familiar feature for decades, the first report on the subject being dated 1921, but the plans drawn up at various times for each of the various types of Cooperative

Society (and not for the Cooperative Movement as a whole) had been worked out by one man designated for the task (and not an entire team chosen in a democratic manner) and, therefore, this may explain why such plans were never actually applied.

It should be said here that the Resolutions voted by the Congresses, more often than not unanimously, had never been interpreted as actual law, to be applied to the societies, but rather as vague guide-lines, sometimes merely pious hopes.

There was, therefore, a need to invent a new method, which would be both democratic and efficient, to work out the plan in such a way as would make it the work of collective enterprise binding on all concerned in the common interest.

French cooperators adopted the following method:

The Resolution voted by the 1964 Congress stipulated that a Restricted Commission, the so-called Commission of 12, would undertake "studies by working groups, especially with the accent on the young executives of the Movement, of all the particular problems facing the Cooperative Movement in its efforts to bring its Plan to fruition".

The 12 members of the Commission, chosen from among leaders of central organisations and of the more active societies, at once nominated seven working groups, which, in their turn, sub-divided into sub-groups, and chose the executive from among the staffs of the societies taking part, not on the basis of representation as such, but wholly on their competence in a particular field.

Nearly 150 executives of the French Cooperative Movement worked together throughout almost two years and one

may say that never before have so many men of action and technicians teamed up to think deeply about the future of our Movement. (They held more than 100 meetings.)

It should be stressed here that the prime achievement of all this work was to give the younger executives of our Movement the chance to meet each other and to put forward their contributions to the future development of their own Movement.

They worked together enthusiastically and we have noted that those cooperative societies which agreed to detach their executives, not without some difficulty in certain cases, for this work in Paris, were among the first to benefit, since these same executives were eager to try out on their own societies the first conclusions which emerged from their studies, and this stimulated their colleagues to adopt immediately some aspects of the new ideas, even before the Plan proper had been worked out and adopted by the Congress.

I shall not dwell in detail on the studies carried out and shall merely say that they gave us the opportunity to see just what was missing in our Movement, at least in rough outline, and especially to be made aware that we do not understand it clearly (this is due to a lack of statistics), and to attempt now to fill in the gaps made apparent. The studies also enable us to pinpoint financial waste and misuse of talent, and thus to correct these matters.

The studies also gave us the opportunity of tackling all possible subjects, even those normally taboo, in an atmosphere of great frankness and mutual respect. It was a general mobilisation of energies and talents of all those who made, make and will make cooperation work.

All these various studies were closely followed up by the Commission of 12, who issued a report every month, and informed the Council of the National Federation of suggestions on the measures to be taken without necessarily waiting for the final adoption of the Plan proper.

At the end of this period of activity, each sub-group and group issued a brief report, and a consolidated report was presented by the Council of the FNCC to each of the different bodies within our Movement, and finally to the National Congress.

At the conclusion of its business, the Congress adopted a resolution directed, on the one hand, to Cooperative Societies and, on the other, to our central organisations, which delineated the lines of a new policy and a reform of structures at society level. The last part of the resolution dealt with reform of structures on the level of the Movement proper, this being adjudged necessary so that the resolution could be universally applied.

### **3. The New Structures**

The resolution we have just mentioned delineated the outlines of a three-year plan; it may be thought more correct to say that it is not really a plan but a series of directives allowing each society and each national organisation three years to take the necessary steps to see that, at the end of that time, it is in the position to apply a real Plan (four-year or five-year).

A minimum expansion rate was determined, however, and the steps were clearly defined so that each organisation should make the necessary efforts to achieve it.

These were concerned with, among other things: (since our Plan is in the

course of being applied) setting up of shops, commercial and financial policy, new sectors for expansion, injecting new life into cooperative undertakings, consolidation of cooperative energies, and staff policy.

The new policy thus defined—it is not necessary to go into it in detail—meant that cooperatives should now take a new look at their organisational set-up, create new divisions, and adopt modern management techniques with a view to achieving greater efficiency.

But the most important problem was to ensure that such counsels were followed and this will explain why the vote on the reform of national structures was of such importance.

For a whole year, therefore, new studies were undertaken, a new series of discussions engaged on and new reports drawn up, which would lead to the implementation of the new structures desired.

But I think we have now come to the point where it would be useful to recall the old structure in its essentials, and this will serve to stress the necessity of adopting the new one.

#### *Old Structure*

Since the time—during the 'Twenties—when cooperatives embarked on a series of consolidations by merging small societies into regional societies, the structure was as follows:

On the retail side: 40 powerful societies (out of 400) responsible for more than 90 per cent of the total turnover figure of the Movement as a whole.

On the national side: One National Federation governed by 18 members elected by the annual Congress.

One central purchasing organisation, also handling imports and production, governed by a Council of 12

members, elected by an annual General Assembly.

One Bank, one Insurance Society, one Household Credit Union, etc., in all, some thirty organisations at national level, each one autonomous, each jealously preserving its independence, with co-ordination provided only by the fact that a certain number of leaders of the Movement attended all Council meetings.

The links were very slack between the societies and the national organisations, the sovereignty of each cooperative remaining inviolate, impinged on solely by a few "federal" obligations, whose application was guaranteed not by any possibility of sanctions, but purely by cooperative loyalties.

In fact, then, the big cooperative societies were the main source of decisions at national level, and power was concentrated in the hands of a few "feudalists" who asked little from the central organisations, since they were able for the most part to satisfy their needs from their own resources.

Thanks to a slow process of education, a certain "collective discipline" has been evolved which has made possible the application of sound administrative principles and has given the Movement an economic superiority in real terms over the small, disparate undertakings belonging to the private sector of the retail trade.

But the cooperatives decided for themselves on their policy of range of goods, and sales, their thinking being based on the fact that they were in the better position to judge the requirements of their members and the needs imposed on them by the competition.

The cooperatives also enjoyed the right to buy from external suppliers in cases where the latter's prices were more fa-



avourable than the cooperatives' own wholesale societies. It should be stressed here that these reservations meant that the antagonism between buyers and sellers on the private market also existed in the cooperative system, even though it was somewhat attenuated by mutual liabilities.

The structure described has determined to a large extent the rate of growth and management methods of consumer cooperatives and, if we look at the achievements of the past, one cannot deny that, in practice, the federal structure system has proved its worth. It was under such a system that the Movement became so large, acquired such power and, even during difficult periods, demonstrated qualities of endurance and flexibility.

It is, therefore, not surprising that, after the Second World War, which meant for many of our organisations a serious decline, and with whose termination many others embarked on a new course, the old conceptions were simply adopted anew.

But twenty years have now passed since then. During this period, the economic and social climate in which we live has completely changed and we now find ourselves in the middle of a rapidly evolving, radically altered system of economic structures, which we have already mentioned and of which we all know both the causes and the effects.

Faced with this evolution, over a period of years, the doubts have grown that the traditional structure of our Movement was still fitted to the new requirements of the affluent society to which the western world was heading.

Finally, even those cooperative societies which were the best equipped suddenly discovered that they were going to be obliged to undertake market stu-

dies, to think about setting up supermarkets, to install computers, to recruit staff—all tasks for which a well-equipped central organisation would have been of great help to them.

And so, very slowly, there arose a variety of new ideas which were destined to act as guide-lines for the working out of the new structures which would preserve a certain aspect of the past, while at the same time ensure a better degree of adaptability by our Movement to the needs of the present.

#### *Towards greater Unity*

The first of these ideas is that the totality of the Movement must be sovereign, exercising its power through a "legislative" assembly of the highest order—Congress—which elects a representative body from among the totality of members, determines the Movement's objectives and assigns the various tasks to the different bodies making up the Movement.

The second idea, which follows on from the first, is that there must be great unity of viewpoint in both the conception and the application of the policy as defined by the Movement.

The third idea is that the new Statutes must promote greater efficiency, while at the same time not impinging on the democratic operation of cooperative institutions, and, in a wider sense, forcibly express the immutability of cooperative principles.

Using these ideas as a starting point, we have conceived the following structure whose outlines are described later on. It is quite simple and scarcely revolutionary, though it does, of course, entail profound alterations.

Every two years, there will be a *National Congress* attended by delegates from all cooperative societies. This will

be the sovereign organ of the Movement which will determine the general policy of the Movement as a whole. Each co-operative society will have one vote for each shareholder.

In these circumstances, it will be the duty of the Congress to elect a *Central Council* which will direct and administer the National Federation and, within the framework of the directives set out by the Congress, the decisions on general policy matters which will act as general guide-lines for all the member-organisations.

The Central Council may comprise from 18 to 30 members, elected for a period of 6 years, renewable as to one-third every two years. There is a membership today of 29 and, in point of fact, the most important societies are already represented thereon, plus several smaller ones. The mergers which will be taking place between various cooperative societies in the years to come should allow us to reduce the membership of the Council to a total of 18 members.

There must be representation on the Council on behalf of the Société Générale des Coopératives de Consommation (our Cooperative Wholesale Organisation) which will have two seats, of the Central Cooperative Bank and the National Insurance Organisation, each being entitled to one seat.

By this means, those who are called upon to apply the policy laid down by the Central Council will play their part in its drafting.

I should like to digress here to make it clear that the specialised national organisations which are represented on the Central Council—and the others—will continue to be administered by the autonomous Boards elected by the General Assembly in each case (this meeting being held separately from that on the Con-

gress), but that these Boards will no longer be responsible for matters other than the best methods to be applied in their particular fields to the application of the decisions made by the Central Council, and also to operate, under their general responsibility, the particular undertaking which concerns them.

The Central Council will meet every two months, but for those who are required to work together on a day-to-day basis and for the purpose also of ensuring that the cooperative presents the same aspect both to the general public and authorities, it will be necessary to set up an *Executive Committee* within the Central Council which will comprise the President, Vice-President and Secretary-General of the National Federation, the President and Vice-President of the SGCC (Purchasing Office), the President of the Bank and the President of the Cooperative Insurance Society.

This Executive Committee, according to the Statutes, will carry out its duties under the control of the Central Council, will administer and take the necessary decisions for the application of the general policy of the Movement and will in particular ensure the application of development plans by specialised national organisations and cooperative societies.

It will meet every fortnight, but may be convened at earlier intervals if the need arises by the President of the National Federation.

*Regional delegations* will extend and decentralise the activity on a regional level of the National Federation and, to implement this decision, six (the number may vary) cooperative regions have been created, each led by a regional delegate appointed by the Central Council on the recommendation of the societies concerned in the particular re-

gion. His tasks—representation, information, co-ordination and regrouping of cooperative forces—will be laid down by standing orders.

This delegate may seek the advice of a *Regional Consultative Committee*, of restricted size, on which the regional societies will be represented.

The societies in each region meet every year at an *Information Conference*, at which the Executive Committee will be represented. (In the structures of the past, there were 13 regions with their Councils elected by the societies and, each year, there was a regional Congress which elected the Boards and the federal secretary and voted resolutions which were put forward to the National Congress.)

To complete the picture, we must now add that, in the interval between two Congresses, policy direction is ensured by a *National Committee*, which comprises some 100 persons and on which the societies are represented in accordance with precise rules. This Committee will meet twice a year and, in the year, where the Movement does not hold its National Congress, it will be convened on a third occasion (this is, of course, the equivalent of a restricted Congress, without publicity).

Financial control will be exercised by an Auditor-General, appointed by the National Federation Council, and may be revoked only by the National Committee with a two-thirds majority.

The Auditor will be assisted in his work by an *audit and control department* which, every three years, will undertake an administrative, financial and commercial audit of each society belonging to the National Federation.

Whenever it appears that any particular society cannot surmount its difficulties on its own, it is proposed that

a *management contract* should be entered into with the national society set up for this purpose (this has been in being for several years now) so as to obtain the benefit, during a pre-determined period of time, of the services of a competent manager. As soon as the society concerned is back to normal operations again, then it will regain its autonomy.

To complete the picture of the new structures, there is also a *Finance Committee* whose mission will be to check that the investments contemplated by the various cooperative societies are sound, and to give them its advice on their investments, insofar as these are adjudged necessary to the expansion of our Movement.

The Finance Committee, "management society" and audit department all conform to the idea that only the central cooperative organisations possess the management ability to preserve the collective capital which is the heritage of our Movement.

These are the new structures, in outline. Their adoption was accompanied by one or two suggestions of a marginal character. We should like to mention two which are not without interest: firstly, that which requires executives and staff in general of all cooperative societies to retire at the age of 65 and for directors to retire at the age of 70.

This unpopular measure was taken so as to compel leading members to start thinking about their replacements in good time and to ensure also that the efforts made by all cooperative societies are provided with an essential degree of continuity.

The second measure removes one or two "private preserves" which afforded protection to the smaller societies against the larger by denying them

rights in their territory. Henceforth, where a small society finds that it cannot set up a supermarket within its territory, then the large society may install it, after prior consultation with the small society.

Finally, we think that the new structures are somewhat less weighty than were the old ones and, more importantly, they set out to provide for a greater degree of unity and greater efficiency in cooperative institutions.

#### **4. First Results and First Impressions**

These structures were adopted last year, but not without a great deal of discussion. Some people averred that they were witnessing the possibility of the disappearance of all democratic cooperatives.

The answer made to these critics was that their conceptions of democracy were based on custom and that it was not in relying on nostalgia for the past nor on local interests, however respectable they may be, that one could set about the building up of a living democracy on the scale of the Movement.

It was necessary to incorporate shareholders and militants who would be open-minded to the benefits of progress, endowed with the feeling that all structures were imperfect, as well as with the desire to ensure their adaptability to the world of today. It was also necessary to have cooperative societies which would subordinate their interests to those of the Movement, for the interests of the latter are those of Cooperation itself.

The dangers of technocracy were also brought up and this aspect is understandable, for when faced with the magnitude of technical and economic knowledge required to run a Movement such

as ours, there are enormous difficulties facing the shareholder in controlling everyday management aspects, since these cannot be carried out any longer by any but competent men.

Some militant cooperators fear that the technocrats—the very people whom we need—will take over power politically without having the necessary qualities for the exercise of power and especially without having the necessary degree of faith in Cooperation.

Reasoning such as this leads to the conclusion that the technocrats of Cooperation are merely mercenaries, that they are incapable of believing in Cooperation, since they know nothing of it.

There can be no question but that our Movement, in contradistinction to capitalist undertakings lacking a philosophy, requires its members to be partisans of our conception of things, but it is up to us to ensure that those who are willing to place their strength and their intelligence at the service of our undertakings are also willing to give us their hearts.

It is true that our Movement has always been faced with the persistent problem of democratic efficiency and we must first of all ask ourselves if our new structure is democratic and then, if experience shows, that it is more efficient than the old one.

#### *A Democratic Structure*

For any structure to be democratic, it would be necessary for several well-known conditions to be present and we think that this is so in the case of the Consumer Cooperatives Movement.

Firstly, those who have delegated their powers must be to the fullest extent associated with the preparation of the decisions to be taken. This is even more

vital when power is centralised than when it is not, for decisions are taken by the Movement as a whole and they will have a virtually compulsory character.

Naturally, collaboration between cooperatives and the central organisation cannot be fruitful unless there is the fullest information available and, in this connection, it would be apposite to say here that the rôle of information will expand, since each society will no longer be called upon to make decisions affecting its regional interests, but decisions affecting the problems of the Movement as a whole.

Any possible errors will have serious consequences and each society will have to be in full possession of all the facts when important decisions have to be taken.

For any structure to be called democratic, there is another essential condition: the application of the decisions taken must be carried out in association with the societies themselves.

This is what happens in the French Consumer Cooperative Movement in that the main departments of the central organisations rely on the work carried out by the specialist technical committees which provide for the leaders of cooperative societies to take part in the work of the central organisations.

And there is a third condition to be fulfilled to ensure that structures are democratic: this is that they must be permeated by a certain spirit.

Democracy is in essence primarily an attitude towards others, a way of life in both the personal and the social sense.

It is even probable that, to differentiate our Movement from those of private enterprise, for the recruitment of executives needed, and to demonstrate

to the authorities the fact that it is disinterested in character, it is precisely this spirit which will be needed to permeate all our decisions and all our actions, which will play the most essential rôle.

In the final analysis, Cooperation cannot merely show that it is a material success, that it is a group of well-managed enterprises. It must also show that it is a social success, that it is a group of people strongly united in their desire to show that one may build a better society, more humane and certainly at least as efficient.

There can be no doubt that there are enormous efforts to be made before it can reach this stage, but we believe that the new structures will provide the National Federation with the means of helping the societies to create that climate of confidence and participation which must characterise any cooperative enterprise.

#### *... And an Efficient Structure*

It remains to be seen whether the new structure will be, one year after its adoption, more efficient than the old, though it is a little early yet to make any judgement on the results after so short a period of time. I will, therefore, take only a few examples of the more concrete results:

1. The strengthened unity of our Movement has allowed us to take, at national level, various initiatives which could not have been embarked upon before, especially the following:

launching of a mail order campaign and construction of regional warehouses to handle the demand so created;

construction of a regional warehouse in Paris for fruit and vegetables, under the joint auspices of the Central

Purchasing Office and several large cooperatives from the Paris region, from Champagne, Normandy and Lorraine;

studies for a national wine and spirits store;

setting up of a Cooperative Union for Supermarkets (this has now been done);

selection of a new logotype (new CO-OP sign).

2. Investment planning has prevented the building of warehouses and shops which would not have been profitable and has facilitated the mergers taking place between regional cooperative societies; a new "map of Cooperative France" is now in the process of being drawn up and regional studies are under way to prepare the ground for future consolidations.

Co-ordination between national organisations and especially the close collaboration between the FNCC's Audit Department and Management Department have helped to provide assistance to those societies which ran into difficulties, despite their size and their achievements.

3. The National Federation has expanded its market study departments, as well as those dealing with the installation of shops, with education and information, and has set up a new department for "Computers", which has already studied the possibilities offered by the installation of computers in seven societies, as well as working out management methods which will be applicable to all cooperative societies.

4. The steady progression of turnover figures by the cooperatives has improved constantly and, during the first few months of 1968, was at the level of the leading competitors in the private sector (though it must be said that this

figure did not reach the goal agreed on of 13 per cent, only attaining 10 per cent).

5. The Central Council and the Executive Committee have played the rôle they were called upon to play and the co-ordination which has now been established between cooperatives and national organisations, on the one hand, and the various national organisations, on the other, has meant that overlapping has been eliminated.

Finally, the decision was taken to build a "Maison de la Coopération" in which all the various departments of the central organisation would be installed, and the idea is that this "Maison" will be a reflection of the organisation itself, of our Movement proper. (The building will be completed in three years' time.)

### **Conclusion**

In conclusion to this rather lengthy analysis, it would be opportune to add that any reform which seeks to be both democratic and efficient cannot be fixed and unalterable, set down for all time, but, on the contrary, the leaders of Cooperative Movements must be constantly on the alert and responsive to changes taking place outside their Movement so that they can adapt themselves to these changes, while at the same time remaining faithful to their ideals.

These same leaders will also have to understand—and this fact is well known—that any structure is only as good as the men who apply it and have the competence and the spirit to do so properly. But this is another question altogether, which, no doubt, will be gone into many times.

The texts laid down are thus to be considered as a "juridical framework" to which it would be wrong to attach

too great a degree of importance. We know that these are often imperfect, but what is really important (since all legal texts are in a perpetual state of evolution) is to ensure that our conceptions themselves will not be too far be-

hind the economic and social evolution which is taking place, since it is true to say that it is extremely difficult to make up for lost time, particularly in this day and age.

## CONFERENCE ON EUROPEAN COOPERATIVES IN THE SERVICE OF CONSUMERS

### Introduction

**T**HE third Consumer Conference, organised by the International Co-operative Alliance in consultation with the I.C.A. Consumer Working Party, was held in Vienna on October 24th and 25th, 1968.

The 1965 Consumer Conference at Basle dealt with the efforts being made *within* national consumer cooperative movements to ensure that their commercial activities take full account of the interests of their members as consumers. Discussion ranged over many

fields, including consumer information, quality control, testing, assortment, services to consumers, cooperative advertising, consumer protection, consumer education and consumer legislation.

The 1968 Conference in Vienna centred on the *joint efforts* of consumer cooperatives in different countries towards the same objectives. The emphasis was on international collaboration between cooperatives with respect to consumer interests.

Consideration of this issue was not



merely timely but urgent. The rapid pace of economic and social integration in Europe is having a profound impact on cooperatives and on consumers. Co-operators have no time to lose in deciding how they are to influence events before they are overtaken by them. For maximum effectiveness, cooperative influence must cut across national frontiers.

The division of Europe into two trading blocks—the six Common Market countries and the eight EFTA countries—makes it difficult for cooperative movements to make long-term plans for trading and production. Nevertheless, cooperators should work more and more closely together in planning structural changes in distribution and production designed to take full advantage of the economies of scale without waiting for the economic union of Europe. Similarly, they need to cooperate more closely on standards of quality, on testing methods, on labelling and on legislation for consumer protection. All these matters were thoroughly discussed at the Conference.

Following greetings conveyed by Mr. Hrdlitschka, President of the Austrian Arbeiterkammer, and by Mr. F. Schmidt, Director of the Konsumverband, Conference delegates were welcomed by the I.C.A. Director, Dr. S. K. Saxena.

The first speaker was Mr. N. Thedin, a Director of Kooperativa Förbundet, Sweden, who gave the Conference a general survey of the strengths and weaknesses of consumer cooperative movements. He was followed by Dr. G. Lindblad, Secretary of the I.C.A. Committee on Retail Distribution, who spoke on cooperation at the retail level and on the trading achievements and prospects of cooperatives.

In the afternoon, Mr. L. Lundin, Di-

rector of Nordisk Andelsförbund (the Scandinavian Wholesale Society), outlined the work of the Scandinavian wholesale societies in joint buying and in joint exporting over the last fifty years and the work of the Cooperative Wholesale Committee in joint buying on behalf of wholesale consumers' societies throughout Europe. He was followed by Dr. A. Schöne, the Secretary of Euro-Coop, who described the achievements and prospects of the wholesale societies of the Common Market in joint production and trading. In the discussion that followed, one of the main questions was the extent to which consumers' cooperatives inside and outside the Common Market could collaborate in joint productive activity without waiting for the economic union of Europe.

On the morning of the second day, Mrs. T. Ström, of K.F.'s Department of Consumer Information, gave a detailed survey of cooperative achievements in consumer information and protection in Europe, with special reference to the need for the harmonisation of standards in order to prevent national differences from having an adverse effect on trade. Her survey was followed by a lively debate. Mr. F. Custot, of the French Consumer Cooperative Movement's Laboratory for Analysis and Research, then spoke on technical collaboration in the interest of consumers.

In the afternoon, Mr. J. Semler-Collety, of the French Federation of Consumer Cooperatives and the European Community of Consumer Cooperatives (CECC), gave an evaluation of consumer influence in an integrated Europe. He spoke of the achievements of the CECC and of the European Contact Committee, on which other consumer organisations as well as cooperatives are represented. He argued that some of the





Mr. F. Schmidt opening the Conference

problems now facing the Common Market are a consequence of its past failure to pay sufficient attention to the consumer interest and indicated that consumers are now making their voice heard through the Contact Committee. At the end of the second day, Mr. J. M. Wood, Chairman of the I.C.A. Consumer Working Party, summed up the Conference discussions.

Mr. F. Schmidt, Director of the Austrian Konsumverband, took the Chair on the first day; on the second day, Dr. R. Kohler, a Director of the Union of Swiss Consumers' Societies (VSK), presided. More than seventy delegates from consumers' cooperative organisations in thirteen European countries participated.

The Conference participants appreciated the most generous hospitality of the Austrian movement and the efficient arrangements made by its International Travel Bureau STAFA. The Conference speakers and the members of the Consumers Working Party were the guests of the Konsumverband at a din-

ner given on the evening preceding the opening of the Conference. All participants and their wives were invited by the Mayor of Vienna to a restaurant on the Kahlenberg the following evening. On Friday evening, most of the delegates attended a "Heurigen" (new wine celebration) at Nussdorf as guests of the Konsumverband and, on Saturday morning, many joined in an excursion to the Vienna Woods. An interesting programme was arranged for the families of delegates attending the Conference with a tour of old Vienna on Thursday and of modern Vienna on Friday.

There is no doubt that the personal contacts made during the Conference will in no small measure help to encourage international collaboration by European cooperative movements.

#### **Welcoming Remarks by I.C.A. Director**

The theme of the Conference was clearly focussed by Dr. SAXENA, Director of the International Cooperative Alliance, in his welcoming remarks:



Dr. S.K. Saxena and Dr. R. Kohler

"I find it particularly gratifying that one of my first duties as the new Director of the International Cooperative Alliance should be to welcome Cooperators from a number of countries to another I.C.A. Consumer Conference. I say this because I believe that this Conference represents a step forward in our efforts to promote inter-cooperative collaboration, a task that is central to the objectives of the I.C.A. I have followed from a distance the activities initiated by the Consumer Working Party ever since its first meeting in 1963 and have held in high esteem its efforts in a difficult and complicated field. I am delighted that now I have a chance of associating myself more closely with its work. We have valued the advice given by the group to the I.C.A. on matters of consumer interest and, like my predecessor, I shall continue to give support to its work. "The theme chosen for this Conference is a most timely one. It reflects

the concern of our movement with the fate of the consumer in societies in which techniques of mass production and mass persuasion have been perfected to a high degree. As the Common Market evolves increasingly in the direction of social and economic integration, consumer cooperatives experience challenges to which they must give considered responses. Problems of structure, economic coordination, including joint production and consumer enlightenment, have always been discussed in the movements, but these have now appeared in a focus that has never been sharper. I believe that the theme of the Conference—'European Cooperatives in the Service of Consumers'—is important not only for the immediate relevance which our deliberations may have for the future of cooperatives in this Continent, but more fundamentally, perhaps, for the broad guide-lines which may help in future to overcome problems which are ex-



Mr. N. Thedin addressing the Conference

perienced in situations of rapid social and economic change. For these reasons, we in the I.C.A. will follow the proceedings of this Conference with the utmost attention, and I have no doubt that our findings will receive very careful consideration in the national movements as well.

"Ladies and Gentlemen, the hospitality promised during the next few days is gracious. It clearly shows that the consumer is well looked after in this beautiful city of Vienna, particularly in the cooperative sector. To Director Schmidt and his colleagues in the Konsumverband I should like to express our most cordial thanks and the hope that the level of discussions and the conclusions that emerge will justify the labour involved in making such excellent arrangements for this Conference."

#### **Inter-Cooperative Collaboration on Trade and Production**

A continuing theme running through-

out the discussions was the recognition that, in order to best serve the consumer, cooperators must collaborate across country lines in the effort to increase the efficiency of their trading and productive activities.

Mr. THEDIN, in opening the debate, said: "The general attitude of the cooperative movement is that, whereas in some areas, reliance should be placed on government action, in others, the consumers themselves should, through their organisations, look after their own interests. The question is how well the cooperative movement can serve as a consumer organisation. Clearly, it will not serve well unless it is well managed. If its chief business—purchasing and production—is inefficiently organised, it will have no influence in other matters.

"Assuming, then, that the cooperatives are well managed, the movement has the possibility, in the first place, of preventing private business from earning unreasonable profits through the maintenance of a monopoly. Many examples can be produced of successful actions of this type.

"With present tendencies for business to concentrate into a few large units, the competition that the cooperatives will have to meet is rather that of a block than of individual companies.

"The aim of the cooperatives must therefore be to provide consumer counterbalance by competing with private big business. Provided the cooperative undertakings are well managed, such competition will lead to a definite limitation of profit margins. But cutting back profits is not enough: an even more important aim, in the long-term view, is to reduce costs, both in manufacturing and

distribution.”

For many years now, the Cooperative movements of Europe have been collaborating on *trading* efficiency through the auxiliary committees of the I.C.A. One of these is the Committee for Retail Distribution (CRD).

Dr. LINDBLAD: “The CRD is open to all cooperative organisations which are members of the I.C.A. So far, 17 organisations have joined the CRD—mostly from West-European countries, but also Bulgaria, Czechoslovakia and Poland from Eastern Europe, and Israel.

“CRD has two Working Parties, one food and the other for non-food. They meet once or twice a year and discuss three to four subjects which usually are prepared in advance by the Secretariat by literature studies and questionnaires.

“Further, the CRD arranges large international conferences under the name INTERCOOP. Up to now, two such conferences have been held, one in Berne in 1967 and another in The Hague in 1968. The next INTERCOOP conference will be held in Stockholm in May 1969. There has also been a joint conference together with the Cooperative Wholesale Committee (CWC) on the topic ‘Meat Goes Self-Service’ in Copenhagen in the spring of 1968.

“Results from meetings and conferences are circulated to the liaison officers in the affiliated member organisations as ‘CRD-Documents’.”

Dr. LINDBLAD also emphasised that the effectiveness of Cooperation, nationally and internationally, depends upon the success of the various movements in capturing a significant share of the market.

“If we look at the cooperative share

of the West-European market, we find that it varies from a fraction to about one-third:

	Total sales	Food sales	Non-food sales
Finland	37	42	32
Iceland	30	n.a.	n.a.
Sweden	17	24	10
Denmark	11	15	6
Norway	10.5	12	8
Great Britain	9	15	4
Switzerland	9	17	4
Austria	5.5	7.5	3.5
German Fed. Rep.	3	9	1
France	2.5	4.5	1
Netherlands	1.5	3	0.1
Italy	1.5	3	0.1
Weighted average	5 %	9 %	3 %

“If the cooperative movement is to influence the retail market in a country, e.g., as to its price and quality level, it must have a certain minimum share of the market. How large this minimum share should be is difficult to say, but I think 5-10 per cent would be reasonable. If we accept 5 per cent (but I leave the figure open for discussion), we find that 4 of the 12 West-European CRD member organisations would have to expand their shop network (France and Germany almost twice, Holland and Italy almost three times). Studying each of the food and non-food markets individually, we can state that cooperative food sales in 4 countries out of 12 ought to be increased, and that cooperative non-food sales in no less than 7 out of 12 countries.”

Mr. LUNDIN dealt with the activities of the joint Scandinavian organisations Nordisk Andelsforbund (Scandinavian Cooperative Wholesale Society) and Nordisk Andels-Eksport (Scandinavian Cooperative Exports) and with the collaboration of these societies with the other Western European cooperative wholesale societies within the

framework of the Cooperative Wholesale Committee of the I.C.A.

### **Nordisk Andelsforbund (NAF)**

**Members:** The cooperative wholesale societies of Norway, Sweden, Finland, Denmark and Iceland.

**Objects:** Joint buying of overseas products.

Founders also foresaw joint production—which has been very limited so far, but is now being considered in many fields to meet competition from private manufacturers merging over the frontiers within the European market groupings.

**Bodies:** *General Assembly:* with two representatives for each country and sixteen additional representatives according to share capital and share of turnover.

*Board:* up to twelve members—one from each country and additional members in relation to representation in general assembly.

Both bodies have rules prohibiting one single member having the majority of votes.

<i>Activities: Buying office</i>	<i>turnover 1967 (mill D. Crs)</i>
Copenhagen	199.6
London	96.7
Valencia	19.9
Santos	107.2
San Francisco	41.7
Buenos Aires	12.9
Bologna	22.1
	500.1

### **Most important commodities:**

Coffee	42.955 tons
Crude rubber	936 tons
Oils and oilseeds	32.870 tons
Dried fruit	11.423 tons
Fresh fruit	60.147 tons
Cereals	5.083 tons
Salt	11.634 tons

Spices	583 tons
Hemp	3.631 tons
Cocoa	1.531 tons
Canned goods	9.314 tons
Tea	463 tons
Sugar	1.087 tons

### **Nordisk Andels-Eksport (NAE)**

“This society has the same members as Nordisk Andelsforbund and is organised along the same lines. For Danish tax reasons, however, NAF is a closed shop trading only with its members, but NAE is open to non-members as well.

“The object of the NAE was to assist those of its member industries which were not large enough to have export organisations of their own. Many cooperative producers sell abroad and on the open market at home as well as to their own cooperative movements. But an efficient scale of production often means capacity in excess of domestic cooperative capacity; this is the problem NAE was designed to take care of. The task is difficult because of international differences in tastes and preferences; it calls for designs which are attractive all over the world.

“In recent years, the NAE has also expanded into the field of joint purchasing for non-members. In 1967, its turnover was split among different activities as follows:

	<i>Millions Danish Crowns</i>
Sales of members' products	15.8
Purchases for European cooperatives outside Scandinavia	9.0
Purchase for U.S. cooperatives	11.2
Miscellaneous	0.7
Total	36.7

### **Cooperative Wholesale Committee (CWC)**

"The advantages of joint buying are now available to all members of the CWC. It is compulsory for members of the CWC to make use of each others' buying facilities and to participate in joint purchases except where better terms can be obtained elsewhere. This buying activity has been important in foods, for example, Brazilian coffee, California canned goods, and tea, and has resulted in cheaper, better services to consumers. Use has been made of common brands on canned goods.

"The CWC has been even more successful in the field of non-foods where there is scope for significant price reductions. Such goods are purchased according to quality specifications. Expansion of these activities will require more integration between wholesalers of national movements, but this is complicated by feelings of national pride and of personal prejudice and prestige. Effective results will depend on far-reaching political decisions at the highest level."

To a question by Mr. KIURU (KK, Finland) as to whether the members of NAF and CWC had any plans for joint progress in the field of consumer information, for example, through informative labelling, Mr. LUNDIN replied that there are no such plans to-date, but that he would be happy to bring the suggestion to the attention of the appropriate officials.

In the field of international cooperative collaboration on production, Dr. SCHÖNE presented the following description of the work of EURO-COOP:

"The intensive efforts by EEC coun-

tries to achieve economic integration since the signing of the Treaty of Rome have aroused the interest of consumer cooperative societies in collaborating with similar organisations in other EEC countries.

"Out of the old world which was economically and politically shattered, the nucleus of a new Europe has begun to take shape. Undertakings of such importance to the national economy as cooperatives would not and could not simply look on without trying to participate in this process and thereby gain influence and power for the consumer.

"For the first time in the history of political economy, the Treaty establishing the European Economic Community gave expression to the fundamental aim of raising the living standards of the people. This is a motive which contributes to the establishment of cooperative societies.

"It is not surprising that this new development was seized upon as an opportunity to place the practical work of consumer cooperative societies on a higher plane—that is on an international plane.

"Thus, EURO-COOP was established on the 27th March 1962. Founder members were COOP NEDERLAND, Rotterdam; GEG, Hamburg; SGC, Brussels; and SGCC, Paris. In taking this step, the four wholesale societies within what was then only a loosely collaborating Community formed a strong, effective body which set itself four aims:

1. To represent officially the wholesale organisations of the various national consumer cooperative organisations within the EEC in res-

pect of the organs of the Community.

2. To contribute constructively to the realisation of the European Economic Community according to the terms of the Treaty of Rome.
3. To maintain the necessary contacts with the European associations of agriculture, food, drink, tobacco, the fishing industry, trade, and consumers.
4. To promote and co-ordinate the common interests of the consumer cooperative production and wholesale organisations.

"Today, EURO-COOP has altogether seven members. In recent years, BIEN-ETRE S.A., Antwerp; COOP Italia, Milan; and EPECE, Ciney, have joined our organisation.

"According to the aims outlined above, there are two fields of activity for the Secretariat:

"In the main, it is a question of expressing our views on the methods of drawing up market regulations and the basic conception of the Community, which, as is well known, has a pronounced protectionist character.

"Up to April 1964, our small Secretariat was occupied solely with supplying information and with reporting on economic matters. Then, we started to investigate the possibilities of collaboration between our members.

"First, we studied the possibilities of common purchasing and the mutual supply of goods from members' own production. This was done with the help of statistics on imports and production supplied by our members.

"After evaluation of the statistics by the Secretariat, groups of experts for common purchases were formed. The first success was achieved in the field of canned goods, e.g., sardines in oil,

because the sources of supply as well as the taste of consumers in EEC countries are the same and it was therefore easy to organise joint imports of this commodity. None the less we were able to import these products under a common brand name.

"At the same time, we designed a common emblem for EURO-COOP which is stamped on all goods jointly imported and is marked on all goods produced by EURO-COOP.

"This brings me to the last and most important field of activity in the collaboration between wholesale societies, namely, the co-ordination of production. At the present time, this occupies our special interest. Important legal requirements are still lacking on the part of the EEC. But trade, as you know, cannot wait for legislators. Legislation sometimes lags behind for years. Meanwhile, economic competition forces us constantly to adjust ourselves quickly to a new competitive situation.

"Two years ago (i.e. 1966), we succeeded in establishing the first EURO-COOP biscuit factory in Utrecht, although there is still no legislation governing European trading enterprises.

"As far as the size of this project is concerned, this is a test production unit where we want to gain first of all experience in international collaboration and in supplying different types of markets. In addition, we have to deal with varying regulations controlling food standards, labelling and much more besides.

"The EURO-COOP biscuit factory has been a success. This has encouraged us to continue with the co-ordination of our production.

"In the meantime, we have almost completed the preparatory work for another projet. In July 1968, the second EURO-COOP productive society was established which will run a EURO-COOP chocolate and sweet factory yet to be constructed. This is the first large-scale project requiring investments of about £4 million. The new factory will replace the national production of individual wholesale societies which cannot compete with their rivals in the EEC. "At present, research is going on into the possibilities of collaboration in other fields of own production. In future, we shall be able to proceed more systematically and to deal with collaboration on the basis of priorities."

European consumers are being profoundly affected by increasing economic integration in the Common Market. This impact, as it relates to trade and production, was described by Mr. SEMLER-COLLERY at some length. The following summary represents the gist of his conclusions:

The consumer was neglected when the EEC was established nearly eleven years ago. All the emphasis was on production; and pressure groups representing producer interests have had considerable influence on the Common Market Commission in Brussels.

Now, with the EEC under great strain, there is political bargaining at Ministerial level. Our arguments about the need to serve the interest of consumers have been vindicated and the place of consumer organisations in the Community has been recognised. Our predictions are being realised.

Agricultural surpluses make it essential to bring about drastic changes in the whole agricultural structure, per-

haps by encouraging the replacement of many small family holdings by larger and more economic cooperative farms. New price policies and lower prices for the consumer are going to be needed.

At the same time, the EEC authorities have failed to maintain effective competition in industry. Mergers have been approved on the ground that bigger companies are essential if the Common Market countries are to compete effectively with giant American corporations in world markets. But the mergers increase the market power of these big companies in Europe and reduce effective competition. The Common Market, created in the name of effective competition, has become the home of oligarchy and the concentration of power.

The consumer needs his own countervailing power. The voice of the consumer must be heard.

The CECC was set up in June 1957 to study the effects of the Rome Treaty, to co-ordinate the activities in the EEC and to define policies for safeguarding and representing consumer interests. It has been in touch with UK cooperators since 1961 and has invited them to its meetings. The Dutch Government has suggested that countries outside the EEC should be brought into the company discussions. The CECC has produced a draft European law for consumer cooperatives for submission to the Common Market Commission in November 1968.

EURO-COOP has developed parallel with the CECC. Thus, there are two basic consumer cooperative organisations in Europe.

Cooperatives need a united Europe in order to plan effectively and produce economically, taking full advantage of the economies of scale.



### **Inter-Cooperative Collaboration on Consumer Information and Protection**

A major part of the Conference discussion was devoted to an analysis of specific efforts which have been made by cooperators to collaborate in the fields of consumer information and protection.

The broad problem was posed by Mr. THEDIN: "The large private concern is not subject to the laws of competition as envisaged by the classical economists. If the company is large in relation to the market, it may be enabled, to a varying extent, to manipulate the market. Moreover, large firms are better placed to take advantage of technical progress and can themselves engage in development and research. They also have a great advantage over small firms in their powers of influencing the consumers. "The trend towards concentration has therefore evoked a lively debate about the possibilities of safeguarding consumer interests. An item in the economic programme adopted in 1967 by a Congress of the Swedish Social Democratic Party contains a passage that may have some pertinence. This asserts that today consumers do not have the power needed for the proper functioning of a competitive economy. It draws the conclusion that it must be an object of public policy to support the consumer and thus provide a counterbalance to powerful business interests. "Is it then not possible for the consumers to protect their own interests through voluntary organisations—as wage-earners safeguard their interests through labour unions?

"In various parts of the world, there are organisations that seek to aid the

consumer in making a choice by providing factual information about a fairly wide range of products. The most prominent are the Consumers Union in the United States and the Consumers Association in England. Both carry out comparative tests, of which they publish reports, often including 'Best Buy' recommendations, in their magazines. With a circulation of 1.4 million and 450,000, these publications inevitably have influence on purchasing and thus on production. Doubtless, too, they help to make consumers more quality-conscious. Their weakness may be that they tend only to reach consumers of the intellectually alert type, who are perhaps least in need of the information they provide. And they can only indirectly influence product qualities and product evolution in industry.

"Somewhat similar in effect to the institutions for comparative testing are organisations that aim both at educating the consumers and influencing government policies. Such are the British consumer committees operating in groups of 25 to 500 members, which, besides publishing reports on such things as local retail services and comparisons of prices, register complaints and generally try to act as formers of opinion. Their influence does, however, appear to be limited.

"By far the biggest consumer organisation is, of course, the cooperative movement. Cooperative societies were originally set up in order to obtain lower prices, better goods and freedom from the indebtedness that burdened so many wage-earners. The aim is still, as it always has been, to act as a service organisation for the consu-

mer. To this end, the movement operates on three levels. Its primary activity is that of obtaining goods, which it did first as a retailer, then as a wholesaler, and later as an importer and manufacturer.

“But taking care of the consumers’ interests does not stop at ensuring supplies of goods. The movement also aims to keep its members adequately informed, not only about goods but also on matters of general and political interests, and to act as a pressure group to influence the authorities in matters of importance to consumers. In Sweden, the movement has, however, never regarded itself as the sole protector of consumer interests. It has long accepted the fact that the authorities have a part to play in such matters as well as a responsibility to do so.

“Another activity is the spreading of information—and here again the cooperative movement has the advantage of having its own laboratories as a source for facts in addition to the government institutions. It can also turn to advantage its traditional association with the various organisations for adult education, as well as schooling a consumer ‘elite’ through its own educational facilities.

“But the aim must also be to inform consumers in the mass—for which, again, the cooperatives are particularly well adapted, since they can provide information at the moment of purchase. Besides the cooperatives’ own literature, which is distributed in millions of copies, informational material from the comparative testing and informative labelling institutes is also widely spread among the membership of the cooperative soci-

eties.

“A difficulty in regard to this informative activity is that, in judging and comparing products from the points of view of price and quality, the cooperative movement cannot be considered impartial, since it is itself engaged in business. This is why, in Sweden, the cooperatives have always lent whole-hearted support to such bodies as the comparative testing institute and that for informative labelling, as well as the Price and Cartel Office and others. Certain of these did, in a sense, have their origins within the cooperative movement.”

The *acute need for consumer information* was brought into dramatic focus by Mrs. STRÖM: “The rapid economic development that has been taking place in Western Europe has resulted in a steadily increasing supply of different goods and varieties of goods. And most of them are almost impossible for the consumer to judge before buying them.

“We are surrounded by approximately 150,000 to 200,000 different goods and services. In the food trade alone, at least 100 new articles are introduced each year, not to mention the numerous new items in hardware and other lines.

“A food store stocks between 900 and 4,000 articles. A full-size department store has 40 to 50,000 different items. PUB in Stockholm handles 60,000 articles, Printemps in Paris 100,000. “Besides this, we are getting an increasing number of technically complex goods with a fluctuating price level, limited service and less and less time for the consumer to devote to shopping.

“In the theory underlying a market economy it is assumed that the con-

sumer acts rationally. This implies that consumers, besides being fully conscious of their needs, are also able to survey the available supply of goods on the market and possess the knowledge to choose the alternative that is best suited to their needs. It is this 'rational consumer' who guides the development of the economy. It is the consumers' preferences that pilot production.

"This admirable theory has little to do with reality. The ideal consumer will never exist. He is nothing but a theoretical device. In practice, consumers find themselves drowning in a flood of goods, with little idea of the total market and insufficient knowledge to be able to choose 'right'. Consumers are finding it increasingly difficult to satisfy their needs in a justifiable manner and inevitably buy the 'wrong' articles. This, in turn, means that manufacturers and distributors receive a distorted or erroneous picture of consumer preference. In terms of the national economy, this leads to the wrong allocation of resources.

"It is clear that many national governments and many international bodies are beginning to appreciate that the actions of poorly informed consumers have an effect on the economy in general. They are realising that society has a duty to look after the consumers' interests as, for instance, through the establishment of public consumer institutions.

"So far, manufacturers and distributors have displayed little sense of responsibility for the consumers' need of information. This criticism unfortunately applies to consumer cooperative organisations as well. One of the underlying reasons why private

consumer organisations have gained some standing and national influence is that the cooperative movement is commercially insignificant or, at all events, has an under-developed consumer information and consumer policy in general."

Dr. RAUTER (Konsumverband, Austria) asked Mrs. STRÖM whether cooperatives were succeeding in reaching with information those consumers who are not members and who may well be most in need of help. Mrs. STRÖM confirmed that not enough has been done and that there is no easy answer. One helpful approach is informative labelling and another is to reach the consumer *on the spot* in the store, for example, through the kind of "consumer corners" now being set up in Swedish cooperative shops. Also, cooperators could increase their lobbying efforts on behalf of legislation and State activity in the field of consumer education. It should, however, be emphasised that there is little point in multiplying *channels* for consumer information for example, courses and seminars, unless there is useful information to be disseminated to consumers.

Professor BOCZAR (Poland) described an interesting campaign launched about five years ago to provide consumer education to rural families. Certain villages were selected as pilot projects for the establishment of 'modern housewife centres', through which consumer services, courses and advice could be made available. One result has been to make cooperative membership more attractive.

Mrs. RUSSEL (I.C.A., London) pointed to the enormous potential for engaging cooperative women in consumer information activities. She noted that the Austrians and the Swedes have made

progress along this line and that the Swiss are considering the possibilities, but that little has been done in the United Kingdom.

Dr. LINDBLAD: "In self-service and still more in discount shops, the contact between customers and sales assistants is reduced to a minimum, often only to the payment at the check-out. Information regarding the goods must be given in other ways, e.g., by advertisements, informative labels or other means of mass communication.

" 'Consumer corners', which are being arranged in Swedish cooperative department stores, are an interesting new way of assisting the consumer in his or her choice. Here, the customers can sit down for a while, relax and read test results published by various official laboratories, by cooperative test laboratories and other bodies. They also find here a full collection of buying advice, official price investigations, recipes, etc."

The issue of goods testing and quality standards was comprehensively covered by Mr. CUSTOT: "We are living in an era of accelerated technological progress.

"Technology, present at every moment of men's lives, represents the best and the worst: unlimited prospects for the mastery of man over nature, for eliminating sickness and prolonging life, for comforts and leisure, for reducing productive labours and enriching cultural activities. But on the other hand are the dangers of a nuclear catastrophe, pollution of air, water and food by chemical and radioactive industrial residues, development of a civilisation of gadgets, and manipulation of demand by a system of publicity

which takes more account of profitability than of utility.

"To ensure the utilisation of technology in the interest of consumers is a continuing responsibility of consumer cooperatives and one of increasing importance in the modern era. This is one of the tasks of the various cooperative laboratory technicians who are collaborating on the international level and who, recently, had a meeting in Stockholm from the 7th to 9th October 1968. This is also one of the preoccupations of the I.C.A. Consumer Working Party, to which we owe the initiative for the present Conference.

"Technical collaboration in the interest of consumers is particularly important in the field of sanitation and hygiene, and also for the quality of products and to an extent of consumer information insofar as this information involves technical popularisation.

"In all developed countries there are national official or semi-official bodies whose function is to establish sanitary, hygienic and quality standards for consumer goods. For example, in France, there are the Agency for Preventing Fraud and Control of Quality, the Council for Public Hygiene and the Academy of Medicine. In addition, there are, on the one hand, certain professional organisations and particularly their technical centres and, on the other, the consumer cooperatives and particularly their laboratories. These take part in numerous working parties for the improvement of regulations, for the application of analytical methods, etc. Sometimes they even play the role of officially approved laboratories.

“The activity of cooperatives in this sector is many-sided.

“In a general way, they work for the adoption of regulations strict enough to ensure adequate protection for consumers. But their continuing contact with the realities of production and trade prevent them from assuming idealistic or utopian positions in this field; hence their collaboration is particularly appreciated by the public authorities who realise that cooperatives are motivated by the spirit of service rather than that of profit-seeking.

“In the field of standardisation and regulation, the cooperatives seek not only adequate protection for consumers, but also the possibility for information about this protection. Accordingly, they demand that regulation should be sufficiently strict but, at the same time, as clear as possible, that it should always be based on public texts, that individual derogations and temporary exceptions should be prohibited, etc.

“In addition to action and collaboration at the national level, cooperatives also take part in international bodies having the same purposes. Many cooperators are represented in the working groups of the Food and Agriculture Organisation (FAO), the World Health Organisation (WHO), the Food Codex, the specialised bodies of the European Economic Community (EEC) and the European Free Trade Area (EFTA).

“Another type of activity in the interest of consumers, and one which has technical aspects, is represented by the consumer associations affiliated to the International Organisation of Consumer Unions (IOCU). In addition, there are a number of compar-

able organisations created by governments to work in the field of information and consumer protection either through comparative testing or in some other way. This is the case, for example, of the German Foundation for Goods Testing, the British Consumer Council and the French National Consumer Institute. To these should probably be added still other organisations of an intermediate character, like the Swiss Foundation for the Protection of Consumers or the Scandinavian institutions for informative labelling.

“With respect to all these organisations, the consumer cooperative movements have demonstrated their readiness for active collaboration. They are represented in many official bodies of this type; in France, for example, two cooperators are on the Administrative Council of the National Consumer Institute and one of them has been elected vice-president. On the other hand, the cooperatives collaborate with private associations which publish comparative tests and sometimes give them technical assistance.

“Thus we see that cooperatives collaborate on technical issues with external organisations in respect of the interests of consumers. But at the same time, we should not forget what is perhaps most important, namely, the daily activity of the cooperatives in improving the quality of products and also of the information on these products.

“We know that the basic objective of cooperatives is to supply their members and other consumers with products of the highest possible quality at a given price. This is the policy guide which inspires those in

charge both of cooperative production and of buying for cooperatives from private producers.

"Every cooperative laboratory can cite numerous cases where complaints made to a private producer concerning quality were initially received with scepticism or protests, but were later taken into consideration for the whole range of goods produced for the cooperatives and sometimes even applied to the private production of this supplier. At this stage, a relationship of confidence and true technical collaboration in the interest of consumers is established between the cooperative laboratory and the private producer whose attitude has changed radically in the course of discussions.

"This technical collaboration with producers is not limited to the quality of the products. It also embraces associated questions, such as the choice of packaging and sizes and the problem of information on the product (informative labels, date of manufacture, advertising and information at the place of sale, etc.)."

Replying to a question by Mr. BISSET (Scottish Cooperative Wholesale Society) as to whether analysts of the French Cooperative Laboratory have the authority to veto products which do not meet their standards, Mr. CUSTOT stated that the Laboratory has such authority in extreme cases involving actual and immediate danger to consumers, but that otherwise the decision is for the sales control department to take on the basis of relationship between price and quality.

To Mrs. SOYEZ (SGC, Belgium) who asked about possibilities for collaboration between jurists and technicians, Mr. CUSTOT suggested that, where the

efforts of the technician are thwarted by existing legislation, it may be necessary to try to change the law. He cited as an example the problem of misleading advertising in France where the law does not permit the burden of proof to be placed on the advertiser.

Mr. EVANS (Bath and West Cooperative Society, England) asked whether cooperative laboratories can contribute to reductions in cost and was given an affirmative reply with the qualification that the consumer must be informed if there has been a qualitative change for the purpose of cost reductions.

Mr. CUSTOT answered a series of questions by Mr. LEQUIN (COOP Nederland) by stating that the French Cooperative Laboratory employs about 22 people on an annual budget of Fr. F. 800,000. It engages not only in testing, but also in research and informational work. It is financed largely by cooperatives with a small token subsidy from the State. If results prove unfavourable to cooperative products, the cooperative is informed and given an opportunity to improve the product. There is no objection in principle to the use of the Laboratory by other movements, but in practice no funds are available for this.

Mrs. STRÖM suggested the possibility of pooling the resources of small cooperative movements for the establishment of a Central International Cooperative Laboratory, at least for non-foods. Her point was reinforced by Mr. SEDA (Co-op Konsumgüterindustrie-gesellschaft, Austria), who added that meanwhile it might be possible to set up a kind of panel of cooperative laboratories which would respond to international requests for assistance on the basis of their specialised equipment and knowledge. Mr. CUSTOT confirmed that resources could be increased through

pooling and said that he would welcome an initiative by the I.C.A.

Dr. KOHLER (VSK, Switzerland) introduced a note of scepticism as to whether public State-supported testing bodies are in a position to be completely objective in the consumer interest in view of pressures from manufacturing interests. He was supported by Dr. GEBAUER (Bund deutscher Konsumentgenossenschaften, German Federal Republic), who referred to the abortive efforts to establish an effective public testing institute in Germany.

Mr. GASTON (Scottish Cooperative Wholesale Society) made a plea for adoption by cooperatives of quality trade marks. To this, Mrs. STRÖM replied: "It is naturally conceivable that cooperative organisations might adopt some sort of quality mark. It has been questioned, however, whether these marks have any advantage over the ordinary brand name or trade mark. Certainly it would seem that cooperatives would be better served by 'sailing under their own flag' and publicising their own brands rather than by adopting a general quality mark. The only advantage of a quality mark appears to lie in its simplicity—simplicity, that is, from the point of view of the user, the manufacturer or retailer. Whether it really helps the consumer or not is another matter, but it certainly carries inherent dangers."

On the subject of *informative labelling*, Mrs. STRÖM reported that it was developed in Sweden in the early 'fifties, has since become well established there and has now spread not only to the other Scandinavian countries but also to Great Britain and the Netherlands. It is employed in a limited form in the German Federal Republic and is report-

ed to be favoured for adoption in other European countries, most notably Switzerland. An informative labelling bill is now before the U.S. Congress.

To a question by Mr. LACROIX (Cooperators of Lorraine, France) on whether buyers actually bother to look at informative labels, Mrs. STRÖM admitted that the Swedish system, which is still in a developing stage, can and will be made less complicated. On Mr. EVAN's complaint that civil servants tend to make labels unreadable and even misleading, Mrs. STRÖM pointed out that this demonstrates the need for cooperators to play a leading role in devising informative labelling systems. Mrs. BELLUGI (Associazione Nazionale delle Cooperative di Consumo, Italy) informed the Conference that LEGA is starting to introduce informative labels on cooperative products and has also asked the Government to extend the system of informative labelling which so far covers only basic foods.

With reference to *date marking*, Dr. LINDBLAD made the following comments: "The opinion of the average retailer on date marking is that it involves a lot of trouble. He pretends that the customers pick out the latest packed items and refuse to take the old ones, thus causing him additional leakage. However, cooperative experiences in Denmark and Sweden have shown that this observation, which sounds quite correct at the first moment, is over-emphasised. The truth is that date marking, e.g., of coffee, increases sales, as customers prefer shops where they can check the age of the coffee. By spreading such experiences, CRD may be able to work in the interest of not only cooperative retailers but also the members."

The significance of *assortment* pol-

icy for consumer choice was highlighted in Dr. LINDBLAD's paper: "Today, many countries enjoy a standard of living which is higher than ever before. In spite of this, there are great variations between the different countries even within a rather limited area such as, for instance, Western Europe.

"My theory is that consumers' buying habits are to a great extent—but not altogether—correlated with their standard of living. Thus, an increased income normally means a demand for a richer food assortment but, at the same time, also for better food qualities. This is particularly true for perishables. A still higher income may mean that a motor car or a cottage out-of-town is bought.

"These changes influence the retail trade. Perishables are usually of higher quality in large shops due to a higher rate of stock turnover. Thus, we get a trend towards larger shops. These shops are usually built in city or suburban centres—and we get a trend towards shopping centres.

"A rich assortment of non-food articles is found in department stores, which also have expanded quickly.

"When most families have a motor car of their own, shops on traffic-orientated sites, offering parking facilities, and low prices become important. Frequently, the car is bought before it can be afforded and this makes discounting still more attractive.

"If we look at self-service only, we can divide the countries into five groups according to the share in the food market of the self-service shops, group 1 having the highest share and group 5 the lowest.

1	2	3
U.S.A. Canada Sweden	German Fed. Rep Holland Great Britain Switzerland	Norway Denmark Austria Finland
	4	5
	France Italy	Colombia Peru Panama

"An increasing standard of living means that countries move from group 5 upwards. Thus we are able to forecast the development to a certain extent. By means of more research and better statistics, we may be able in the future to provide consumers with just the facilities they can afford—by giving our shop-planners projected estimates on the type of shop, the assortment, the quality level, the price level, etc.

"By studying in a shop what has been sold during last week, month or year, we can predict rather exactly what will be sold in the immediate future.

"The assortment in a food shop consists of 1,500 to 2,500 items, in a supermarket of 2,500 to 7,500 (the latter figure referring to the U.S.), in a variety store of some 20,000 items, in a traditional department store of perhaps 60,000 and up to 100,000 in the large Paris units.

"It is easy to understand that it was almost impossible and, in any case, too expensive to check on sales of up to 100,000 articles every day or at any other period, until computers gave us the facilities of recording all the data involved in such an operation. Only now can such investigations be carried out in practice and at reasonable costs.



"A very interesting solution has been worked out by the cooperative cash register factory HUGIN (5). The sales of cheap items, especially cheap food items, can be recorded by coding each item with up to 3 characters. The code is registered together with the price, e.g.:

016	(code)
1.50	(price)

"This code makes it possible to record sales of every item week for week. Re-ordering can be done automatically by a computer."

Mrs. RAIKKONEN (KK, Finland) pointed out that, although it is perfectly true that a manager should be quick to drop slow-turnover items, assortment planners should not merely respond passively to consumer preferences as reflected in sales. It is possible that the demand for a brand reflects not its high quality but merely the fact that it is highly advertised. Surely, cooperatives can help consumers choose through research on quality and consumer wishes and dissemination of the results. Dr. LINDBLAD agreed.

Mrs. STRÖM reminded the Conference of Dr. Lindblad's conclusion that 20 per cent of total assortment accounts for 80 to 90 per cent of total sales in the Swedish movement and perhaps in others. Therefore, she suggested it might be wise to concentrate consumer informational services, including informative labelling, on the 20 per cent of items with the fastest turnover. Dr. LINDBLAD agreed.

Mr. SEMLER-COLLERY made the following points: The Common Market has become an organisation of enormous complexity partly because of the neglect of consumer interests when it was planned. This has now been recognised

by the Commission. The six countries have very different agricultural histories and there has grown up an immense complex of targets, threshold and other prices and thousands of files on restrictive agreements designed to preserve an archaic structure. The consumer suffered from unjustified interventions in what was originally supposed to be a free market.

Dr. Mansholt (EEC Commission) said in 1961 that consumers should organise. Cooperators were the first consumers' group to study EEC problems. CECC was formed in 1957; but the ICFTU and Christian trade unions did not organise on a European basis until 1958. National family organisations formed their Common Market organisation in 1959. The Consumer test organisations followed in 1962; and in the same year, the Contact Committee was formed. The Contact Committee has been recognised by the EEC as representative of consumers. We hope it will influence public opinion and EEC policies. It has set up working groups. The cooperatives are the economic backbone of the Contact Committee, which participates in drafting food laws, consumer protection, legislation, etc. It is represented on many Common Market bodies.

### **Looking Ahead to a United Cooperative Movement in a United Europe**

The discussion on future plans for international cooperative collaboration in the service of consumers was given a pointed stimulus by Mrs. STRÖM's forthright comments on the lack of progress to-date:

"Consumer cooperatives have not so far been pioneers in the field of consumer information, either nationally or internationally. The few national

exceptions simply serve to prove the general rule.

"We have been far too prone to leave the initiative in this field to others. One result of his passive attitude is our relatively slight influence on national and even international consumer policy.

"Is one reason perhaps that many consumer cooperative organisations have been paralysed by the dictum that cooperatives are not 'pure consumer organisations'? Or is it a combination of lack of understanding of the problem of information for the consumer and excessively heavy programmes in other fields?

*The cooperative movement's potential*

"It seems that the important thing now is to establish that the cooperative movement, unlike other consumer groups, really does represent a substantial proportion of the population. In addition, cooperative organisations can actively influence production and in many cases lead the development of distribution.

"Large-scale purchasing and the tendency towards a strict limitation of varieties in consumer cooperatives call for more exact knowledge of the goods. This knowledge, suitably presented, should be passed on to the consumer.

"This is the really encouraging aspect of the present situation. *The cooperative movement not only has the aim of helping its members to manage their economy—it also has the means of realising this aim.*

"Measures of consumer policy are now on the increase in a growing number of countries and are even beginning to take shape at the inter-

national level. What this Conference must try to determine is whether we wish to be influential as representative consumer organisations and how we are to achieve this influence.

"First, let me say that an international influence is inconceivable unless national activities are greatly expanded.

"I am also convinced that disparate national measures would be most unfortunate—in other words, we need a *joint line of action, a joint policy*. In passing, let me remind you how easy it is for different forms of national standards and information systems to develop into serious obstacles to trade.

*What kind of consumer information?*

"Up to now, the discussion of consumer information has tended to concentrate on comparative testing. The reason is easy to discern. This is the type of information that is available to the private consumer organisations, such as the Consumers Union and the Consumers Association, which are financed by the income from their monthly reports on comparative tests. These organisations, however, represent readers who are capable of understanding relatively complicated, detailed technical reports, that is, people with good schooling and substantial financial resources.

"The type of information provided by comparative testing is not particularly interesting. The obvious and serious limitation is chiefly that *those who need the information most do not receive it*. On the other hand, the work of testing does lead to the development of interesting methods of investigation which, if made pub-

lic, could provide essential material for the international consumer activities. At the same time, the importance of comparative testing should not be under-estimated in the field of *information for manufacturers*.

*"The consumer requirement that must be placed on information about goods and services is quite simple in principle: Every article must be accompanied by the relevant information which the consumer should consider before buying the article and the data that are required in order to handle the article correctly. The basic requirements are that the information should be appended to each article, should be simple to understand, should reveal hidden qualities and should be relevant to choice and to the use of the article.*

"In my opinion, it should be a basic concern of every consumer cooperative movement to participate in the formation of informative labels. At the same time, special collaboration on this subject should be established within the framework of the International Cooperative Alliance—and in close contact with the Alliance's committees—for the creation of uniform plans of action.

"Informative labelling institutions are well aware that the labels must be internationally applicable. This means that not only the contents—the information given—will have to be essentially the same in every country, but that each country will have to prescribe identical test methods for evaluating the various characteristics of the product on which information is given.

"This harmonising of labels and test methods is proceeding at present in parallel along two lines. In the first

place, the labelling bodies, through their central organisation, the International Labelling Centre, are working on specifications for labels that will be internationally exchangeable. In the second, the international standardisation organs are tackling the problem of developing standard test methods that will be applicable for consumer information.

"A first step towards extending the cooperative movement's international engagement in the field of consumer information could be to take an active part in the technical collaboration that already exists.

"The International Cooperative Alliance could apply for representation on ISCA, the International Standards Steering Committee for Consumer Affairs. This is a joint committee of the two international standards organisations, IEC and ISO, working respectively in the electrical and the general fields of international standardisation. The membership includes representatives of the two standardisation bodies as well as delegates from CIPQ, IOCU and ILC—representing quality marking, comparative testing and informative labelling respectively—and from a 'straddle' organisation, the International Federation of Purchasing, which represents industry in its role of consumer.

"Even though one should not entertain excessively high hopes of what can be achieved in this field in the short term, the practical, technical collaboration would seem to be an unavoidable, essential part of the work of making consumer information more effective and international.

"Finally, as I see the situation, it is high time for cooperative organisations to make an effort to expand

their national consumer activities. Without this, there can be no meaningful international collaboration. At the same time, the international co-ordination within the framework of the I.C.A. must function so effectively that the international cooperative movement in practice obtains a uniform policy in this field."

Dr. LINDBLAD offered the following recommendations: "I have mentioned some general trends within European retailing. I think that we have to follow these trends irrespectively of whether we like them or not. These trends are mainly: more self-service, also in the non-food field; fewer and larger shops; keener price competition; more discount shops, especially in high-standard countries; lower dividend rates; fewer and larger societies; and extended shop opening hours. Within all these fields, the cooperative movement can play an important part by pioneering the development rather than being the last enterprise to introduce them. In my opinion, the cooperative movements ought not only pioneer general trends, but ought also take own initiatives, for example:

- more cooperative brands (of equal or better quality or at equal or lower prices);
- more international cooperative buying;
- establishment of cooperative control laboratories and test kitchens; and
- establishment of 'consumer corners' to circulate all available information.

"We could also make suggestions to the government:

- to start Home Research Institutes;
- to start Institutes for Informative

Labelling;

- to initiate grading of products, especially of food; and

- to liberalise legislation affecting wholesaling and retailing.

"Finally, we ought to do more research. Computers will help us in the future to supply the consumers with the goods they want. Queues in self-service shops can be reduced by better cash registers. Shop work can be simplified and peak hours can be better managed, when we have carried out more time studies. Night delivery and night stocking will soon be used in Europe.

"In a rich and large country, such as the U.S., national brands are often comparatively expensive, as sales promotion and especially advertising, cost a lot of money. Therefore, American chains often prefer to carry also some less expensive own brands. These may be of own production or manufactured by a factory of a national brand on their behalf. In fact, it may be the same product, only packed under private label and sold in the chain-store at a lower price. In the U.S., the private brand is generally not only cheaper for the consumer to buy but also more profitable for the store to sell. These facts apply also to cooperative brands and make it an interesting subject. If we should be able to develop *international cooperative brands*, this would be still more interesting both to members and societies.

"American manufacturers willingly agree to produce private labels, but many European factories refuse to do so. This may be due to over-capacity in the United States as compared to under-capacity in Europe.

"Joint international buying would

mean that the whole output of a factory can be bought. West-European cooperatives represent no less than 9 per cent of the total food market, and—when acting as a unity—they will be an interesting customer to any manufacturer. However, co-ordinating cooperative buying, as referred to here, is a task for our wholesale societies, thus I leave the matter to them.”

Mr. BISSET also supported the proposal for an international cooperative brand to promote the cooperative image and also to facilitate laboratory testing to ensure a high standard for the brand. Similarly, Dr. RAUTER urged the extension of cooperative brands into inter-cooperative trade. Dr. SCHÖNE pointed out that the CWC is promoting common brands for joint purchases of tinned goods, and that a common brand name and the EURO-COOP symbol will appear on EURO-COOP biscuits and chocolate.

In the interest of closer collaboration for these purposes, Mr. WISE (Cooperative Party, Great Britain) proposed an integration of the CWC and CRD. He was informed from the Chair that such an integration is now being given active consideration.

Mr. CUSTOT made an effective plea for collaboration at the international level between cooperative laboratory technicians. He described the work of the Working Group of Cooperative Chemists and noted that many cooperative laboratory technicians are already working together through the WHO, FAO, the European Food Codex, the International Standards Organisation, etc. He suggested that the cooperative responsibility goes beyond the narrow questions of the shoppers' choice and extends to the longer-run obligation of the movement

to defend the individual in an age of insecticides, food pollution and nuclear fall-out.

Dr. SCHÖNE: “I should like to close by saying that I envisage as an ultimate goal of the progressively closer collaboration of wholesale societies in trade and especially in production the establishment of a European holding company of national wholesale societies of consumer cooperative societies.”

Dr. KOHLER pointed out that the Swiss Movement regards the European Economic Community as a closed group. This is not the fault of cooperators or of EURO-COOP, but is rather a consequence of the economic split in Europe. This makes it important for European cooperators to avoid a similar split. However, EURO-COOP appears to be merely following in the wake of the EEC, rather than to be taking the initiative. This means that many millions may be lost in the form of cooperative investments which are now being made, but which will no longer be viable in a united Europe. Hence, it is urgent that a serious attempt should be made to co-ordinate such investments internationally. This is difficult in view of differences in quality, packages and brands, but, unless we solve these difficulties, we cannot really claim that we represent the consumers or that we are even cooperators. It would help if non-member countries of the Common Market could participate in the planning of EURO-COOP from the beginning and as investors, not merely buyers.

Dr. SCHÖNE indicated his full agreement, pointing out that investments are needed from many sources and that it had been decided in EURO-COOP to keep in close touch with all potential participants in joint produc-

tion and investment as well as trade. The existing tariff barriers between the EEC and EFTA complicate such joint efforts for the time being. He pointed out that the working party set up in connection with the EURO-COOP chocolate factory includes all members of the I.C.A. Cooperative Wholesale Committee.

Mr. MERKELBACH (VSK, Switzerland) made a proposal—which was warmly received and supported by the Conference—that the I.C.A., on the occasion of the 20th anniversary of the Declaration of the Rights of Man, should issue its own Declaration on the Rights of the Consumer. This could provide concrete guide-lines for national legislators, and eventually international bodies, with respect to health, quality of products, consumer information and consumer protection. Because of the cooperative obligation to ensure a fair price for goods of high quality, such a Declaration would be particularly fitting for the International Cooperative Movement.

Mr. THEDIN: “A further point is that, if the cooperative movement is to act efficiently as a service organ for consumers, it will not suffice for it to be efficient only in the business sense and as a spreader of useful information. It must also function as . . . a truly democratic institution. As the cooperatives, like all business, tend to become concentrated in ever larger units, the maintenance of democratic procedures itself becomes more difficult . . .

“Responsibility for ensuring that the movement does in fact serve the consumers really lies with the consumers themselves. It is the individual members of the societies who will have to be militant in defence of their de-

mocratic privileges. And they will have to do this in spite of the fact that the societies are becoming larger, stores fewer, and cooperatives claiming an ever larger share of the market.

“If we shall be able to retain a living democracy in the cooperative movement—and thus its character of a true consumer organisation—two conditions must be fulfilled. One is that the parliamentary organisation is such that it is physically possible for the members to exert this influence even if the society is very big and covers a large area.

“The other condition is that the members—or at least a comparatively large number of the members—actually have an *interest* to exert their influence. They must feel that it is worthwhile to express their opinions, to make suggestions, to attend meetings and to elect their officers.

“This is a question of education—not only of the members but also of the employees.”

Mr. SEMLER-COLLERY made the following points: In order to compete effectively with the groups and the chains and large international companies, consumers need to organise on a large scale in order to buy cheaply; and, when they produce, they need to do this on a large scale.

Consumer cooperatives should produce for the European market; but the European market is divided between EFTA and the EEC. Most Europeans are confident that this economic division in Europe will one day be ended; but cooperators cannot afford to wait for the politicians. They have to plan their factories and their new stores or supermarkets without waiting for a united Europe or even for a European

cooperative law.

They need to work ever more closely together in planning new investment; and to invest their resources in a way that will be economic while Europe remains divided and will remain economic when Europe is united—which will surely be in the lifetime of cooperative factories and stores now being built or planned.

Success in cooperative trading demands the closest possible cooperation between cooperatives inside and outside the Common Market. Such cooperation cannot wait for a United Europe. This is the first basic principle emerging from the Conference.

The second fundamental principle is that cooperatives need to work together just as closely in protecting consumer interests, on standards of quality and on testing, on informative labelling and other matters of consumer interests.

Different national standards can only hinder international trade. Goods which are acceptable in one country will be rejected in some export markets as not

reaching the required standard.

The promotion of cooperative trade requires that cooperators should join actively in promoting the harmonisation of standards and the development of international standards; they can only achieve this task in collaboration with other consumers' organisations, particularly consumers' test organisations.

Consumers' cooperatives in the Common Market cooperate actively in the Contact Committee with consumers' test organisations, whether independent or publicly supported, with trade unions, with family organisations and with other consumer organisations.

Not all cooperators welcome this collaboration, just as not all cooperators welcome consumer activity by cooperative societies. Some cooperators think it a waste of time and also oppose cooperative association with other consumer organisations. Some of the latter question the right of cooperatives to call themselves consumer organisations because they are engaged in trade.



Mrs. L. Stettner, Secretary of  
Consumer Working Party



Mr. J. M. Wood, Chairman of  
Consumer Working Party

Yet, the trading success of cooperatives depends on their serving the needs of consumers and on their helping to formulate international standards which will help to promote trade.

Mr. WOOD: "Cooperatives, like private firms, are business enterprises and are subject to the same economic pressures arising from economies of scale and the need for rationalisation. Everywhere in Europe, cooperatives are facing intense competition. Professor Howard Perlmutter has prophesied that, in twenty years' time, the business world will be dominated by 300 monster international companies with world-wide manufacturing and distributing facilities, controlled from headquarters staffed by multi-national teams of executives. The theme of "Le Défi Américain" by Jean-Jacques Servan-Schreiber is that the American investment in Europe, particularly in the field of advanced technology, is proceeding at such a rate as to threaten Europe with something like colonial status. Although many Europeans hope that the Common Market will offset the danger, there is likely to be continued growth in the size and economic power of enterprises, even if they are owned and operated by Europeans. Cooperatives will, therefore, face steadily increasing competition.

"The collective strength of European cooperatives is equal to that of many of the great international companies. But the comparison is unrealistic because that collective strength is rarely concentrated in joint activity. Dr. Schöne has explained how EURO-COOP is attempting to remedy this weakness. Nevertheless, by comparison with international capitalism, coop-

eratives are handicapped because they must act with the consent of majorities and have to use persuasion which often takes far too long to be fully effective.

"The current surge of interest on the part of most member organisations of the International Cooperative Alliance in rationalising their structures and tightening relations between apex, regional and primary societies is evidence of their firm intention to meet the challenge of national and international chains, cartels and monopolies, by steadily improving their performance on behalf of consumers. "Western Europe is still divided into two camps—the Economic Community and the Free Trade Association—but it is likely that this division is more inhibiting to cooperatives than to their competitors. It is pointed out that the cooperatives outside the Common Market are much stronger—judged by retail sales and by the value of productions—than those within it.

"But the dangers that we face in Europe are not only of an economic nature. The phenomenal pace of industrial change over the last half century has masked a central dilemma in the form of the society we have chosen. On the one hand, the urgent needs of industrial and social efficiency have required a great centralisation of decision-making. On the other hand, democracy places great stress on the importance of the individual and the fulfilment which comes from local community organisations. The conflicts which have arisen from these two factors—the rise of nationalism; cynicism with politics; disillusion with government; the wide-spread feeling that, by taking



law into private hands, better results follow—are the root cause of a number of urgent problems.

“As Dr. Fauquet pointed out, the public and cooperative sectors could be complementary to each other. The State starts at the top and organises and commands downwards. Cooperation is organised from the bottom upwards. Cooperation, by the opportunities it offers of participation in decision-making, redresses the balance in favour of consumers. Cooperators should also influence the State to legislate for the protection of consumers, as the I.C.A. Consumer Working Party has suggested in its Outline Programme.

“Cooperatives are not the only organisations which now claim to speak on behalf of consumers, but they are to be distinguished from consumer organisations of more recent origin by having a mass membership, and being directly engaged in trade. Wherever the opportunity occurs, there should be effective collaboration between cooperatives and other organisations whose *raison d'être* is service of the consumer.

“Many problems will have to be solved before consumers have as much influence over international institutions as they have in their respective countries of origin, but an essential prerequisite is the existence of a powerful international cooperative organisation, which is capable of representing consumers before various public authorities. Such an organisation needs to bring together cooperatives in the EEC and in EFTA, and to have harmonious relations with other consumer bodies such as the International Office of Consumer Unions. At present, only the Con-

sumer Working Party of the International Cooperative Alliance exists as the nucleus around which cooperatives in the EEC and in EFTA may assemble, and from which they may reach out to other organisations with similar objectives.

“The Consumer Working Party is very well aware of its weakness and has been giving careful thought to its future. Submissions will be made to the Executive Committee of the International Cooperative Alliance on these matters as soon as possible.”

Mr. KIURU proposed that the Conference should ask national and international cooperative organisations to give the I.C.A. more financial support and collaboration to enable the C.W.P. to become a more effective clearing-house for information on consumer issues. Mr. GROENEWEGEN (COOP NEDERLAND) expressed the hope that the Conference would help to close the gap between cooperative officials interested in consumer information and protection and those interested in trade and production, and asked for suggestions as to ways in which the Consumer Working Party might increase co-ordination between the wholesale and the retail sectors of the movements in their day-to-day activities. Dr. GEBAUER confirmed the existence of such a gap in the German Movement between the businessmen interested in increasing turnover so that quality can be improved and prices lowered for consumers, and the “consumer-minded” people in the central body who stress the importance of creating a better cooperative image in order to attract members and thus increase turnover. He regretted that the training programme for cooperative managers does not cover consumer issues. Mr. EXNER (Konsumverband,

Austria) suggested that the Consumer Working Party should seek more publicity by way of I.C.A. publications and circular letters.

Mr. WOOD (Chairman of the I.C.A. Consumer Working Party) replied that the C.W.P. is only a working party and not a full auxiliary committee of the I.C.A. Its main function is to advise the I.C.A. Executive and it has no facilities or resources of its own for disseminating information. However, the I.C.A. does publish the Consumer Affairs Bulletin which has only a small circulation and is more appreciated outside the movement than internally. Members of the C.W.P. have an obligation to report back to their national movements and to report developments in their own movements to the I.C.A. At its next meeting in January, the group will give special attention to ways of increasing an exchange of information. However, much depends on the initiative of national movements in making use of the material made available to them. The C.W.P. is also preparing a consumer brochure designed

to describe the work being done by national movements all over the world in the field of consumer information and protection.

Mr. WOOD concluded the Conference as follows: "The Consumer Working Party welcomes this opportunity to discuss the problems of European Cooperatives in the Service of Consumers in an international assembly; it is grateful for the interest that has been shown by cooperators from many countries; and is particularly indebted to the distinguished speakers who have given us the benefit of their wide experience of the various topics which they have introduced.

"We also express our thanks to the Konsumverband which has undertaken the organisational work of the Conference so efficiently; to the International Travel Bureau STAFA which has made the necessary hotel reservations; and to Director Franz Schmidt and Mr. Robert Kohler who have honoured us by acting as Chairmen of the Conference."



Swedish Consumer Information Exhibit



## ALBIN JOHANSSON DEAD

**A**LBIN JOHANSSON died on 28th August 1968 at the age of 82. He began his cooperative career in 1903 when he was employed as a shop assistant in the Tanto Cooperative Society in Stockholm. In 1957, he left his post as Chairman of Kooperativa Förbundet's Board and, in 1962, he retired from the Central Committee of the International Cooperative Alliance. But he maintained his passionate interest in cooperation right up to the time of his death. He went regularly to his office at KF, where he devoted most of his time to the question of peace and to the role of cooperation in the achievement of international understanding. Shortly before his death, he was working on a paper on agriculture in the developing countries. During his long career, Albin Johansson marked an era with his work within Swedish, Nordic and International Cooperation. His wealth of ideas was inspiring, he was a great organiser and a

brilliant administrator.

Albin Johansson was employed by Kooperativa Förbundet in 1907 to manage its newly started solidarity department. His task was that of inducing the societies to deal with sound economic principles. He realised at an early stage that cooperation must undertake large-scale operations within the trade. A study trip to Germany in 1913 gave him vital inspiration, and the conclusions he drew from this trip did much to determine the development of Swedish Cooperation.

In one of the articles he wrote after his return from Germany, he asked "What is our aim?" and gave this explanation: "The consumers themselves shall manage the distribution and production of their daily needs. This aim can only be achieved through, first, organising the consumers to the greatest possible extent in one single society for distribution and, secondly, by proceeding

to production, based on the consumption potential of the members and the availability of capital."

In the same series, he wrote the following about the problems involved in production: "Under normal circumstances, a cooperative enterprise must be the most competitive—otherwise, one can query its justification. A cooperative industry offering only a weak competition often does the consumer more harm than good, and the cooperative movement as a whole suffers from the poor results of such enterprises."

These theories were put into practice. The first modern large-scale society was organised in Stockholm through the amalgamation of a number of smaller societies. The driving force behind this move was Albin Johansson, who was also Manager of the Cooperative Society of Stockholm from 1915 to 1917. Here he was able to show how rationally organised cooperative large-scale trading could go hand in hand with effective democracy.

In 1917, Albin Johansson was elected to the Board of Kooperativa Förbundet. His most important work as KF's Director was on the industrial front. Albin Johansson was the initiator of a considerable number of cooperative industrial enterprises, amongst which the following should be mentioned: the margarine factory in Norrköping (1921), KF's large flour mills (1922, 1925), the rubber factory in Gislaved (1926), the light bulb factory Luma (1928), the cash register factory in Stockholm (1931), the Karlshamn oil refineries (1932), the china and ceramics factory in Gustavsberg (1937), the weighing scales factory Stathmos (1940), the Fiskeby paper works (1942), the Skandia canning industry (1943), the Henkel-Helios chemical technical factory (1948), etc. In the

majority of these, the acquiring of the factories led to the dissolution of monopolistic price cartels and to lower prices.

Within the International Cooperative Movement, Albin Johansson achieved a great deal and held important positions. In 1918, he took the initiative in the formation of a joint purchasing organisation for the Nordic cooperative unions, the Nordisk Andelsförbund, of which he was Chairman from 1932 to 1957. He was a member of the Central Committee of the International Cooperative Alliance from 1919 to 1963 and of its Executive Committee from 1927 to 1946, and was the Alliance's Vice-President for six months in 1946. He was also one of the initiators of the International Cooperative Petroleum Association and its Chairman from its founding in 1946 until 1959.

Albin Johansson's great vision was of peace between the nations of the world and of collaboration across the boundaries. In his most significant report to the I.C.A. Congress in Stockholm in 1957, he said: "I would like to emphasise once more that World Peace is indissolubly tied up with Freedom—freedom from economic restrictions, political freedom, personal freedom. In a world where not only commodities are allowed to pass freely across the frontiers but also capital for investment, and persons in search of the best opportunities for gaining their livelihood, there would be no place for economic jealousies or national cravings for economic power over others. Political and personal freedom within the national states thus united is an indispensable prerequisite for the attainment of such a peaceful world order."

It was on this concept that Albin Johansson based his programme for in-

ternational economic collaboration, for consumer control of raw materials and for the elimination of the economic causes of conflict and war. His continuous emphasis of the destructive character of boundaries, the necessity of creating a united world and the importance that the raw materials of the world become the common property of all nations if peace is to be attained, conjures up a vision to excite the imagination. Some people might perhaps feel that Albin Johansson's vision of a united world was out of touch with reality at

a time of conflict and war; but it would be more correct to say that, in that respect, he was ahead of his time and this, in fact, applied to many of the fields in which he was active. However, during his long life, he proved that what we today consider as utopia can be tomorrow's reality.

Albin Johansson has left us. His vision of the international task of cooperation lives on as a source of inspiration for cooperators the world over.

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## HARALD ELLDIN DEAD

**A**FTER a short illness, Harald Elldin died suddenly on 19th August 1968, and a life-long devotion to cooperative education and information work in Sweden was brought to a close.

For many generations of cooperative employees and elected officials, Harald Elldin has justly come to be a central figure in cooperative education. It is not easy, on his death, to give a short summary of what Harald Elldin has meant to the Swedish Cooperative Movement. His work during several decades of unceasing endeavours within the cooperative movement was characterised by a great wealth of ideas and initiatives, and was of such a scope, that it is only possible, when writing in his memory, to give a few glimpses of his many-faceted activities.

The educational system at Vår Gård (the Swedish Cooperative College), which in all essential matters left its mark on consumer cooperative staff

education for many years, bore the signature of Harald Elldin, especially in a couple of truly fundamental respects. I am thinking now of the innovation of combining theoretical and practical training which, from very early on, made Vår Gård's educational methods quite unique, even internationally, in the field of cooperative staff training. Harald Elldin broke away from the accepted tradition of concentrating education merely to younger age groups in the form of long courses. Instead, he introduced the combination of correspondence courses as a preparation for participation in relatively short courses, which system was extended to include a whole series of courses adapted to various levels. Part of this training system was the practical work between courses and continued education by way of correspondence courses until it was time, after commendable service, for the cooperative employee to start on a more

advanced education. It is one of Elldin's greatest and most essential achievements that this system, also combined with the practice shops at Vår Gård, has played such a significant part in giving the staff on various levels an effective practical and theoretical training. It came to serve as a pattern for cooperative educational institutions in many other countries, and was even copied within the private trade.

The other, I think we can say revolutionary, pedagogic innovation introduced by Harald Elldin was that he replaced and complemented to a great extent the then accepted lecturing methods with group discussions and so-called group work, thus creating an educational technique, whereby Vår Gård profited in its educational work from the fund of practical knowledge possessed by the students. There existed a collaboration between teacher and student where theoretical and practical viewpoints and knowledge confronted each other and acted as a mutual stimulant. It can be truly said that today's modern educational system, often labelled "seminar" or "symposium", was introduced at a very early stage by Harald Elldin through this group-work concept.

Characteristic for Harald Elldin was his receptiveness to new pedagogic ideas. He never stagnated in a blind adherence to certain "tried and tested" training methods. He always stressed the need of renewing and adapting methods to changed economic, technical and social conditions for the development of cooperative activity. Subsequently, he was from an early stage actively engaged in the decentralisation, led by Vår Gård and in concert with trade schools, of basic staff education in order that the courses at Vår Gård could be concen-

trated on specialised subjects and more time be devoted to more and more advanced education in administration.

Harald Elldin was also anxious that staff education should not be limited to technical skills and business economics, but should also include cooperative ideology and explain the role of cooperation as one of the large popular movements in the Swedish community. But when Harald Elldin spoke about, and for, the importance of cooperative ideology, it was not in a sectarian manner. One of his great virtues was that he did not want to isolate Vår Gård and its activity through some narrow-minded and misguided cooperative orthodox zeal. Vår Gård was not, under the leadership of Harald Elldin, a cooperative school isolated from the world surrounding it; it was, and has since remained, a Vår Gård with its windows open to community life in general. Elldin worked energetically so that cooperative educational and information endeavours might be part of the popular movements' general educational effort in Sweden's modern community.

Vår Gård was thus a natural meeting place for conferences of the most varied kinds, not only for other Swedish popular movements and educational institutions, but also for Nordic and other international organisations. With the open-mindedness and the wide educational and cultural interests characteristic for Harald Elldin, it was natural that he should come to play an important part in other educational organisations and cultural institutions. It is sufficient to mention his many years as Chairman of ABF (the Workers' Educational Association), his initiative in creating Samverkande Bildningsförbunden (the Collaborating Educational Associations), where he held the post of Chair-

man, his work within the Svenska Slöjdföreningen (the Swedish Society for Arts and Crafts) and his activity within Föreningen Norden (the Nordic Association) and its Commission on Culture, just to mention some of his more important activities outside the cooperative educational work.

Harald Elldin's essential mission in life, however, was his work as leader of the educational system of the cooperative movement. Through this task alone and through his personal attributes, he played an essential part in training a wide circle of cooperative leaders in our country, who have come up the hard way, from shop assistant to leading posts within the Swedish movement. This is a great and lasting

work, deserving the highest recognition.

Vår Gård has meant for Swedish Co-operation not only a technically more complete educational system, but a source of vital power for both the commercial and ideological development of the movement. Harald Elldin himself often stressed the importance of collaboration between principal and teacher and between teacher and student in order to achieve successful educational results. He never pointed out the importance of his own achievements. Now, after Harald Elldin's death, the character and quality of his work should be given the well deserved recognition he never sought for himself.

M.B.

**COOPERATIVE STATISTICS  
1967**

This comprehensive publication appears in a new format and gives details of retail societies' trade, capital, surplus, etc., with main statistics of other British cooperative organisations.

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## UUNO KRISTIAN TAKKI

**W**ITH the death of Uuno Kristian Takki on 15th September 1968, the Finnish Cooperative Movement lost one of its great cooperators. Uuno Takki worked from a very early age in different cooperatives and at the Cooperative Union (K.K.) from 1918 to 1922. He was first teacher and then Head of the K.K. Cooperative School, Administrative Director of O.T.K. from 1942 to 1952 and its Managing Director from 1952 to 1966. For his services, he was awarded the Rochdale medal in 1954.

Apart from his effective cooperative work, Uuno Takki was interested in the political life of his country and was a member of the Finnish Parliament from 1945 to 1952 and again from 1966 to 1968. He began his political career in 1942 and was the only war-time cabinet member to continue in office without interruption in the most difficult post-

war years. He was Minister of Trade and Industry and Minister of Supply and was especially involved in the hard struggle to overcome the severe shortage of supplies of every kind in Finland in the first years of peace. He has, at all times and until 1950, put his great knowledge and experience at the disposal of various governments of his country.

Uuno Takki served O.T.K. as General Manager for 14 years at a time when it underwent the most rapid development, and his term of office coincided with the founding of new factories and subsidiaries, as well as extensive building programmes. During that time and under his guidance, O.T.K.'s sales and real values rose by almost 60 per cent, production by 160 per cent and real estate by over 250 per cent. These few figures illustrate the growth of O.T.K. during the years of Uuno Takki's management.

Mr. Takki was a most valuable and greatly appreciated member of the International Cooperative Alliance's Central Committee, on which he served from July 1952 to September 1966.



## AFFILIATED ORGANISATIONS

- ALGERIA:** Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, 6 et 8, rue du Cercle Militaire, Oran; also at - 21, rue Edgar Quinet, Algiers, and 9, rue Mathurin Régnier, 75 Paris 15.
- ARGENTINA:** Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires.  
Intercoop, Editora Cooperativa Limitada, Rivadavia 4426 (1er piso), Buenos Aires.  
Asociación Argentina de Cooperativas y Mutualidades de Seguros, Belgrano 530, 5 Piso, Buenos Aires.
- AUSTRALIA:** Cooperative Federation of Australia, c/o CWS of Queensland Limited Buildings, 50-54 Ferry Street, South Brisbane, Queensland.
- AUSTRIA:** "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Membership (1967): 476,200; turnover: retail trade: Sch. 4,646 millions (thereof consumers' societies: Sch. 3,895 millions; department stores: Sch. 713 millions; other retail trade: Sch. 38 millions); wholesale society (G.O.C.): Sch. 1,821 millions; own production: consumers' societies: Sch. 472 millions; G.O.C. and subsidiaries: Sch. 415 millions.  
Bank für Arbeit und Wirtschaft A.G., Seitzergasse 2-4, Vienna I.  
Zentralkasse der Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, Vienna I.  
1967: Affiliated organisations: 313 (comprising 201 societies and 112 associations); membership: 130,286; dwellings administered: 288,157 (comprising 127,954 societies and 160,203 associations); balance at 1966: 33.8 milliard Sch. (divided as to societies Sch. 15.7, associations Sch. 18.1).  
Österreichischer Raiffeisenverband, Seilergasse 16, Vienna I.
- BELGIUM:** Société Générale Coopérative, 26-28 rue Haute, Brussels 1.  
Affiliated consumers' societies: 25; membership: 300,000; turnover (1963): Frs. 3,900 millions; shops: 1,400; Wholesale society turnover (1963): Frs. 959 millions.  
Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151, rue Royale, Brussels 3.  
Premiums (1966): Frs. 1,902 millions; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.  
Fédération Nationale des Coopératives Chrétiennes, 135, rue de la Loi, Brussels 4.  
(1967): 1,250 shops; turnover: Frs. 1,430 millions; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 millions; reserves: Frs. 1,300 millions.  
L'Economie Populaire, 30, rue des Champs, Ciney (Namur).  
Branches (1967): 460; membership: 88,000; turnover: Frs. 1,001,300,000; savings deposits: Frs. 490 millions; capital and reserves: Frs. 162 millions.
- BRAZIL:** Aliança Brasileira de Cooperativas (ABCOOP), Av. Presidente Wilson 210, Salas 914/914 A, Rio de Janeiro, G.B.  
Uniao Nacional das Associações de Cooperativas (UNASCO), Avenue Franklin Roosevelt, 126-Conj. 608, Rio de Janeiro.
- BULGARIA:** Central Cooperative Union, Rue Rakovski 103, Sofia.
- BURMA:** National Cooperative Council, 290-300, Lewis Street (2nd Floor), Rangoon.
- CANADA:** Cooperative Union of Canada, 111, Sparks Street, Ottawa 4, Ont.  
A federation of English-language cooperative organisations, organised in 1909.  
Conseil Canadien de la Coopération, 111, Sparks Street, Ottawa 4, Ont.
- CEYLON:** Cooperative Federation of Ceylon, Cooperative House, 455, Galle Road, Colombo 3.
- CHILE:** Federación Chilena de Cooperativas de Ahorro y Credito, Ltda., Dieciocho 246, Clasificador 760, Santiago de Chile.  
Cooperativa Sodimac Ltda., Casilla 3110, Santiago de Chile.
- COLOMBIA:** Cooperativa Familiar de Medellin, Ltda., Calle 49, No. 52-49, Medellin.
- CYPRUS:** Cooperative Central Bank Ltd., P.O. Box 1447, Nicosia.  
Cyprus Turkish Cooperative Central Bank Ltd., P.O. Box 791, Nicosia.  
Vine Products Cooperative Marketing Union Ltd., P.O. Box 314, Limassol.
- CZECHOSLOVAKIA:** Ustredni Rada Druzstev, Tesnov 5, Prague I.
- DENMARK:** De samvirkende danske Andelselskaber (Andelsudvalget), H. C. Andersens Boulevard 42, Copenhagen V.  
Representing 30 national organisations, comprising: consumers' societies, agricultural production, marketing and purchase societies, other production and marketing societies, insurance societies, banking societies. Membership: 750,000 individual members. Turnover (1967/68): D.Kr. 15,273 millions.  
Det Kooperative Fællesforbund i Danmark, Linnegade 14, 1. sal, 1361 Copenhagen K.  
Affiliated societies (1963): 634; total sales: D.Kr. 1,582 millions; employees: 12,500; comprising: consumers',

- workers', artisans', productive and housing societies etc.
- Faellesforeningen for Danmarks Brugsforeninger (FDB), *Roskildevej 65, Albertslund*.  
Affiliated societies (1965): 1,852; members: 716,000; turnover: 2,583 millions D.Kr.; wholesale turnover: 1,453 millions D.Kr.; own production: 405 millions D.Kr.
- DOMINICA:** Dominica Credit Union League, *14, Turkey Lane, Roseau*.
- EGYPT:** Société Coopérative des Pétroles, *94, Kasr El-Eini Street, Cairo*.
- IRE:** Irish Agricultural Organisation Society Ltd., *The Plunkett House, 84 Merrion Square, Dublin 2*.  
National Organising and Advisory Body for Agricultural Cooperatives. Affiliated societies: 339; membership: 121,000; turnover (1964): £106 millions.  
Cooperative Development Society Ltd., *35 Lower Gardiner Street, Dublin*.
- FINLAND:** Suomen Osuuskappojen Keskuskunta (S.O.K.), *Vilhonkatu 7, Helsinki 10*.  
Affiliated societies (1967): 305; members: 535,136; wholesale turnover: Fmk. 1,259 millions; own production of SOK: Fmk. 254 millions.  
Yleinen Osuuskappojen Liitto r.y. (Y.O.L.), *Vilhonkatu 7, Helsinki 10*.  
Affiliated societies (1967): 305; members: 535,136; turnover of societies: Fmk. 2,324 millions; total production of the affiliated societies: Fmk. 44 millions.  
Kultusosuuskuntien Keskusliitto (K.K.), r.y., *Mikonkatu 17, Helsinki 10*.  
Affiliated societies (1967): 88; members: 586,531; turnover: Fmk. 1,719 millions; own production: Fmk. 267 millions.  
Osuustukkukauppa (O.T.K.), *P.O. Box 10120, Helsinki 10*.  
Affiliated societies (1967): 88; turnover: Fmk. 986.0 millions; own production: Fmk. 310.3 millions.  
Pellervo-Seura, Central Organisation of Farmers' Cooperatives, *Simonkatu 6, Helsinki K*.  
Affiliated organisations (1963): 10 central organisations; 1,102 societies.
- FRANCE:** Fédération Nationale des Coopératives de Consommation, F.N.C.C., *89, rue la Boétie, 75 Paris VIII*.  
Affiliated societies (1964): 475; membership: 3,460,000; shops: 9,900; turnover: NF. 3,600 millions.  
Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI*.  
Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88, rue de Courcelles, 75 Paris VIII*.  
Confédération Générale des Sociétés Coopératives Ouvrières de Production, *88, rue de Courcelles, 75 Paris VIII*.  
Banque Coopérative des Sociétés Ouvrières de France, *88, rue de Courcelles, 75 Paris VIII*.  
Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, *129, Bd. St. Germain, 75 Paris VI*.
- Confédération Française de la Coopération Agricole**, *18 Rue des Pyramides, 75 Paris 1er*.  
**Caisse Nationale de Crédit Agricole**, *91-93, Boulevard Pasteur, 75 Paris XV*.  
**Fédération Nationale des Sociétés Coopératives d'Habitations à Loyer Modéré, Foyer Coopératif**, *17, rue Richelieu, 75 Paris 1er*.  
**Confédération des Coopératives de Construction et d'Habitation, "L'Habitation"**, *3, ave. du Coq, 75 Paris 9e*.  
**Confédération des Organismes de Crédit Maritime Mutuel**, *18 bis, Avenue Hoche, 75 Paris VIII*.
- GERMAN FEDERAL REPUBLIC:** Bund deutscher Konsumgenossenschaften G.m.b.H., *Besenbinderhof 43, (2) Hamburg 1*.  
Affiliated societies (June 1968): 124; membership (1967): 2,379,114; turnover (1967): D.M. 4,321,596,200 (thereof D.M. 78,862,700 for West-Berlin).  
**Grosseinkaufs-Gesellschaft deutscher Konsumgenossenschaften m.b.H., Besenbinderhof 43-52, (2) Hamburg 1**.  
Total turnover incl. subsidiaries (1967): D.M. 2,195,524,900.  
**Gesamtverband gemeinnütziger Wohnungsunternehmen, Breslauer Platz 4, (22c) Cologne**.  
**Volksfürsorge Lebensversicherung Aktiengesellschaft, An der Alster, (2) Hamburg 1**.  
**Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft, Steinstrasse 27, (2) Hamburg 1**.
- GHANA:** The Alliance of Ghana Cooperatives Ltd., *Post Office Box 2068, Accra*.
- GREECE:** Pan-Hellenic Confederation of Unions of Agricultural Cooperatives (S.E.S.), *6, Othonos Street, Athens 118*.
- GUYANA:** Guyana Cooperative Union Ltd., *Ministerial Buildings, High Street and Brickdam, Georgetown*.
- HAITI (W.I.):** Caisse Populaire Dominique Savio, *57, Rue Rigaud, Pétiou-Ville*.
- HUNGARY:** Federation of Hungarian Cooperative Societies, *Szabadság 14, Budapest V*.  
National Federation of Producers' Cooperatives (OKISZ), *Pesti Barnabás 6, Budapest V*.
- ICELAND:** Samband Isl. Samvinnufélaga, *Reykjavik*.
- INDIA:** National Cooperative Union of India, *72 Jorbagh, New Delhi 3*.  
National Agricultural Cooperative Marketing Federation Ltd., *No. E-11 Defence Colony (Ring Road), New Delhi 3*.

- ✓ IRAN: Sepah Consumers' Cooperative Society, Avenue Sevvom Esfand, Rue Artèche, Teheran.  
Credit and Housing Cooperative Society of Iran, 20-22 Shahabad Avenue, Teheran.  
Central Organisation for Rural Cooperatives of Iran, 357 Pahlavi Avenue, Teheran.
- ISRAEL: General Cooperative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv.  
Affiliated societies and companies (1963): 1,855 in all branches.  
"Merkaz" Audit Union of the Cooperative Societies for Loans and Savings, 44, Rothschild Bd., P.O. Box 75, Tel-Aviv.  
"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209, Tel-Aviv.  
Bank Zerubavel, 44, Rothschild Bd., Tel-Aviv.
- ITALY: Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, Rome.  
Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome.  
Associazione Generale delle Cooperative Italiane, Via Milano 42, 00184 Rome.
- IVORY COAST: Centre National de la Coopération et de la Mutualité Agricoles, B.P. 702, Abidjan.
- JAMAICA: Jamaica Cooperative Union, Ltd., 14-16 Barry Street, Kingston, W.I.
- ✓ JAPAN: Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Cooperative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo.  
Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Cooperatives), 5 1-chome Otemachi, Chiyoda-ku, Tokyo.  
Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Cooperative Associations), Shinchiyoda Building no. 14-19 3-chome, Nishishinbashi, Minato-ku, Tokyo.
- JORDAN: Jordan Cooperative Central Union Ltd., P.O.B. 1343, Amman.
- KENYA: Kenya National Federation of Cooperatives Ltd., P.O.B. 9768, Nairobi.
- KOREA: National Agricultural Cooperative Federation, 75, 1st Street, Chung-Jong-Ro, So-daemun-ku, Seoul.
- MALAYSIA: Cooperative Union of Malaysia Ltd., 8, Holland Road, Kuala Lumpur.  
Sarawak Cooperative Central Bank Ltd., Kuching, Sarawak.
- MALTA: Farmers' Central Cooperative Society Ltd., New Building, Middleman Street, Marsa.
- MAURITIUS: Mauritius Cooperative Union, Cooperation House, Dumat Street, Port Louis.
- MEXICO: Confederación de Cooperativas de la República Mexicana, C.C.L., Av. Cuauhtemoc 60, 5 Piso, Mexico 7, D.F.
- NETHERLANDS: Coöperatieve Vereniging U.A., Centrale der Nederlandse Verbruikcoöperaties, "CO-OP Nederland", Postbus 6008, Vierhavensstraat 40, Rotterdam 7.  
Association of Enterprises on a Cooperative Basis, Bloemgracht 29, Amsterdam.
- NEW GUINEA: Federation of Native Associations Ltd., P.O.B. 152, Port Moresby, Papua.
- NIGERIA: Cooperative Union of Eastern Nigeria Ltd., Cooperative Bank Buildings, Milverton Ave., Aba.  
Cooperative Union of Western Nigeria Ltd., c/o Cooperative Buildings, New Court Rd., Ibadan.  
Lagos Cooperative Union Ltd., Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.  
Mid-Western Nigeria Cooperative Federation Ltd., c/o Ministry of Cooperative and Rural Development, Cooperative Societies Division, P.O.B. Benin City.
- NORWAY: Norges Kooperative Landsforening, Revierstredet 2, Oslo 1.  
Affiliated societies (1967): 823; membership: 366,750; turnover of local societies: Kr. 2,559 millions; of N.K.L.: Kr. 830 millions.  
Norske Boligbyggelags Landsforbund (NBBL), Trondsheimsveien 84-86, Oslo.
- PAKISTAN: East Pakistan Cooperative Union, Ltd., 9/D-Motijheel Commercial Area, 8th floor, Dacca 2.  
West Pakistan Cooperative Union, 5, Court Street, P.O.B. 905, Lahore 1.  
Karachi Central Cooperative Bank Ltd., 14, Laxmi Building, Bunder Road, Karachi 2.  
Karachi Central Cooperative Consumers' Union, Iqbal Market and Cold Storage, Soldier Bazar, Karachi.  
Karachi Cooperative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5.  
Karachi Cooperative Union Ltd., Cooperative House, Shaheed-e-Millat Road, Karachi 5.  
Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., West Wharf Road, Karachi.  
Sind Baluchistan Provincial Cooperative Bank, Ltd., Provincial Cooperative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2.  
Provincial Fishermen's Cooperative Society Ltd., Iqbal Road, Patharghata, Post Box 27, Chittagong.
- PHILIPPINES: Central Cooperative Exchange Inc., P.O.B. 1968, Manila.
- POLAND: Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Kopernika 30, Warsaw.

- Central Union of Building and Housing Cooperatives, *Ul. Jasna 1, Warsaw*.  
 "Spolem" — Union of Consumer Cooperatives, *Grazyny 13, Warsaw*.  
 Central Union of Work Cooperatives, *Surawia 47, Warsaw*.
- ROUMANIA: Uniunea Centrala a Cooperatorilor de Consum "Centrocoop", *Str. Brezoianu 31, Bucharest*.
- SINGAPORE: Singapore Cooperative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.
- SWEDEN: Kooperativa Förbundet, *Stockholm 15*.  
 Affiliated retail societies (1967): 275; membership: 1,404,000; total turnover of distributive societies: Kr. 6,050 millions; total turnover of K.F.: Kr. 4,623 millions (Kr. 3,304 millions sales to affiliated societies); K.F.'s own production: Kr. 2,053 millions; total capital (shares, reserves and surplus) of K.F. and affiliated retail societies: Kr. 1,160 millions.  
 Hyresgästernas Sparkasse- och Byggnadsförningars Riksförbund (H.S.B.), *Fleminggatan 41, Fack, S-100 21 Stockholm 18*.  
 Affiliated Building Societies: 115; with individual members: 310,000; number of flats administered by local societies: 275,000; value of real estate: 12,500 millions Kr.  
 Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19028, S-104 32 Stockholm 19*.  
 Folksam Insurance Group, *Folksam Building, Stockholm 20*.  
 Sveriges Lantbruksförbund, *Klara Östra, Kyrkogata 12, Stockholm 1*.
- SWITZERLAND: Verband schweiz. Konsumvereine (V.S.K.), *Thiersteinallee 14, CH 4002 Basle*.  
 Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700 millions; wholesale turnover: Frs. 1,100 millions.  
 Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), *Schaffhauserstrasse 6, Winterthur*.  
 Verband sozialer Baubetriebe, *c/o SBHV., Sihlpostfach, Zurich*.  
 Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle*.  
 COOP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.
- TANZANIA: Cooperative Union of Tanganyika Ltd., *Avalon House, P.O. Box 2567, Dar-es-Salaam*.
- TUNISIA: El Ittihad, *16, Avenue de Carthage, Tunis*.
- UGANDA: Uganda Cooperative Alliance, *P.O.B. 2215, Kampala*.
- U.S.S.R.: Central Union of Consumers' Cooperative Societies of the U.S.S.R. and RSFSR, "Centrosoyus", *Tcherkassky per no. 15, Moscow*.  
 Consumers' societies (1967): 16,489; members: 55 millions; shops: 356,700.
- UNITED KINGDOM: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS*.  
 Affiliated retail societies (1967): 625; membership: 12,953,706; share capital: £221,143,738; retail sales: £1,083,596,483.  
 Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES*.  
 Affiliated societies (1965): 746; sales: £487,859,688; Bank turnover: £9,764,603,821; reserve and insurance funds: £40,791,711; total assets: £300,463,985.  
 Co-operative Insurance Society, Ltd., *Miller Street, Manchester 4*.  
 Assets (1964): £369 millions.  
 Scottish Co-operative Wholesale Society Ltd., *Centenary House, 100, Morrison Street, Glasgow C. 5*.  
 Affiliated societies (1968): 153; sales: £89,008,059; reserves and insurance funds: £9,474,291; total resources: £23,139,384.  
 Co-operative Permanent Building Society, *New Oxford House, High Holborn, London, W.C. 1*.
- U.S.A.: Cooperative League of the U.S.A., *59, East Van Buren Street, Chicago, Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.*
- YUGOSLAVIA: Glavni Zadruzni Savez FNRI, *Terazije 23/VI, Belgrade*.
- ZAMBIA: Eastern Province Cooperative Marketing Assoc. Ltd., *P.O.B. 108, Fort Jameson*.

#### INTERNATIONAL ORGANISATIONS

- Organization of the Cooperatives of America, *G.P.O. Box 4103, San Juan, Puerto Rico 00936*.
- Nordisk Andelsforbund (Scandinavia), *3 Axeltorv, Copenhagen V, Denmark*.
- International Cooperative Bank Co. Ltd., *Aeschenvorstadt 75, P.O.B. 711, CH 4002 Basle, Switzerland*.
- International Cooperative Petroleum Association, *11 West 42nd Street, New York, N.Y. 10036, U.S.A.*
- Sociedad Interamericana de Desarrollo de Financiamiento Cooperativo, *1012, 14th Street, N.W., Room 1401, Washington D.C., U.S.A.*





# Review of INTERNATIONAL COOPERATION

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## INTERNATIONAL COOPERATIVE TRADE COLLABORATION\*

Situation, problems and possibilities  
of international cooperative trade,  
involving cooperative organisations  
in developing areas, with special  
reference to consumers' societies.

by **Walter Eisenberg**

*MY* qualifications for dealing with this subject here have been gathered during a career spanning over twenty years in the service of the English Cooperative Wholesale Society. As one of the largest cooperative trading organisations in the world, the C.W.S. has had many years of experience in these matters, and my own responsibility has included liaison with cooperatives in other countries, interest in developments there, briefing of British cooperative visitors abroad and of foreign cooperators visiting us in England, also preparation of material for foreign and international cooperative gatherings and meetings, in many of which I have participated. I have also been involved in some ways in the export business of the C.W.S., and had to assess the impact of free trade and common market develop-

ments on our activities, including the position of consumer-orientated organisations like cooperatives under the relevant policies and regulations.

Having travelled to most of the headquarters of European national cooperatives and maintaining contact with the I.C.A. for some fourteen years, as well as having been closely connected with the work of the International Cooperative Wholesale Committee and one of the trade working parties—footwear—which has attempted to co-ordinate cooperative trading, I was fortunate enough to be considered as suitably qualified to conduct for the I.C.A. the South-East Asia Trade Survey of 1965/66. Having spent a year in some of the developing countries of South-East Asia, I can only hope that you will be able to conclude that my observations are based on practical experience and first-hand knowledge of some of the problems we are going to consider. Since I made my studies in that part of

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\* Lecture given by the Author at the ILO-FAO Seminar at Bakkerne College, Holte, Denmark, on 26th September 1968.



*the world, the majority of my references will necessarily be to events and problems there, rather than to other developing areas, such as Africa and Latin America, but I assure you that I am conscious that the part of the world I visited is not alone in facing these difficulties. Though I am basing my observations on vast resources of information made available to me in both East and West, from cooperatives and other sources, the opinions I express are of course my own and do not in any way commit anyone else, either the I.C.A. or the C.W.S.*

#### **Foreign Trade — Concept and Definitions**

Trade between buyers and sellers in different countries is of course nothing new, nor is cooperative involvement in such operations. The C.W.S. has been engaged in foreign trade for more than *ninety* years now. The definition of "foreign trade" used in my South-East Asia survey was the simple one of including any transaction where the two parties were located in different countries and one or both of them could be described as a cooperative. The alternative methods of conducting such foreign trade are direct or indirect *bi-lateral* trade, be it via an agent, representative or other specialists, in one's own or the other country and, on the other hand, joint action with other like-minded parties via group, regional or international arrangements, including the use of trade missions, foreign trade surveys and federations and the like, be they of a permanent or temporary nature. The other important distinction is between cash and credit trade on one side and barter or exchange of goods arrangements on the other.

Cooperative involvement in foreign

trade is not only long standing but, as the survey and other investigations show, very wide-spread indeed. One example of direct bilateral foreign trade aimed at the exclusion of the middleman was the foreign trade development initiated by the C.W.S. in the 1870's with the opening of its New York depot; others followed in different parts of the world, primarily for the direct import of foodstuffs. The classic example of an eminently successful co-ordinated cooperative group action is the Nordisk Andelsforbund, the Scandinavian C.W.S., which has recently celebrated its 50th birthday. Other examples of such activities—and most of these deserve closer study by any cooperative interested in foreign trade development—include the cooperatively organised marketing and exporting of primary products from Australia and New Zealand, the Overseas Farmers' Cooperative Federations, which act on behalf of national organisations of cooperative farmers from four different countries, and the more recent but highly significant organisation of *specialist foreign trade bodies* by the agricultural and consumers' cooperatives of Japan.

Although their experiences and practices may well need adapting to different circumstances and varying stages of development, the well-established and highly successful types of organisations for cooperative foreign trade to which I have referred—and there are many more of them—warrant detailed investigation and their experience can be invaluable to other cooperatives which are now embarking on similar ventures. Another point worth making is that the cooperative foreign trade history is full of examples where cooperatives had to deal with private or government

agencies in a developing country, simply because no cooperative trade bodies existed at the time, and it then becomes rather difficult to abandon established and satisfactory trade relations in order to switch to cooperative contacts later.

There are some early endeavours on record of projected and attempted international cooperative trade, and it is perhaps fitting to pay a tribute here to one of the pioneers of such a vision—Mr. Albin Johansson, the recently deceased former Chairman of the Board of Sweden's K.F. and one of the leading spirits of N.A.F. and other international ventures. An international C.W.S. was proposed as far back as 1907, but the First World War intervened and such a society was not set up until 1924, when 14 European wholesale societies became its founder-members. The I.C.W.S. was not itself a trader, but designed to encourage and foster joint buying and mutual trade among its members, mainly in respect of certain foodstuffs, oil, petrol and dried fruits. The predominance of the English C.W.S., with its old-established foreign connections, in the I.C.W.S. and the International Cooperative Trading Agency created in 1937 can be judged from the fact that, in that year, the C.W.S. accounted for £40 million worth of *total* imports by *all* members amounting to £54 million. Exports were much more negligible, totalling only £1½ million. These attempts made use of the earlier experience of the N.A.F. and of the English and Scottish Joint C.W.S. (now the Cooperative Tea Society) which was created in 1923.

This pre-Second World War trade was to the extent of two-thirds concentrated on Europe and America, with the rest of the world accounting for one-third. During the Second World War,

the N.A.F. and I.C.T.A. collaborated and afterwards there were hopes for a fusion and for an expansion of the dried fruit trade in particular, but this did not materialise. The I.C.W.S., which had only a consultative function and represented loose experiments in collective buying, did merge into the I.C.T.A., but that body, too, folded up in 1951 after failure to join hands permanently with the N.A.F. Most members having been *consumers'* wholesales, there had been limited expectations for joint purchasing, but an exchange of own products between the members never materialised. Yet the idea was not dead, and moves encouraged by the I.C.A. led to the formation of a new committee in 1953 which paved the way for the creation of the C.W.C., to which I shall refer later on.

Other examples of international cooperative trading action, to which I shall come back later, include the International Cooperative Petroleum Association which has been energetically developed, largely thanks to American initiatives. Having been regarded as an impracticable idea ten years earlier, it was established in 1947 and is making substantial progress. I might also mention the Rotterdam-based pre-war "Intercoop" which aimed at procuring agricultural supplies, but has not survived in its original form, whilst, on the other side of the Atlantic, *National Cooperatives Incorporated* has developed strongly since 1933 as a purchasing agency of regional wholesales in the U.S.A., Canada and Puerto Rico. Its rural supplies amount to annual sales worth £15 million.

Some of these ventures have flourished, others have gone under, and it is very probable that, depending on circumstances, some of the failures have

been due to the establishment of concrete organisations ahead of time and somewhat prematurely—with the almost inevitable result that insufficient support doomed them. A rather belated but sure beginning is thus often the better choice, since a premature failure causes losses not only of assets and finances but—perhaps worse still—of confidence and credibility. *This is a very important lesson* for all concerned with cooperative foreign trade planning in developing areas, where hard work is required to create even the right conditions for any really viable organisation. This is demonstrated—though not in the consumer context—in proposals from the Korean N.A.C.F. to the Trade Conference in Tokyo (June 1968) which speak of the “ultimate target for the realisation of an international trade cooperative” only after preliminary stages involving the collection and dissemination of trading intelligence and then a co-ordination of foreign trade efforts.

In the wake of the Second World War, during the period of national liberation and emancipation of the developing areas, cooperative interest in foreign trade has grown apace. The stimulus to their economic activities *in general* was due to a number of factors, namely:

1. The need for post-war reconstruction;
2. Planning and building of newly independent countries;
3. Opening up and improvement of communications;
4. Fresh impetus for exploitation of resources.

The motivations for interest in foreign trade were not exclusive or peculiar to cooperatives but applied to them, too:

1. Need for products, materials, services

and know-how from abroad;

2. Desire to improve living standards;
3. Recognition of the benefits to be gained from foreign trade;
4. Considerations concerning the political line-up and alliances, etc.

In recent years, after the initial period of orientation and consolidation, other factors were added:

1. Need to diversify (newly established) national economies by moving away from a one-crop basis (e.g. in Malaysia, Ceylon, Brazil) and towards industrialisation (e.g. India, New Zealand—the latter being relatively prosperous, yet vigorously trying to reduce its dependence on agricultural exports).
2. Worsening terms of international trade from the point of view of the development areas (the recent UNCTAD Conference in New Delhi showed great divergence of opinions, and even disagreements within *both* camps; those of the developing countries which could not agree on the terms of any new preference system nor on the manner of replacing commodity marketing agreements, while the developed parts of the world refused to discuss non-tariff barriers at all and remained hostile to any limitation of their rights to modify or suspend preferences that might hurt their domestic industries), thus demonstrating not only the widening gap between “haves” and “have nots”, but the short-sightedness of the advanced countries.
3. Opportunities arising from free trade zones, common markets, etc.

### **Cooperative Involvement**

To understand the involvement of cooperatives in foreign trade, we need to look at the role of cooperatives in

newly emerging national economies, particularly that of *consumers'* cooperatives. These mainly represent the interests of the less prosperous and fortunate sections of the community; cooperatives are formed to increase the very limited economic bargaining power of individuals through getting together, mutual aid and organised self-help: Farmers join hands for the procurement of credit and requisites and for marketing; shopkeepers, service employees and professional people in order to buy the tools, instruments and equipment they need (e.g. to procure watches for the Singapore police on easy payment terms); consumers form cooperatives to get daily necessities on less onerous terms.

Thus, where government policies are broadly in the public and national interest, there is some affinity or parallel of national and (consumers') cooperative aims and interests—to overcome detrimental abuses of (private) economic power, to raise efficiency by competing against predominant or monopoly interests (including those in foreign trade) and to improve living standards. Cooperative interest in foreign trade follows as desirable and necessary, even from the government point of view, as economic problems and difficulties stand in a relationship of interaction and interdependence to foreign trade (which can, if successful, greatly alleviate problems). Therefore, *growing* problems and difficulties make advantageous and profitable foreign trade *more* urgent and imperative, and cooperative involvement/interest correspondingly so. Also, the consolidation of cooperatives as traders gives them the experience and confidence on which to base their extension of operations into foreign trade in which, with a national and co-

operative identity or similarity of interest, the cooperatives may claim to have a constructive role to play and a rightful place to fill as a fit and proper agency in the foreign trade field. This claim can be pressed all the more vigorously where Governments control, survey and/or finance cooperatives and where there is at least a relationship between national and cooperative planning. In other words, a successful conduct of foreign trade by the cooperatives not only has economic merits, but any financial benefit from it lessens the cooperatives' dependence on, and demand for, government funds. Direct cooperative foreign trade can also benefit the economy by putting a brake on unchallenged private foreign trade and thus counteract inflationary trends, as well as strengthen the hands of Governments in dealing with foreign trade policies, quotas, allocations, etc.

#### **Growth of Economic Difficulties**

That the economic problems of many developing countries *are* growing is unhappily beyond dispute, and thus interest in foreign trade promotion—with cooperative participation—is heightened. Consumer cooperatives' efficiency in procurement and equitable distribution of goods in short supply is vital where population growth outstrips production increases and where food shortages and high prices prevail; thus, it must not be forgotten that the annual population increase in India equals the total number of inhabitants of Australia, and that the continuing growth of exports from the developing countries has not prevented their *share* in the total world trade from dropping from 31 per cent in 1950 to 19 per cent in 1966—a decline of alarming proportions with serious implications.

With the yields from the sale of primary products not increasing, and with such necessities as fertilizers often in short supply, mounting export difficulties facing the developing countries mean that their consumers' cooperatives receive small or no foreign exchange allowances for imports, especially where allocations are made on the basis of past performance in foreign trade—one of the major obstacles which frustrates the cooperatives in their endeavours to serve the interests of their membership and of their country at large. This is so in spite of the nationally crucial need to sell abroad in order to earn foreign exchange, to buy abroad vital materials, capital equipment and technical services, and notwithstanding the improvements in transportation, communication and information exchanges in a physically shrinking world—all factors which *should* make foreign trading easier, whilst mass production, handling and distribution necessitate the acquisition of complex capital equipment and larger scale operations. These larger scale operations make bigger markets a necessity and cause us to look not only at our home markets but at foreign trade and the international exchange of goods, services, materials, and of skills and expertise.

War-time nationalism and post-war national liberation gave emphasis and impetus to the concepts of nationhood and national independence, with self-sufficiency a desirable aim; yet the perhaps unpalatable facts of economic life demand maximum efficiency and specialisation in, and concentration on, those activities most appropriate to any given country or area, whether on account of natural resources, traditional skills, conditions of climate and geography, or other physical circumstances.

Though in a large enough country, like India, this specialisation could take place within the national framework, larger scale marketing demands also that this specialisation and concentration should take place over ever-increasing areas or regions, that is to say, beyond national frontiers. The resulting regional groupings of countries are a recognition of economic interdependence, where potentially even more substantial benefits come from specialisation of activities on a bigger scale than ever. Notions of national independence were perhaps nowhere stronger in the immediate post-war period than in those West European states that had been partly hostile to one another during the Second World War; yet these beliefs and feelings had to take second place to the need for economic unification—hence the creation of the European Community. Excessive dependence on a limited number of products or crops weakens even the most prosperous economies, and regional groupings or confederations, as well as foreign trade promotion, help to correct adverse balances.

#### **International Action and the I.C.A.**

The improvement in world-wide communications has advanced international organisations and activities and the spread and acceptance of their aims more rapidly than ever in the past twenty years. The rapid growth of the I.C.A. and of its influence was no exception to this trend. A pre-war affiliated membership of 63 millions in 17 countries had grown to 91 millions in 30 countries by 1948 and to 230 millions in 58 countries at the latest count. Recognition of the growing importance of the cooperatives in developing countries was embodied in the phrase that the se-

cond century of Cooperation would belong to those countries, and the growing involvement of cooperatives in trade beyond national frontiers was reflected in a certain re-orientation of emphasis within the I.C.A. I have already mentioned that the break-down of the I.C.T.A. was, in the 1950's, followed by I.C.A.-backed moves to re-examine the encouragement of co-ordinated foreign trade among cooperatives, in Europe to begin with. Recognition of the growing role of the developing countries led to the creation of the Alliance's South-East Asia Regional Office in New Delhi in 1960 and there, too, attention had soon to be paid to the problems of trade and of foreign trade.

Whilst paying the most generous and sincere tribute to other organisations which give serious attention to cooperative problems and which encourage the solution of difficulties on a cooperative basis—and I personally had every reason to be grateful to such organisations as the ILO, FAO and AARRO and would not wish to minimise the contribution of the I.F.A.P.—it is a fact that the I.C.A. is the *only* world-wide body which not only deals with cooperative problems and policies, but is in fact run by and for the cooperatives themselves.

The fact-finding mission on foreign trade possibilities for cooperatives based in South-East Asia was decided upon at the Conference of Ministers concerned with cooperative affairs, held in Tokyo in April 1964, which thought the encouragement of foreign trade by cooperatives a very worth-while object, provided sufficient factual information could be gathered so as to determine a practical and useful policy. Following the survey, an International Cooperative Trade Conference to discuss the practic-

al issues was held in Tokyo in June 1968. The survey reflected again the growing importance of foreign trade, and it is not unlikely that a similar enquiry will be initiated in Latin America and perhaps in Africa in the not too distant future.

I do not think I need go into the mechanics of the survey, except to say that the question of any barriers impeding such trade loomed large in the minds of those who planned the exercise, and that great interest in the entire notion of foreign trade encouragement was shown everywhere I went, revealing interesting experiences, comments and opinions throughout the large area ranging from Iran in the West to Japan in the East and from Korea in the North to Australia and New Zealand in the South.

If I were to attempt a very brief summing up of some cardinal points from the findings, I should say that, due to the financial and foreign exchange situation in most of the developing areas and their priority needs, there is, on balance—not surprisingly—more interest in *exporting* by cooperative farmers, processors, artisans and handicrafts people of these areas, whereas the consumers' cooperatives there face serious problems, difficulties and obstacles when wishing to enter into the field of *importing*.

### **Recent and Current Foreign Trade Situation**

On the basis of the information gathered in various ways, let us now try to answer the questions we are concerned with: What is the position of the cooperatives in developing areas with regard to foreign trade? How much are they involved? What have they achieved and how do they benefit? What

are the barriers, the lessons and the prospects?

It became clear that bilateral buyer-to-seller trade and cooperative to private—or private to cooperative—trade were the wide-spread and normal pattern and that any group, regional or international joint trading arrangement was much rarer, as was direct trade between cooperative buyers and sellers. If I am to deal with the whole question, I can hardly ignore the cooperative to private trade nor the function and work of the Western wholesale traders among cooperatives, but, since these aspects are largely dealt with in another lecture about the Nordisk Andelsforbund, I shall try to concentrate on the developing areas and on instances of cooperative to cooperative trade. However, the big cooperative trade federations of the West are important for our purpose. The foreign trade potential of a vast range of different cooperatives in the developing areas, from the Book Society to the petroleum cooperative, to name but two extreme examples, is substantial, but so are the problems to be overcome. However, a worth-while prospect deserves considerable attention.

Foreign trade can only be worthwhile and profitable if conducted on a certain minimum scale, yet cooperatives are often handicapped by having only a limited share in the national market economies, in production, distribution and buying resources.

There are serious dangers and problems inherent in the system of group or agency trading. The great success of N.A.F. must not blind us to the special factors which favoured that society's development, namely, the many features which the relatively prosperous countries of Scandinavia had and still have in common; many of these features are

missing in the developing countries and regions.

The failure of such earlier attempts as the pre-war I.C.T.A., the difficulties still faced by the C.W.C. today and the failure of the former C.W.S. Depot in Hong Kong to be able to function as buying agent on behalf of the other European wholesales illustrate the dangers of creating, without the most solid foundations, any elaborate regional or international foreign trade organisation in the developing regions. It could so easily become just another intermediary or middleman, which means additional costs and a consequent lessening of competitiveness, without fulfilling a possibly vital role effectively.

Many Western cooperatives had established their foreign trade contacts in now independent countries long before there were any cooperative traders in existence there, and even where they were or came into existence, it was often a case of being unable to compete against private sources of supply. Once these latter sources prove satisfactory, it becomes progressively more difficult and risky to abandon them in favour of cooperative alternatives, some of which at least might be less sure and reliable. A cooperative's first duty is to its own members. Can a Western national cooperative that is buying vital raw materials abroad from cartel-controlled sources risk a break-down of supplies by switching its custom to an untried cooperative source, knowing full well that any lapse would leave it at the mercy of anti-cooperative private monopoly traders who might then ask any price they like for a resumption of supplies? This is not a theoretical question, but one which I encountered during my survey.

Another point is that there is some-

times a disincentive to foreign trade in so far as the cooperative is finding it easy to market all its goods profitably on the more familiar and thus less risky domestic market. Clearly, there is a case here for demanding from Governments interested in encouraging foreign trade promotion a positive incentive, rather than just a pious appeal to serve the national interest. I vividly recall such an instance where foreign trade was to be undertaken without enthusiasm and without the necessary guidance, expertise or incentive.

These difficulties are not peculiar to the cooperatives in developing areas; they had also to be faced in the now more advanced countries. No doubt, the question will be asked whether, in view of all these limitations and problems, cooperatives can realistically expect to trade abroad and whether they can trade with their cooperative friends in other countries. (I have been asked these questions in all seriousness.)

My answer must be a positive one, though guarded with warnings, when I recall the example of mushrooms coming all the way from cooperatives in Taiwan (Formosa) to the European Community and being described there as "too cheap", in spite of the very substantial transport costs!

All trade must be based on terms that are broadly satisfactory to both sides, be they cooperatives or other traders, and there is certainly no sound future in any business done on any "cooperative to cooperative" sympathy basis which *ignores* basic economic factors; nevertheless, there is a potential of advantage in direct inter-cooperative trade because of:

1. Possibilities of trade between different types of cooperatives covering a wide range of different activities in

various parts of the world, with plenty of scope and opportunities for them to supply or buy.

2. Community of principles and philosophies underlying cooperative activities (e.g. service to members, return of profits to them, mutual aid and self-help organised by and for the poorer sections of the community, direct trade between producer and consumer, elimination of profit-making and cost-inflating middlemen) which enable cooperatives to deal with each other on a basis and relationship not to be expected from private contacts.
3. The aim of direct producer to consumer trade is said to inhibit such cooperative dealings; yet if this were really true, it would stop trade between *all* buyers and sellers, since both invariably seek advantages, be they cooperatives, private businesses or even State traders.
4. Cooperative to cooperative trade can be linked with, and built upon, other cooperative to cooperative forms of contact, consultation, exchanges between bodies and organisations which can deal openly with one another, without hostility, fear of competition (as they are operating in different countries in this context) or the need to guard trade secrets, as is the case with private trade competitors. Such interaction of trading and other contacts between cooperatives can be fruitfully and beneficially exploited.
5. The desirability of direct cooperative to cooperative relationships even beyond national boundaries was acknowledged and laid down by the Congress of the I.C.A. in Vienna in 1966, when an additional basic Principle of Cooperation was adopted in these terms: "All cooperative organisations, in order to best serve the in-



terests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels."

6. A very important function of the development of cooperative to cooperative trade on an international scale is that of breaking the stranglehold of private profiteers on vital foreign trade relationships, particularly where developing countries are concerned.

Cooperatives can, will and in fact do increase trade with cooperatives elsewhere, but let there be no illusions about the enormity of the task. We can learn much from factual case studies, from successes and from failures, and can benefit more from these than from theories; thus, let us look first at some examples of successful achievement in international cooperative trade:

Though not typical for the consumer's movement, but fairly successful in the face of great odds and in a particularly keenly organised industry is the I.C.P.A. Just think of the giant Shell Company as one of its competitors! In 21 years of progress, the I.C.P.A. has formed links with a number of developing countries, such as Egypt, India, Ceylon and Pakistan, and has cooperatively or publicly controlled member organisations in some of these countries, as well as important trade contacts with cooperatives in other parts. With 36 member organisations in some 24 countries, it handles commodities of absolutely vital concern to cooperatives in farming, fishing, transport and to motorists as consumers. Its advance from oil to tyres and chemical fertilizers, and from trading to blending and prospecting, shows what can be done by a really business-like and expertly managed international cooperative. With sub-

stantial American influence on its management, it will undoubtedly justify study by those interested in the promotion of inter-cooperative trade on an international scale.

Having disposed of the argument that a cooperative cannot, at the international level, trade with other cooperatives, we might look at some other practical achievements as proof positive of what can be done and as an encouragement of the vast potential, without suggesting that it is either an easy task or one that is already being tackled to the fullest possible extent; nor is it suggested that, on average, cooperative foreign trade is as successfully conducted as that of private firms. Though not all taken necessarily from the consumer field, may I refer to some haphazardly chosen examples: amongst consumers' cooperatives, we have not only the N.A.F., but the steadily growing EURO-COOP, which unites in action the wholesales of the European Community countries, both in respect of joint buying and production rationalisation, and also forward planning and financing of future activities. In a wider European context, we have the Cooperative Wholesale Committee, C.W.C., to which a more detailed reference will follow with special regard to joint buying from the developing countries. Then we have the promising field of what I might call farmers-cum-consumers' cooperation where, for example, the recent Thailand-Japan agreement points the way forward from the starting point of agricultural supplies, via the organisation of collection and distribution methods and of staff training, leading on to the possible provision of consumer goods needed by farmers in addition to the farm equipment they require from their cooperatives. Bilateral inter-cooperative

trading has many facets. Danish cooperative furniture has been sold to and by consumers' societies in the U.S.A., soap made by a cooperative factory in Norway has been sold through cooperative shops in Switzerland, the consumers' cooperative federations of Japan and the U.S.S.R. have expanded barter trading over the last 12 years, and the Japanese movement has done business with consumer wholesales in Sweden, Germany, England, Norway, Poland and Czechoslovakia. The first Japanese-American cooperative deal is now bringing American milo from Texas cooperatives to those of Japan's farmers. Other examples known to me are an arrangement to supply molasses from Indian cooperative sources to the Japanese, and C.W.S. goods being sold from England to cooperatives in West Pakistan, Queensland and others.

An example of international cooperative trade collaboration, which has stood the test of time and deserves more attention than it has had, is the New Zealand Produce Association registered in London. For many years, this Association has, to the satisfaction of both sides, channelled dairy produce from the cooperatively organised farmers of New Zealand to the cooperative wholesalers in Britain, thus providing a form of shared prosperity on an agreed basis and not impeded by the fact that the NZPA has now to act for handling purposes as an agent of the New Zealand Government. Common interests led to efficient joint action—an example well worth studying by anyone in search of structures which might serve the purpose of inter-cooperative trading. These are some of the examples which demonstrate that there is scope for such trade between East and West, between developed and developing areas, as well as within

these groupings. What was achieved in the past can still be improved upon, considering that we now have a greater and growing ease of transport, communication and information, improving living standards in many regions and, therefore, a more varied demand from consumers for more advanced and sophisticated goods and generally a greater need to engage in foreign trade, due to a variety of reasons.

The special problems of consumers' cooperatives in developing countries are that they find it very difficult to carry out a function for which there is a definite and substantial need; until they control some productive activities with an export potential, their main concern is the *importing* side and the need to fulfil the vital role of obtaining and distributing badly needed foreign supplies on an equitable basis. This role of the consumer movement is of importance in order to combat private trade profiteering, the exploitation of private high-price monopolies, to counteract inflation and to offer to Governments the alternative of a trading organisation which can be used when private firms attempt to be unreasonable in their attitudes to public policy, to the consumer and to any other interest adversely affected by the private trader's powerful position. Yet vital though the consumers' cooperative role is in these respects, they are often—too often—denied the means of carrying out this task, not only because of import restrictions, foreign exchange shortages and so on, but by repeatedly being denied even an opportunity to operate in foreign trade, partly because of the pernicious system of awarding quotas and permits *only* on the basis of past performance, thus perpetuating the dominating position of those most inclined to prevent coopera-

tive competition.

In most of the countries which I surveyed personally and which have furnished further details at last year's International Trade Conference in Tokyo, the consumers' cooperatives were, to a varying degree, interested or involved in foreign trade. I can here do no more than quote examples of the type of problem some of them faced, which exercise will do nothing more than show that one's own problems are not necessarily unique and, more important, may have proved capable of solution elsewhere. I take these examples at random and in no order of significance or merit: In *Malaysia*, I found a situation where the local C.W.S. was often purchasing quantities not large enough to warrant direct imports, and consumers' societies were competing against strongly entrenched private traders, who had the advantage of being able to offer customers extended credit terms, whereas the societies were not only unable to do this, but had themselves great difficulties in meeting the demand for payment from the C.W.S. there. Whilst not a consumers' cooperative, the NACF in *South Korea* struggles against a pronounced hostility from well organised private trade and industry, in addition to which there is substantial political control of cooperative activities by the Government which had some internal differences of opinion about preferences to be granted to private or cooperative operators. In the *Philippines*, where there is relatively greater freedom as regards foreign trade, I was surprised to encounter a consumers' cooperative federation which appeared to engage in a multitude of different importing operations covering many sources and many commodity groups, and not merely ordinary consumers' needs but also goods

to meet educational requirements and materials for processing in the country. Nevertheless, the one thing they have in common with many of their friends elsewhere is the problem of adequate credit facilities.

In *Australia*, the relative prosperity of the population has been held largely responsible for the moderate impact which consumers' cooperation has made there, in spite of the fact that many immigrants come from cooperatively conscious countries. Not surprisingly, the foreign trade of consumers' cooperatives is slight and often in the hands of private trade agents or partners; it is also hampered by the policy of encouraging the import of capital rather than of goods which can be made in Australia. On the whole, consumers' cooperation is probably as weak there as farmers' cooperation is strong.

*New Zealand*, too, is in a somewhat similar situation, though its greater reliance hitherto on a more limited number of exportable products and export markets has made its foreign exchange position even more precarious and control of imports more stringent. Consumers' cooperatives have done some importing in the past, but do virtually none at present. Even if enabled to do so, the quantities would hardly merit a direct import trade, considering the vast distance from practically all sources.

In *India*, there is most certainly as great a need for imports by consumers' cooperatives to play a socially and economically vital role in the face of private trade opposition and exploitation, as there is a rather desperate shortage of foreign exchange funds for such imports. It is a fact that, to quote one very important example, consumer cooperatives have tried to import birth control appliances which are very much

needed, but there is almost certainly nowhere a cooperative producer of such articles! Clearly, the Indian consumers' movement could play a substantial role in the implementation of policies in the national interest, and its foreign trade prospects may well be connected with any barter trade possibilities.

*Ceylon*, too, is faced with a severe balance of payments problem which inhibits imports. In addition, the genuine cooperative movement there is still somewhat hampered by the rather unfortunate recent history of the C.W.E., a Government trading agency, which bears the cooperative name, but is not a real cooperative and has had a turbulent past as a foreign trader. There is, however, a great need for the genuine cooperatives to act as a direct importer and honest distributor of many staple goods, which are vital but not plentiful, so as to help regulate the cost of living and to counteract private trade malpractices in protection and defence of the consumer. At the same time, there are cooperatives anxious but unable to export, whilst others could readily dispose of their produce at home, yet are asked by the authorities to ship them abroad in order to earn badly needed foreign money.

These examples show the pattern of consumer cooperatives being inhibited from fulfilling a vital importing and distributive function and the general characteristic of cooperatives often being late entrants in the race for foreign trade, being handicapped by a limited economic base on account of their restricted trade and membership, and also frequently lacking the skills and management expertise so vitally needed for dealing with other countries (and their cooperatives), not to mention creditworthiness and capital problems; how

can they overcome these whilst foreign trade remains always in the same hands of entrenched private traders?

### **Variety and Range of Foreign Trade Operations**

Foreign trade transactions involving cooperatives in developing countries have ranged far and wide, including simple transactions between individual societies across neighbouring borders and also more complex long-distance efforts involving collective selling and buying on behalf of a number of cooperatives. A few random examples will show the range and potential. Cooperative foreign trade directly affecting personal consumption has included the sale of such agricultural and food products as nuts and tobacco from Ceylonese cooperatives to India, and the import into Pakistan of European radio components and cooperatively made tableware from Europe (United Kingdom and Czechoslovakia). The latter transactions by the Central Cooperative Stores of Lahore included the interesting feature of about one-fifth of the imports being then transferred to other cooperatives in the importing area. Examples of more complex activities can be quoted from India, where organised efforts have resulted in great increases in exports of some agricultural products, of handicrafts, handloom fabrics and other similar articles, sent to various parts of the world through marketing boards and corporations. With Government support, industrial Indian cooperatives have also promoted exhibitions of their products aimed at domestic and foreign buyers.

Thus, the scope and variety of potential cooperative foreign trade is almost unlimited, and there *are* opportunities for consumers' societies to play a part, as

well as for many other types of societies, since cooperative organisations operate in a multitude of activities, from rural electrification to the provision of text and school books, and from burial services to taxicab arrangements. The key to success, especially in the often unfamiliar, complicated and risky business of trading abroad, lies almost invariably in a system of planned co-ordination of marketing or procurement arrangements on behalf of a *number* of cooperatives.

Available for study and examination are case studies of both successes and failures in these respects. The story of Indian cooperative banana exports contains elements of both, and other cooperative exports from that region of the world constitute some worth-while achievements, but cannot be said to reach optimum proportions as yet. For relatively recent successes in both importing and exporting, we can look usefully at the efforts of the Japanese co-operators who created specialist bodies for their external trade; or we may marvel at the range of goods and materials imported by the Philippine cooperatives from different corners of the earth. It is remarkable that, in Iran, a consumers' cooperative organisation is not only conducting a relatively sophisticated programme of imports, but has obtained the sole agency rights for bringing a famous western brand of tea into what is, after all, itself a tea-growing country.

This co-ordination for foreign trade purposes is necessary to reach economically sensible minimum quantities for bulk trading, so that such items as transport and insurance costs should not become prohibitive per unit of goods handled and to make the employment of the necessary specialist management and staff feasible. Only such bulk busi-

ness makes competitive quantity terms and specifications practical, and they are a vital prerequisite for any success in foreign trade. Japan and the Philippines provide interesting examples of such developments in the consumer field, whilst Australia and New Zealand show the way in the conduct of agricultural cooperative exports.

### **Lessons from Western Cooperative Experience**

Although they are now frequently more firmly established, financially sounder and operate in more advanced and advantageous economies—and are also in general free from both government control and government finance support—Western national cooperatives have gathered experiences which can be of value for planning, if not for ready-made application, to cooperatives in developing countries in search of international cooperative trade and of any vehicle suitable for it. One lesson which all have learnt in the West is that foreign trade is highly complicated, full of pitfalls and dangers and requires expert knowledge. They have, therefore, come round to thinking that foreign trade operations are not a matter to be handled or conducted on a local, accidental, incidental or isolated basis, but are more effectively dealt with by a specialist organisation or, at the very least, a specialist department of the national trading cooperative (those most successful so far in the developing countries are the cooperatives which have followed such a policy). Indeed, the post-war trends towards free trade zones and common market arrangements extending beyond national frontiers even began to indicate that action on a national or nation-wide scale may be too

small and expensive and thus not making the most of the opportunities that arise. That is why the European wholesale cooperatives are taking joint action so as to utilise even better their knowledge, contacts, overseas agents and offices, and any other means which will enable them to compete more efficiently against private traders at home and abroad. To succeed in international and inter-cooperative trade, the developing areas too will need to build up *gradually* such arrangements as will enable them to master the intricacies of other countries' regulations, weights and measures, shopping habits, credit facilities, research and distribution data, and the many other facets that make up a foreign trade operation which will be a lasting success and thus make the societies stronger and more useful to their own members and nations. Let us therefore look at the agency in the West which has a wider geographical coverage than Scandinavia's N.A.F. or the Common Market's EURO-COOP, namely the international C.W.C. which was built up in the 1950's and now comprises 18 European wholesales from the non-Communist countries. (The Israeli C.W.S. is also one of the 18 members.)

#### **The Cooperative Wholesale Committee**

Let me stress that the C.W.C. is not itself a trader but rather an agency of co-ordination which has a secretariat in Denmark because much of the spadework for this European collaboration had been done by the Scandinavian movements. The secretariat helps and promotes the necessary contacts, liaison and joint action programmes for the various societies and commodity groups. As a result of hard and skilful work based on careful research and assessment,

rapid progress has been made over the last few years to enable the national cooperatives to withstand the growing competition from internationally organised private trade. The greatest advance has been in the field of joint purchasing—and it is this sphere which is of the greatest interest to developing areas and their cooperatives—whilst there has been a less spectacular advance in inter-trading in own products in Europe, although the Norwegian and German wholesales now have begun to sell some of their canned fish products to other European friends. The most difficult and long-term problem is that of European production rationalisation where, not surprisingly, a closing of ranks is most likely to take place *within* the given trade blocks, that is to say, by EURO-COOP in the Common Market—biscuit, flour confectionery and chocolate items being now integrated, as far as cooperative production is concerned—and also among the Scandinavian movements in the EFTA area; rationalisation between the two British wholesales has proved a rather difficult problem, but economic forces are compelling a further review of the situation.

As far as joint buying is concerned, this has progressed tremendously. At the same time, members' overseas buying depots are being used more fully. I shall not encroach on the subject of the N.A.F., but quote the example of the C.W.S. Depot in Sydney which has become a very large buyer of Australian canned fruit not only for the British movement, but has shipped 260,000 cartons of canned fruits to the value of £440,000 to the continental members of the C.W.C. in 1967. Buying on this scale enables this outpost of the consumers' cooperatives in the stronghold

of farmers' cooperation to call the tune by laying down the required specifications, labels, etc., and to negotiate really competitive terms. Also of interest in this context are the activities of the British Cooperative Tea Society (formerly known as the English and Scottish Joint C.W.S.) which was created by the two British wholesales to act as a specialist trader in coffee and cocoa, as well as a grower, buyer, shipper, blender, packer and wholesale supplier of tea. Plantations owned by the Society in India, Ceylon and Tanzania contribute towards the vast quantities of tea handled (about one-seventh of the British consumption) and the supplies now being sold to other European cooperatives at the as yet modest but growing rate of £ 100,000 per annum. Like the N.A.F., these are examples of consumers' cooperatives successfully owning and conducting the procurement organisations abroad which could well do more business in future with overseas cooperatives. On the non-food side, the buying collaboration has also made great strides, both within Europe and in some other continents. In 1967, supplies bought jointly—men's and women's clothes and underwear, toys, and sports and camping equipment—amounted to no less than U.S. Dollars 9 million, and goods came from South-East Asia, the Far East and Israel, with some of these sources to be yet fully explored and utilised. The Committee's annual report for 1967-68 points out that there are still some completely untouched fields for further extension of joint buying and cites as examples coffee from East Africa, fruit, fish and other foods from the Pacific islands area, textiles from South America and other goods which might come from cooperatives.

There are of course other bodies employing joint cooperative buying tactics to a growing extent. EUROGRAIN, located in Hamburg, handles big quantities of grain and is becoming important for the animal feedstuffs markets, especially in the European Community, although it also has members beyond that area, such as the relatively new British agricultural federation, the Farmers' Overseas Trading Ltd. Another much older body is the London-based Overseas Farmers' Cooperative Federation Ltd., which has been acting since 1920 for the national cooperative farmers' federations of four overseas countries as both seller and buyer. This again is an organisation which has stood the test of time and is well worth looking at from the point of view of a thoroughly established business serving cooperative members. Some reference to it appears in the survey which the I.C.A. commissioned me to carry out, and I visited the national member cooperatives in Australia and New Zealand which are very substantial foreign traders.

#### **Overall Position as Reflected by the Survey and other Research**

Though I am aware that South-East Asia may not be typical or an exact parallel of other developing areas, my first-hand knowledge and experience there was sufficient to demonstrate that it contains a number of rather different stages of both national and cooperative development in economies which vary greatly, ranging from the mountainous and inaccessible Nepal to the multitude of islands making up the Philippines, and from the vast empty spaces of Australia's West to densely populated Japan.

As varied as these countries and their economies are the cooperatives and their strength, weaknesses, successes and failures in foreign trade. In addition to the examples I mentioned, others are described in various articles and publications. Lessons are to be learnt not only from written sources and case histories, but also through visits and from working temporarily in other cooperatives.

Though the now more consolidated Western movements may have overcome a few of the basic problems with which developing areas are still grappling, they are often operating in conditions of competitive intensity and pressures which are not yet known to the same extent elsewhere; consumers' cooperatives in the developing world are certainly not alone in facing such issues as financial priority questions, capital procurement and the establishment and maintenance of that credit rating so vitally important for operating in foreign markets. Indeed, these problems are almost universal among cooperatives, even if they vary in degree, but the need for consumers' societies to participate in direct foreign trade—and if possible, in dealings with other cooperatives abroad—is as great as are the opportunities which are increasingly presenting themselves, for it is idle to deny that some kinds of barriers to such trade are in fact coming down, even if not as speedily and as thoroughly as we might wish; nevertheless, the implementation of the Kennedy Round tariff cuts and the establishment of more and widening free trade zones do represent opportunities which *must* be seized if we are serious about the desire to engage in trading abroad. It is my personal opinion that international commodity marketing agreements are proving far less effective in advancing towards the ultimate

goal of free world trade. All beginnings are difficult, yet all openings should be meticulously scrutinised, always remembering that nothing succeeds like success!

I have referred to the common bonds between cooperatives and to their world-wide agency, the I.C.A. Bearing these circumstances in mind, I suggest that cooperative to cooperative trading across national boundaries *can* develop from other initial forms of contacts between organisations, provided that any business enquiries are *concrete and precise* in their formulation and that the foundations are laid in such a way that case studies of the other side's experiences are designed not only to profit from past happenings but—and this is more important than is commonly believed—to appreciate the problems and preoccupations *currently* facing one's fellow cooperators elsewhere; such a foundation of mutual trust and understanding can but help in ascertaining where the trading opportunities lie, and if the likely industrialisation and diversification of the developing economies, with the hoped-for rises in living standards, consumer demands and consumer protection progress, should follow in the footsteps of earlier Western experience, then the consumer cooperative experiences there will prove both invaluable and rather cheaply acquired for application elsewhere. In the same way, the lessons which cooperatively organised farmers learnt in initiating their joint exporting efforts from Australia, New Zealand or Japan will eventually benefit like-minded agricultural cooperators in Africa or Latin America, and the success of the Swedish movement's policy in defence of the shopper and in opposition to private trade monopolies is sure to be a helpful guide to consumers' so-



cities in other areas. It is worth remembering constantly that the battles which cooperatives are now fighting in the newly independent countries have, in some form or another, taken place previously elsewhere—and that fact alone generates some form of common bond or sympathy which can be utilised for initial contacts, but *not* for trading relations on any “sympathy” basis, as I have already said. The fight for social and economic justice, for a more reasonable distribution not only of wealth and property, but of consumer goods and necessities, the struggle against unemployment, poverty and excessive private profit-making at the expense of the poorer sections, all these aims demand the involvement of cooperatives, and of consumers’ societies in particular, and the conduct of direct foreign trade is a very useful component of these economic activities of the cooperatives.

### **Looking to the Future**

We have recognised that, valuable though past experience is, it does need adapting to the probable trend of likely future developments and to the varying sets of circumstances encountered, depending on the degree of progress made by a country and by its cooperative trading bodies. Particularly in relation to the consumers’ movement, we must make due allowance for the fact that only too often the cooperatives face something of a handicap vis-à-vis their private trade competitors by virtue of limitations of the trading potential of cooperatives, especially where they do business with their own members only and/or where their appeal is in fact limited to a clearly defined section of the community only, mostly the not so well-to-do workers and artisans.

If the scale of operating is important in the cooperatives’ *domestic* trade, it is even more decisive a consideration for any *direct foreign trade*, and where satisfactory conditions do not exist, such trade will certainly not be of interest to any cooperative in another country which also needs to examine most carefully the economic benefits to be gained from any such operation. In other words, let us say that, for example, it will not pay Japanese cooperative agencies to ship to the Malaysian C.W.S. such quantities of canned fish as are required by the latter, if not large enough to make the deal a paying proposition on all counts and for both sides; more than likely, the same commodity can be bought at a lower price from a local specialist import firm which might well supply many more customers in Malaysia.

Important though the scale of operation is, it is not by any means the only prerequisite for successful cooperative to cooperative trade; I can think of an example of a potential deal between Australian and Indian cooperatives which never got off the ground because of a lack of the necessary elementary knowledge about the approach to foreign trading, let alone its conduct. In spite of these shortcomings and lack of experience, direct cooperative to cooperative trade, aimed at the exclusion of private agents and middlemen and their intervening commissions and profits, *could* be of great benefit to the participating cooperatives on both sides, particularly in the consumer goods field, where trading margins are frequently minute. Provided we recognise both internal and external shortcomings and obstacles that have to be overcome, there are plenty of examples of success which are worth emulating, always bearing in mind due

regard for prevailing circumstances.

### **Prerequisites for Success in Cooperative Foreign Trade**

If we accept that there is no place for sentimentality in business and that trade based on any foundation which substitutes cooperative sympathies and affinities for the reality of economics and competition is unsound and doomed, and if we appreciate that these elements are even more important in the hazardous operation of trading abroad, then we may proceed to ask more specifically what the requirements are for success in any foreign trade by consumers' cooperatives. It must be remembered that the lack of these prerequisites is likely to be as dangerous, discouraging and even disastrous as any premature and over-ambitious venture; what we must look for are soundly based *domestic* trade operations and a considerable length of time of a reasonably satisfactory performance. This would be indicative of that really business-like precision and promptness in all transactions which is so vital when dealing with buyers and suppliers in other countries, and which reflects (a) a thorough knowledge of all aspects, (b) management skills, and (c) expertise in decision-making.

As to the knowledge required, it is almost boundless, but some of it can often be acquired through cooperative contacts in other areas. Some of the more obvious fields of knowledge would include suitability of products or of markets, shopping habits, distribution and production networks in the country concerned, strength and weaknesses of cooperatives there, regulations affecting exports or imports, credit facilities and manners of payment, availability of agents, quality requirements, price le-

vels and many other factors. To quote some concrete examples, let me say that the United States have very severe food and drugs labelling rules, that the European Community is developing systems under which certain food products may be sold only in prescribed metric quantities and that trading in many of the more complex markets necessitates fairly precise investigations relating to age groups and social classes which form the potential customers.

As to management skills, it is an acknowledged fact that these are in short supply in many developing areas. A recent report focussed attention on this problem as it exists in State-controlled enterprises in India. Thus, staff training programmes and a definition of management needs are crucial points for attention by cooperatives hoping to conduct foreign trade or to set up bodies for that purpose. In this field in particular, contacts and goodwill in relation to other countries' cooperatives can be most valuable. The experience and mode of operating of the more developed cooperative foreign traders are often very instructive and some of this can be fairly easily absorbed if proper arrangements are made for the temporary attachment of prospective foreign trade cooperators from developing countries to, let us say, the appropriate departments of Western wholesales. (There is of course also some benefit to be gained from the reverse procedure, i.e., the loan of advanced experts to work and teach in consumers' cooperatives in Africa, Latin America or Asia.) In that way, goodwill between cooperatives can be utilised and may even pave the way for trading.

The third factor—expert decision-making—hardly needs elaborating, as its importance is obvious; yet I must be

quite honest and say that its lack—on the part of the developing cooperatives—has sometimes made the other cooperative party to a suggested deal or joint operation doubt the seriousness of intent on the part of the enquirer or potential trader! It is clear that this is most damaging to the prospects of inter-cooperative trading, and when I recall the many potential contacts which I was fortunately able to suggest to cooperatives all over South-East Asia during my tour, I sometimes wonder how many of these resulted in serious and concrete attempts to commence inter-cooperative trading across national frontiers.

What we have considered above are the *internal* failings and shortcomings within the cooperatives of developing areas; secondly, we have certain problem fields that are partly internal weaknesses and partly due to factors the cooperatives cannot control, namely, the crucial restrictions and shortages in respect of foreign exchange and lack of an established creditworthiness, as well as the frequently encountered position where the cooperatives can readily trade on their domestic markets and lack any incentive to venture abroad. I encountered comments to this effect in Australia and Ceylon, amongst others. Thirdly, we have the *external* hindrances which are no excuse or alibi for any cooperative failure or inaction, even though they are largely outside the control of the societies; these include government restrictions, regulations, allocations, and quotas and licences, etc. In most of the developing countries which I visited, permission for foreign trade was *invariably* based on past performance, thus precluding the entry of cooperatives into a field which their private competitors wanted to retain for themselves, not

because of its risks and dangers, but because of its profitability! Thus, we had the ridiculous situation that some Governments saw the virtue of foreign cooperative trade, yet prevented it. Here we must also list those instances where the conduct of cooperative trade at home and abroad is excessively interfered with by government control not only of finances and expenditure but by a political appointments system which I have criticised in the I.C.A. Survey. To overcome these barriers requires not merely organised and systematic pressure by cooperatives and their spokesmen, but the much more effective weapon of consolidation and success in the domestic trade field. Nothing is more likely to secure the respect and a hearing from unhelpful, short-sighted or biased public authorities—and, for that matter, from the competition and from the large mass of customers and members—than the conduct of a flourishing and efficient cooperative business. This really does speak volumes and strengthens one's claims to be considered for an allocation of foreign trade much more effectively than any argument and appeal based on demands for fair play or justice.

Let me add that I am fully aware that some governments do indeed help cooperatives to gain or strengthen a foothold abroad, and action along these lines raises the interesting and by no means academic question as to whether it is a good thing or not that some fortunate cooperatives (they do not always turn out to be fortunate in the end, as I well know) are occasionally granted a temporary foreign trade monopoly for a given commodity group or area, as has been the case in India. For myself, I think the answer is related to that of the virtue or otherwise of government-

created cooperatives; in other words, such action on a temporary basis is preferable to no action at all, but the sooner the cooperative, in its own domestic sphere or in its foreign trade, can stand on its own feet and learn to face true competition, the better are its prospects for soundness of operation and genuine service to its members and their community. As soon as possible, a cooperative engaged in trade abroad must face "real life". There is one quite feasible compromise arrangement which is likely to work fairly well, that is, for cooperatives newly entering into foreign trade to do so through, or with the guidance or aid of, any state-trading bodies which may well exist in their own countries. This method can give them easier access to official resources and information and could also help in making cooperative and State policies more likely to agree, or to proceed along parallel lines at least.

Serious though these external barriers are—and my survey shows that I had and have no intention of minimising them or glossing over their existence—one has to admit that *some* of them impede not only cooperatives but other foreign traders, too. On weighing all the evidence and comment which I secured from all sides (cooperatives, Governments, state trade bodies, chambers of commerce, foreign trade institutes, etc.). I concluded that, on balance, the *internal* shortcomings and weaknesses of the cooperative organisations were, generally speaking, the greater impediment to progress on the road to foreign trade promotion by cooperatives; at the same time, I not only acknowledge, but deliberately draw attention to, those cooperatives in developing countries which are making a great success of foreign trade.

### **Organisations and Structures for Cooperative Foreign Trade**

Especially where new foreign trade ventures are being initiated by the movement, there arises the vital question of creating an appropriate, if modest, structure for the purpose. Experience to-date suggests that it is dangerous—and expensive—to start, or to hasten towards, too elaborate organisations at a very early stage. It is similarly futile to operate any worth-while foreign trade on a very narrow local basis. If we realise the special nature of the risks and pitfalls of foreign trade, for example, on the difficult question of appointing foreign agents (and initially the cooperative contact abroad can sometimes help here), then we also realise that foreign trade is not just an extension of domestic trade; those of us who have had anything to do with the issues know only too well that it is impossible to build up any lasting export trade simply on the basis of trying to dispose of one's surplus or spare productions which are not suited or made to fit foreign market needs. You will also agree that importing is a more complicated business than domestic buying with direct inspection and on-the-spot negotiations. Where consumers' cooperatives cater, as is normally the case, for *limited* sectors of the national market and population, they consequently purchase at least some of their foreign goods from private specialist importers, since their trade is not big enough to import directly. Therefore, any cooperative attempting to get a share of such trade at the expense of established traders must make extremely competitive offers, guarantee continuity of supply, maintenance of agreed quality standards, labelling specifications, and so on.

On the question of foreign agents,

there can be no golden rule, but an informative and instructive initial cooperative contact in the country involved can be of help and guidance; where the approached cooperative itself is interested in buying or stocking the goods in question, the possibility of supplying samples, literature, price lists and specifications for circulation or display has to be investigated, always provided any demand which may arise can really be met! Where the approached cooperative is not in the market for the goods, it can be helpful to find another taker, since no question of competition will thereby arise.

Although it may well be done quite successfully on a regional basis in a very large country like India or Australia—the latter has an effective proxy arrangement in some fruit trades, where the various state organisations accept and carry out each other's orders at different seasons—it has generally proved desirable to conduct foreign trade by cooperatives on a national basis, preferably by a specialist body or section of the movement. The success of the Japanese agricultural and consumers' cooperatives in following this policy speaks for itself and is worth a detailed study. Let me warn again, however, against any hasty, over-ambitious or premature setting up of too elaborate and costly organisations before it is crystal clear that they have a definite role to play, are capable of fulfilling it and likely to become economically justifiable fairly soon. Any failure due to these requirements not being met is likely to cause a severe setback, loss of confidence and of money. Let us remember that the highly successful N.A.F., which had many factors operating in its favour, was in being for 36 years before it set up its export subsidiary! To sum up the con-

siderations outlined above, we need an adequate scale of foreign trade operations, highly specialised management skills and knowledge, firm contacts in the markets to be tackled, and sufficiently clear-cut planning, which will enable the venture to harness the limited and expensive facilities available for the maximum benefit of the national cooperative movement.

### **Utilising the Know-How of other Cooperatives in Foreign Trade**

All this suggests that the cooperatives of the more developed countries *can* be of assistance, but we must *always* remember that their first duty is to their own members, especially when one encounters initial doubts or reluctance. The developed cooperatives must see at least some long-term benefit from the proposed course of action for themselves, otherwise they would not be doing their job and their duty! This means that any approach or proposal must be made in a way so as to show that the other side's problems are being at least appreciated, and this presupposes an assessment of their interests, experiences and likely attitude to any potential inter-cooperative trading.

At present, the keenness of competition facing consumers' cooperatives in the advanced countries compels them to be very careful with their own capital and other resources—which minimises the possibilities of aid or charity—to reduce the risks in their foreign trade (which means it is more difficult to effect any switch in established business away from private contacts to cooperative ones), to conduct that trade as directly as is possible with the producer or final consumer, and to utilise existing facilities to the maximum of their capacity. This is why joint action by the

European wholesales in prospecting, buying or ordering has grown over the last few years. These techniques are, incidentally, also being adopted more and more by chains of private traders who now operate across national boundaries. Failure to become an effective buying agent for other European cooperatives must have been a contributory factor towards the closing of the C.W.S. office in Hong Kong.

The fact remains that the developed countries' cooperatives do only a small fraction of their foreign trade with cooperative suppliers or customers; as the I.C.A. survey shows, a true mass basis for inter-cooperative trade has yet to be created. If I take two of the most important of the Western movements as examples, I can say that the Swedish K.F. makes, as a truly cooperatively and internationally minded organisation, a good many efforts to seek cooperative trading contacts all over the world, but not often with spectacular results. I know of one case where they showed interest in a product from a cooperative source in a developing country, but were not able to secure a volume to make business possible, never mind worthwhile. In another instance, they buy vital raw material from a developing country where the local cooperative would dearly like to become a supplier to the Swedes, but is so far unable to get a sufficiently secure supply organisation into being; in view of this deficiency, can K.F. be expected to abandon a sure and important supply and risk any interruption in the furnishing of raw materials for an important industry? Or let us take the English C.W.S. which imports direct well over £30 million worth of goods a year; in 1966, more than half of this came through its own overseas depots, but only some 2½ per cent from

native cooperatives in the countries involved in all these imports—and, in fact, none of this business included any deals with cooperatives in *developing* countries; one cannot help thinking that there ought to be some opportunities regarding such goods as dairy produce, dried and canned fruit, canned and frozen meat and fish, spices, textiles and toys. Figures of some of this trade, as far as the area covered by it is concerned, are in the I.C.A. survey and these show clearly the large C.W.S. purchases from the Commonwealth countries and colonies and a growing trade with Japan, but precious little from other countries out east. Reference is also made to some other K.F. explorations of potential markets for such things as household textiles, furnishings and similar articles.

With 90 years of foreign trade experience behind it, England's C.W.S. is well acquainted with the problems involved. As far as *imports* go, the only inter-cooperative trade possible is that with those societies (on the *consumer* side) which own or control sources of supply or manufacture—which, to all intents and purposes, rules out most of the developing countries where consumers' cooperatives have not yet grown to that stature. And even as far as imports from consumers' wholesales in Europe are concerned, my experiences as secretary to an international cooperative footwear working party have shown to me quite clearly the formidable difficulties, even where the utmost goodwill was being brought to bear. One thing to be remembered in this connection is the fact that progress in production and in wholesaling is not uniform in each national movement, one being stronger in one aspect and another in the other function. Where we face a difference of emphasis, inter-cooperative trade be-

comes even more complicated, be it with or in the West or the East. C.W.S. exports to consumers' cooperatives in developing countries are strictly limited by the potential buyers' inability either to purchase on a sufficiently large scale or to give guarantees about certainty of payment that are satisfactory to the U.K. Government department which underwrites the risks taken by British exporters, such as the C.W.S. Thus, only 5 per cent of total C.W.S. exports (which amount to some £1½ to 2 million a year) go to cooperatives. Other impediments are quotas and tariffs imposed by other Governments not only to keep down imports—and their cost in foreign exchange—but also to protect new domestic industries; Japan, Singapore or Australia, for example, give a greater welcome to capital which helps their industrialisation development than to goods which can be produced rather than imported. In some cases, of course, C.W.S. goods are simply not suitable for some developing countries; the best terms, goodwill and salesmanship could not make the type of heavier woollen cloth in which the C.W.S. specialises of interest to tropical or semi-tropical areas.

C.W.S. exports have gone to consumers' cooperatives or wholesales in such diverse areas as Australia, the Cook Islands, Fiji, Japan, Nigeria, Pakistan and Cyprus, the last named being an interesting example of recent rapid growth in consumer's cooperation. There have also been some sales to the cooperatives in Thailand and Malaysia and, more recently, the C.W.S. received enquiries from Sierra Leone and Guyana, but it is as yet uncertain whether the required financial assurances will materialise to make business possible. Like other C.W.S. undertakings, the Society's Export Department is under an obligation

to base its policies on the strictest commercial considerations.

In such sizable markets as Ceylon, Ghana or India, there is little prospect of any early importing of the kind of consumer commodity handled by the C.W.S. Those connected with the development and modernisation of consumer cooperative shops will be interested to hear that the C.W.S. is exporting self-service store equipment and shop display facilities to the Cypriot cooperatives which are rapidly gaining a growing share of the island's trade. Some C.W.S. exports to other cooperatives also take place in the framework of the barter trade done with Communist countries in Eastern Europe, notably the U.S.S.R. and "Centrosoyus".

#### **Some of the Opportunities to be Exploited**

I have put much emphasis on problems and difficulties, but make no apology for this; if these did not exist, we would not be here considering what needs to be done! Let me add one more point of caution and warning. I think there exists in some developing areas an illusion regarding the suitability of certain products for foreign markets in the more advanced countries. I have just spoken of some C.W.S. goods not being of interest to other parts of the world, but the reverse is also true, even though they may be commodities widely used or consumed throughout, let us say, Africa and Asia or the Middle East. I suspect that the fact that certain characteristic native products are frequently bought by visitors to developing countries stimulates the idea that these could be widely and rather easily sold abroad. Experience has shown that this is not by any means so; graceful though many women might look dressed in an Indian

sari, it is simply not a garment which is readily saleable in substantial quantities in many Western markets and has an even more limited appeal in cooperative stores there. Much the same applies, I regret to say, to some types of fabrics and to certain foods, spices, nuts, and so on.

Not only because of a greater similarity of tastes, habits and preferences, but also on account of the growing populations and the large potential for improving living standards, the greatest rate of foreign trade expansion is likely to come in trade among developing continents; trade with the "richer" countries may appear more profitable, but it is also complicated and not without risks.

Perhaps we can now refer to some of the agencies other than private trade contacts which may be helpful for the initial introduction to foreign trade possibilities:

1. Direct cooperative contacts abroad for trading, advice, information, display, introduction to interested other parties, etc.
2. Cooperative organisations operating beyond national frontiers in trade or other capabilities—I.C.A., International Cooperative Bank and Development Association, I.D.A.C.A. in Tokyo, the Swedish Cooperative Centre, the Alliance's Retail Distribution Committee (CRD), to name but a few.
3. Hardly need to mention the many organisations of a regional, world-wide or international character which have cooperative contacts, sympathies and own cooperative sections, since many of these have been actively represented in this Seminar, such as ILO, FAO, GATT, and its Geneva Trade Centre, as well as the ILO Training Centre in Turin; then we have the Afro-Asian Rural Reconstruction Organisation with headquarters in New Delhi,

the Asian Development Bank, the regional offices of the ILO and other agencies of a similar nature and purpose.

4. National government agencies, including commercial embassy staffs and other such representatives, departments responsible for cooperative development and for foreign trade respectively, state trade agencies and marketing boards.
5. Foreign trade and relations research institutes, either sponsored or independent, and including such as the International Cooperative Training Centre at Wisconsin University and other similar establishments.
6. International news, commodity market intelligence and market research organisations and firms—against many of which a word of warning must be issued, because they are frequently an expensive and not particularly useful tool, not being geared specifically to, or even knowledgeable of, the special requirements of cooperatives.
7. Occasional or periodic gatherings and opportunities like UNCTAD or other UN agency meetings, international commodity meetings, trade fairs, special conferences, as well as longer term studies; in short, any occasion which can be exploited to propagate, argue and advance the just claims of cooperatives to secure a foothold in the foreign trade of their countries or regions.

The following are a few *topical* examples of such opportunities:

- a. The expansion policy initiated by the World Bank under its new President, Mr. McNamara, with the avowed intention to drain more resources off from the wealthier nations for the benefit of developing countries;
- b. the projected survey of the trade po-



tential in America by the Organisation of Cooperatives of America;

- c. the special study group under the former Canadian Prime Minister, Mr. Lester Pearson, to look for improved ways of utilising scarce resources, particularly financial ones.

Based on first-hand experience, I must, however, say quite bluntly that cooperatives have not always made the best possible use of the opportunities which were even much closer to their daily work and contacts, and I would instance here the frequent dismay of many of my colleagues at the vagueness and lack of precision that have often characterised some study tours and visits organised for or by cooperatives from developing areas to the more advanced movements (where any unfavourable impression can only do harm). They are then regarded as either wasteful exercises or missed opportunities to learn and to establish contacts and create goodwill; where actual trade propositions are involved, precision and a realistic approach are, in any case, imperative.

Occasions for inter-cooperative contacts and trade are none the less many and varied, and promising prospects can arise, first of all, within the developing areas as follows:

1. From growth and modernisation of consumer cooperative retailing systems; recently, supermarket developments have been reported from such diverse areas as Ceylon, Japan, Cyprus, Israel, Guyana and India. In a more distant future, there looms the possibility of introducing consumer goods for sale at other cooperative outlets or service stations as, for example, the farm tractor repair and service depots of cooperatives in West Pakistan.
2. The seminar programme refers repeat-

edly to multi-purpose cooperatives and there are substantial possibilities in linking consumers and farm cooperatives for certain purposes of common interest, namely:

3. Consumer cooperatives to cater for the growing and more complex consumer needs of farmers who desire not only bare necessities but also some more elaborate goods, like electrical appliances; these functions have sometimes had to be fulfilled by agricultural cooperatives because of the lack of suitable consumers' societies; bicycles, radio sets and tableware are in growing demand and can be supplied by consumers' societies.
4. Consumers' societies' involvement in processing and packaging of food and other commodities which are more profitable to handle in that state—and more suitable for foreign trade; the Government of India has announced a policy of encouraging consumers' societies to become involved in manufacturing or processing in such fields as stationery, soap, polythene bags, coffee, milling, edible oils, baking, dry cleaning, mending of clothing and repairs of electrical appliances. The Government is to give financial assistance and to promote collaboration between consumers' and farmers' societies in the development of processing.
5. Consumers' cooperatives to extend their interests into productive work in a potentially wide range of goods, such as textiles, handicrafts, etc., where they can play a part in supplying materials and services, as well as selling the final products.
6. Development of consumers' cooperatives in universities, colleges and schools by provision of various necessities ranging from meals to books.

7. Opening up of countries and areas which are either cooperatively under-developed or as yet politically sealed off, or both. In South-East Asia, the Pacific Islands, Burma, China and Indonesia come to mind here and, if there should be any doubt about the potential scope of cooperative business there, one has only to recall the simple geographic and population facts and figures. And if anyone were to wonder if in fact there *is* a place for cooperative foreign trade there, let me say that one of the countries listed has only recently arrested 18 importers who were engaged in large-scale systematic swindles to the tune of 35 million U.S. Dollars—no doubt a cooperative foreign trade body would have been invaluable in place of some of these traders!

Outside the developing areas, there is also substantial scope, whether we look at it by commodity group or according to continents and regions; cooperative foreign trade can utilise some of the following aspects:

(a) State trading countries: A number of cooperatives enter or conduct trade abroad through their own country's state trading agencies, which procedure has certain advantages. There is, in addition, a very sizable trade potential to be realised via the foreign trade bodies of some of the Socialist or Communist state trading countries. The largest, U.S.S.R., has in fact all its foreign trade done either through the State or the cooperatives, the latter being permitted to engage in barter trade with cooperatives in other parts of the world on a fair scale. Similar inter-cooperative trade is possible with other East European states; the C.W.S., KF of Sweden, NKL of Norway and others—for example the Scottish C.W.S.—do regular trade with Centro-

soyus of Moscow, and the English Wholesale Society has certainly also had dealings with its opposite numbers in Bulgaria, Czechoslovakia and Hungary and is intent on extending these still further. We have already referred to the Soviet cooperatives' trade in Japanese cooperative circles and this is likely to continue; only recently, news has come of a further Soviet-Japanese agreement under which consumer goods will be brought into Siberia in exchange for timber, and it is quite likely that our Japanese cooperative friends will again secure a share in this barter business.

Experience shows that this trade with state trading countries and their cooperatives has certain definite attractions; notwithstanding political differences, such deals generally mean business on a large scale and can involve a volume of consumer goods on one side or the other; there are normally no doubts at all as to the reliability of execution of order and of payment, whilst the barter element minimises the foreign exchange problem. Though hard bargaining is the rule, strict adherence to agreed conditions is also the rule and there is, in the last resort, a basic sympathy towards cooperatives, even those of "capitalist" countries, so that altogether these possibilities are well worth investigating. I might mention that the Economist Intelligence Unit Ltd., London, has published a detailed survey of trading prospects in Eastern Europe.

(b) Then there is the potential development of consumers' societies' trade from, or in conjunction with, the growth of other forms of cooperation, such as housing, banking, students' cooperatives, and other activities which present opportunities for trading with other cooperatives abroad; in this way, cooperatives can become each others' sole selling/buying

agents. Even before that stage is reached, they can provide one another with contacts and information which might pave the way for foreign trade and eventually for inter-cooperative trade, even if the start is a modest one via displays, trade shows, agricultural exhibitions, conferences and the like. I believe that some such pattern of contacts leading to trade relations was evolving between our Indian and Japanese friends just as I left New Delhi in the latter part of 1966. (c) Undoubtedly, some of the free trade and common market arrangements which have developed in the last ten years or so have their restrictive and exclusive aspects which cause difficulties, but it cannot be denied that they do, on the whole, offer fresh opportunities to many developing countries and also to their cooperatives if only the latter will do all they can to seize their chances. In the European Common Market, there is of course preferential treatment for the associated African states—sometimes to the detriment of others, such as Thailand as a supplier of rice—but, at least, they are now gaining access to all the EEC countries rather than to France alone (last year's internal troubles in France do not stand in the way of further trade liberalisation). Not inconsiderable are also those trade arrangement treaties which facilitate foreign dealings between various developing countries or over the whole of some such areas, such as the Central American treaty for that purpose, or the agreement involving India, Yugoslavia and the United Arab Republic. In fact, while access to, and trade with, some of the advanced Western countries may be difficult to establish, mutually acceptable bargains among the developing states can but strengthen their economies and give them experience in the intri-

cacies of trading abroad. It is vital for cooperatives to establish machinery which provides them with information about these measures as early as possible; I recall vividly the almost complete lack of knowledge among those potentially interested when I was able to tell them that Australia had just announced special preferential concessions for the import of selected commodities from developing countries only.

(d) Another sphere of interest are the parts of the world which may be regarded as under-developed from the point of view of cooperative organisation, and these are not confined to any one continent. Sometimes relatively booming economies could, from the narrow viewpoint of national self-interest, benefit from the development and fostering of cooperative trading bodies. Changes occur here all the time, both as regards the areas and the commodities involved. In the textile field, we are seeing a switch of buying from Japan and Hong Kong to utilisation of Korean and Taiwan products instead, whilst Israel has come to the forefront as a competitive supplier of knitwear. I do know that searches are now also going on to discover any similar sources of supplies in both Africa and South America, and in all this there must be somewhere an opportunity for cooperative involvement. Another example is the coffee trade, where South American preponderance cannot be disputed, yet we know that there are cooperative coffee growers in East Africa and India, with similar interests in that product in Indonesia, Malaysia and the Philippines, to quote but a few. A recent issue of the I.C.A. journal "Review of International Cooperation" describes the cooperative growth and potential in Papua and New Guinea; those territories and the whole

mass of Pacific islands constitute a potentially enormous field for cooperative foreign trade in two directions, since they are, broadly speaking, able to export many food products and, in turn, are in need of manufactured consumer goods; I have already illustrated the possibilities by quoting the Anglo-Fiji cooperative trade (and the success of Taiwan mushrooms in the E.E.C.).

(e) Last, but by no means least, there is the very real prospect of more rapid trade development between the developing and the advanced areas and between their respective cooperatives. Provided the job is tackled in a business-like fashion, the possibilities are there; some time ago, the annual report of the C.W.C. not only emphasised what had been achieved in extending the coverage of large parts of the world in the search for all sorts of consumer goods for the European cooperatives, but put forward definite suggestions for a further systematic exploitation of other possible sources, and it is quite clear that the members would be only too ready to do business with fellow cooperators abroad, if an acceptable basis can be found. The Western cooperatives themselves are compelled by the intensity of the competition they face to examine any worthwhile trading proposition and are therefore continuously searching for alternative contacts, supplies and trading opportunities in both directions. If we take just the one example of almost universal concern of cotton fibre and fabrics, there is almost no limit to the expansion likely to take place, in spite of the progress of synthetics. Demand for fabrics, fibres, clothing and other textiles is bound to increase in many parts of the globe, whilst those currently adequately supplied are continuously seeking new, better, cheaper or other-

wise more advantageous products and product combinations, wherever they may originate. With the U.S.A. having announced their lowest cotton crop for 70 years, there are here chances for others, including cooperatives, to move in and to move ahead, such as for example the new cotton mills opening up in Pakistan. Let me also stress that the United Kingdom, in spite of devaluation and almost continuous balance of payment difficulties and the outcry of the domestic textile industry, is still increasing imports of fabrics. In the first half of last year, that is after the devaluation, United Kingdom imports of cloths rose by 105 million yards, while home production fell a little—and one company chairman has complained that overseas textiles, e.g., from Hong Kong, are in short supply and difficult to obtain! Similarly, as far as food is concerned, Britain has experienced a tremendous growth of its own agriculture and horticulture, yet must always remain an importer of many vital commodities, and it is for the developing countries—and again the cooperatives amongst them—to secure a share in that and other such markets. To return to the example of the United Kingdom, it imports 100 per cent of its requirements of canned meats and fish, maize, dried and citrus fruits, 90 per cent of oil and fats, 80 per cent of the canned fruit consumed there, 70 per cent of all sugar, 65 per cent of bacon and ham, and nearly 60 per cent of the cheese eaten in Britain. If we look at just ten major categories of consumer goods imports, these represent an annual value of over £2,250 million. In dealing with trade done by the N.A.F. and N.A.E., other examples of such opportunities for cooperative foreign trade and inter-cooperative trade can be quoted. It is

quite easy to multiply these opportunities, and it is up to the cooperative which is seriously concerned to seize them to take the necessary steps; guidance, information and contacts can always be provided within the world cooperative family.

### **Conclusion**

Though the problems to be faced, particularly at the start, are formidable, the potential rewards from foreign trade and from inter-cooperative trade are as substantial as they are vital in fulfilling the cooperative role of service to one's members; in the case of developing countries, there is the further incentive of acting in the interests of a whole region or nation which is building for itself a better, fuller and more rewarding life. Not too long ago, a leading politician repeated that there was really not much point in talking about "aid" for developing countries unless and until the West is sincerely prepared to *trade* with those countries on a reasonable basis. At the same time, the fact that even growing exports from developing areas are not at present sufficient to prevent

a further deterioration in their world trade terms and position demonstrates the seriousness of the situation and imposes on cooperatives the obligation to do their share towards a radical improvement. As I see it, after many years of work, study and travel, this is vitally necessary not only for the benefit of the developing countries, but for the prosperity and stability of the entire economic system or systems which we now have; we cannot afford any further growth in the present alarming discrepancy between the "haves" and the "have-nots", and I am sure that the Cooperative Movement has a vital role to play. It is a hopeful sign that one of the most recent decisions by the worldwide I.C.A. has been that of opening a further focal point for our efforts in the shape of an I.C.A. Office for Central and Eastern Africa at Moshi in Tanzania. I am sure we are looking forward to further progress in the promotion of inter-cooperative relations, contacts and trade deals, and I hope that this review of the position will have been of some assistance towards reaching that goal.

## 8TH CONGRESS OF PUBLIC AND COOPERATIVE ECONOMY

by **W. P. Watkins**

**T**HE International Centre of Research and Information on Public and Co-operative Economy (CIRIEC) held its 8th Congress at Liège in Belgium from the 14th to 17th October 1968. It was opened by the Belgian Prime Minister, followed by an address of the Director of the International Cooperative Alliance, Dr. S. K. Saxena. Approximately 600 delegates, guests and visitors from 22 countries attended the Congress. Nearly three and a half years had elapsed since the preceding Congress, which met in Berlin in May 1965. This long interval was due to the fact that the 8th Congress, originally planned to be held at Athens, had to be transferred to another venue when the last political revolution brought about a situation entirely unpropitious for any congress animated by a democratic spirit. In these difficult circumstances, the Belgian Section of CIRIEC came to the rescue and invited the Congress to Liège, to hold its meetings in one of the best designed and equipped congress buildings erected in Europe in recent years.

In transferring the Congress from Athens to Liège, no change was made in the themes for discussion or the normal programme. The general theme was "The Organisation and Financing of

Public and Cooperative Enterprise", with rather more emphasis on finance than on organisation. At the opening session, however, Professor Paul Lambert, President and Director of CIRIEC, presented a survey of public and co-operative economy throughout the world. This is obviously no subject for even a long address. Professor Lambert wisely limited himself to drawing attention to a number of outstanding facts. Their background is revealed in a series of studies which have already begun to appear in the quarterly Review, "Annals of Public and Cooperative Economy", and which will continue to be published until the whole project is completed in the course of 1969.

An important feature of Professor Lambert's survey was an attempt to compare the rates of economic growth of the three types of economic organisation observable in the communist, the industrially developed and the newly developing countries respectively. So far as Cooperation is concerned, he writes that, although in some communist countries consumers' cooperation may be limited to the country-side or otherwise restricted, in others, where it is permitted to compete in the towns with state enterprises, the people get better

service. Professor Lambert points out a number of outstanding achievements of cooperative enterprise in the developed zones of the world, but is fully aware of the set-backs and weaknesses. While the consumers' movements are seeking new methods of combining economic efficiency with active participation in management by their members, the producers' movements, especially in the field of agriculture, have difficulties in preventing the adoption of practices which favour the well-capitalised farmer at the expense of true democracy and equitable distribution of benefits.

The discussion on the financing of cooperative enterprise was introduced in a prepared paper by Mr. Otto Sagmeister, Director of the Vienna Consumers' Cooperative Society, who showed how the methods of self-financing and outside-financing adopted by cooperative organisations were determined by their nature as business enterprises and the changing situations resulting from their own development and the evolution of their economic environment. His paper was supplemented by another presented by Mr. Walter Hesselbach, Chairman of the Board of the joint Cooperative Trade Union Bank für Gemeinwirtschaft of the Federal German Republic, who described the financing of the cooperative mutual-aid and community-service enterprises which collaborate with the Bank and play a distinctive role in the economy.

The Congress adopted, in the course of its final sitting, a resolution, the concluding paragraphs of which refer to cooperative development in these terms:

“Cooperative enterprise has continued to develop throughout the world. Among the peoples of the developing

countries it arouses great hopes of economic and social progress.

“In the industrialised countries above all, cooperatives are passing through a phase of rationalisation and concentration which obliges them to seek new formulae enabling them to combine efficient management with the need for cooperative democracy.

“The cooperative sector employs methods of finance which are peculiarly its own: ordinary and special forms of capital contributed by the members; cooperative savings and credit associations; cooperative insurance societies. In order that these types of financing shall yield the best results, legislation should permit all cooperatives to employ any method which conforms to cooperative principles. Cooperative financial institutions should give priority to the investment needs of the other undertakings in this sector, but there is no justification for preventing cooperatives from having recourse to the ordinary capital markets. In the opinion of the Congress, the cooperative sector as a whole should organise and co-ordinate its finance on both the national and the international plane.”

The general meeting of CIRIEC, which followed the Congress, was notable for reports of the establishment, since the preceding Congress, of new national sections in Argentina, Canada, Great Britain and Israel and the activities of a preparatory group in India. The Argentine section, started on the initiative of the Joint Cooperative Committee, is the first in the Spanish-speaking world.



## SUGAR FACTORIES IN INDIA ON A COOPERATIVE BASIS

by S. M. Acharya

As a result of protection given from foreign competition, many privately owned or joint stock sugar factories, which had been established in the State of Maharashtra as in the whole of India in the mid-1930's, made large profits. Since the growers of sugar-cane were not organised, they had to sell it to the factory owners at a very low price. The growers were also at their mercy for the disposal of the sugar-cane, since, once matured, it had to be cut immediately due to a shortage of water for irrigation at that particular time; if this were not done, its quality would rapidly deteriorate and, in addition, loss of weight would be suffered. Furthermore, the owners of the factories had their own farms, thus requiring only additional supplies from outside sources and, therefore, enabling them to reduce the price.

By the middle of the 1940's, certain progressive cultivators, led by the eminent economist, Professor D. R. Gadgil, and his co-worker, Shri Vithalrao Vikhe Patil (recently honoured with the title of "Padma-Shri" by the President of India), decided to put an end to the exploitation of the poor farmers by the private factory owners and initiated a

scheme whereby farmers were encouraged to start their own small sugar factories on a cooperative basis.

It was, of course, not an easy task to set up a capital intensive project with the insufficient means at the disposal of the small and poor farmers, and it was there where Professor Gadgil as an outstanding economist played his part so well. For, he proposed in his plan that part of the share capital should be collected from the farmers, some funds be borrowed from the Cooperative Bank on the mortgage of plants and machinery to be acquired, and the State Government be approached for help. Another great cooperator with vision for the future was Shri V. L. Mehta, the Finance Minister of Bombay State at the time, who came to the aid and agreed to finance the project by supplying government share capital and guaranteeing the loan to be given by the Cooperative Bank and/or the Industrial Finance Corporation of India. Thus, the first cooperative sugar factory was created in 1948 and began production in 1950. The seeds were now firmly sown for the organisation of other cooperatively owned factories.

Between 1950 and 1965, as many as



20 more factories were started cooperatively and those which had been established earlier were expanded. Why did this catch the imagination of the farmers? The reason for it is a simple one. The large profits that were previously made by the private factory owners were now shared by the farmer members by way of increased sugar-cane prices. The cultivation of sugar-cane had thus become very profitable and the growers could increase the yield and also the profits.

In the State of Maharashtra alone, there are today 22 cooperative factories in production, 5 are in various stages of being started and 15 more are likely to be established. Other States followed suit, but the number of cooperative factories there is smaller compared with that of Maharashtra. At present, however, there are 76 cooperative sugar factories in India, of which 54 are in production and the remainder in the process of being set up. These cooperative factories are producing about 30 per cent of the entire sugar production of the country.

The success of the cooperative methods used and the resulting benefits for the farmers influenced the Indian Government's decision to give not only preference to the newly formed cooperatives in granting an industrial licence for the setting up of new factories, but also to provide them with financial assistance and guarantee their loans from financial institutions.

### Organisation of a New Factory

#### Basic Requirements

At present-day costs, a sugar factory of 1,250 tons of sugar-cane per day crushing capacity is considered to be the minimum economic size. Thus, it re-

quires about 160,000 to 190,000 tons of sugar-cane for the crushing season, which lasts 130 to 150 days during a year and coincides with the season when the sugar-cane crop matures.

① Thus, the first and foremost requirement is the availability of an adequate quantity of sugar-cane in the area in which the factory is to be set up.

② Secondly, since time is of the greatest importance with regard to the crushing of the sugar-cane, it is essential to build the factory within 10 or at the most 15 miles from the sugar-cane area in order to avoid long-distant transport, which is too costly. Besides, the time taken for the haulage would be much longer, causing a reduction in the sucrose content of the sugar-cane, which, in turn, would lower recovery and, consequently, also profits.

③ Thirdly, the sugar-cane should be of good quality in order to yield a high percentage of recovery. In Maharashtra, a minimum recovery of 11 per cent is required. If 2 to 2½ per cent of the sugar content of the sugar-cane is lost in the processing, as is generally the case, the sugar-cane should have at least 13 to 13.5 per cent sucrose content to ensure the minimum recovery of 11 per cent.

④ Fourthly, the farmers should be able to invest at least their part of the share capital. A sugar factory of the above-mentioned minimum economic size requires about Rs 22,500,300 as initial capital cost. According to the present policy, if the farmers collect one-fifth of this amount as share capital, the State Government gives an equal amount as matching share capital contribution. The remaining three-fifths of the total initial capital are to be obtained as long-term loans from the industrial financial institutions to be repaid over a period of about 15 years. After the re-

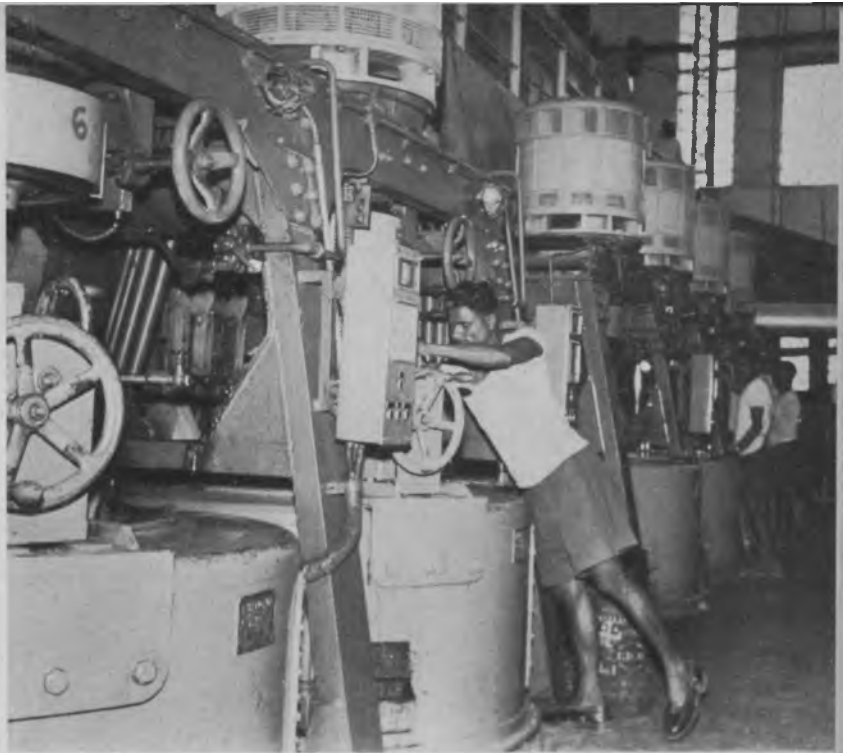


Standing and cut  
sugar-cane



Tests made in  
laboratory of  
cooperative  
sugar factory

Automatic centrifugal  
machines in a sugar  
factory



Members of cooperative  
sugar factory discussing  
problems with Ministers



payment of these loans, the State Government share capital is to be refunded over a period of 10 years. The State Government gives a guarantee for the loans together with the Central Government on a 50 : 50 basis and the State Government exercises supervision over the cooperative sugar factory and appoints one or two government directors on the Board of Directors of the factory.

For a factory of the minimum economic size, the area of sugar-cane required is about 4,500 to 5,000 acres depending on the average yield per acre. Thus, one fifth of the capital, i.e., about Rs 4,500,000 is to be collected on 4,500 acres, or Rs 1,000 per acre. Hence, the members must subscribe to at least one share of the face value of Rs 1,000 for one acre of the sugar-cane crop. According to the by-law, this linking of acreage to the share capital is made compulsory and the members are required to grow at least as many acres of sugar-cane as the number of shares held by them. This ensures a regular supply of sugar-cane to the cooperative sugar factories, thus stabilising their production and economy. If a member fails to grow and supply sugar-cane in that proportion, he becomes liable for any loss the factory may suffer as a result. However, this has so far never occurred in practice.

#### *Procedure*

When most of the basic requirements are considered fulfilled in any particular area and the farmers desire to set up a cooperative sugar factory to improve their lot, they call a group meeting in which they take the decision to organise such a factory. They elect a Chief Promoter and about 10 other promoters. The Chief Promoter then takes the necessary steps for the estab-

lishment of the factory. Whenever necessary, he calls a meeting of all sugar-cane growers to inform them of the progress made and to take decisions on important matters as, for instance, the collection of money for preliminary expenses.

It is the Chief Promoter's duty to inform the Registrar of the Cooperative Societies (RCS) of the farmers' interest in setting up a cooperative sugar factory in a particular area. He also supplies information on the figures of the standing sugar-cane acreage, the possibilities of raising finance, etc. The Registrar has a senior officer, known as Joint Registrar of the Cooperative Societies (Sugar)—hereafter referred to as JR(S)—to assist him in this work. The matter is placed into the hands of the JR(S) who investigates the possibility of setting up a cooperative sugar factory. He collects all authentic information through official channels about the sugar-cane acreage for the last five years and the fluctuations and future trends in order to ascertain whether the minimum quantity of sugar-cane will be available. The sucrose content of the cane is examined in the laboratory of a near-by factory. The JR(S) also gathers reliable information regarding the water supply for the proposed factory and for the irrigation of the sugar-cane fields. He may also examine the financial aspects involved, particularly whether the farmers are in a position to subscribe their part of the share capital for two to three years, the period required to set up a new factory.

Finally, the JR(S) submits his technical feasibility report to the State Government which considers it and, if approved, recommends to the Government of India to grant an industrial licence, that is, the permission to erect

such a factory. The Central Government's approval is needed because, under the present law, it is required to obtain a licence from the Government of India to set up any large industrial undertaking. When the Government of India, after further investigation, conveys its decision to grant a licence, the Chief Promoter is given the green light by the JR(S) to go ahead with the collection of the share capital from the farmers. As soon as a minimum share capital has been collected, the cooperative undertaking is registered as a Cooperative Society under the Cooperative Societies Law. Thereafter, under the general supervision and guidance of the JR(S), the factory is established.

It may also be stated briefly that, to facilitate the selection of a suitable site for a cooperative sugar factory, the Government has set up a Site Selection Committee under the chairmanship of the RCS. The JR(S) acts as its Secretary. Other members are the Chairman of the factory in question, the Managing Director of the State Cooperative Sugar Factories Federation, the representatives of the Departments of Public Health, Irrigation and Public Works, and the Chief Sugar Technologist of the National Sugar Institute of India. Similarly, for the purpose of recommending to the Government the granting of an industrial licence and of making other recommendations connected with vital issues of cooperative sugar factories, such as the fixing of the sugar-cane prices to be paid by the factories to their grower-members, the permission for expanding an existing factory, etc., the State Government has set up a high-level Committee, popularly known as the Ministers' Committee for Cooperative Sugar Factories. The State Chief Minister is the Chairman and the Ministers of

Finance, Agriculture, Irrigation and Co-operation are the members. Others invited to the Committee meetings are the Secretaries of the respective Government Departments, the RCS and the JR(S), and the Chairman of the State Cooperative Sugar Factories Federation.

#### **Fixing of the Sugar-Cane Price**

This is by far the most important issue as far as the cooperative sugar factories in Maharashtra are concerned. The grower-members, being the owners, are naturally interested in as high a price of sugar-cane as they can get, while it is necessary in the interest of the factory and the Government that part of the profits should be retained for future expansion, for meeting other capital needs, for repayment of the instalments on loans and for the refund of the Government share capital. The JR(S), therefore, calls for the final figures at the end of the crushing season and makes proposals to the State Government on the permitted limit of the price to be paid for sugar-cane, having regard to the financial results and the needs of various factories. The final decision is then made by the Ministers' Committee. A portion of the cane price payable to the grower-members, about Rs 5 per ton of cane, is retained by the factory as compulsory non-refundable deposit of the members. This amount is used for the repayment of the instalments on loans and of the Government share capital. These deposits are ultimately to be capitalised as share capital.

#### **Collection of Initial Finance**

The farmers may not be in a position to pay the entire amount of their share money in a lump sum. Therefore, the cooperative banks, which are in a strong

position in Maharashtra, come to their help. If a farmer pays 20 per cent of the share money in cash, the Cooperative Bank, under its scheme to help the farmers to set up their own cooperative processing units, grants him a medium-term loan for the remaining 80 per cent through the local Cooperative Credit Society, which he can repay in instalments spread over 3 to 4 years. As a result of this policy, the most important problem of the collection of the share capital from the poor farmers has been solved.

### **Management of Cooperative Sugar Factories**

The farmer-members, who number from about 2,000 in a small factory to 10,000 in a big one, elect eleven or twelve directors for a period of four years in their annual general meeting. By rotation, one-half of the directors retires every two years, while the other half remains in office, thus maintaining continuity. The RCS or his nominee and a representative of the State Government, usually the JR(S), are also represented on the Board of Directors of the factory. One representative each is also appointed by the Cooperative Bank which finances the factory and by the Industrial Finance Corporation which sanctions the long-term loan to safeguard the interests of the respective institutions. The Chairman is generally elected from amongst the directors elected by the grower-members. The Board also co-opts two experts to help and give guidance to the factory on technical matters.

The General Manager (generally designated as Managing Director in Maharashtra) is the Chief Executive of the factory and his appointment is subject to the approval of the State Govern-

ment which has a vital financial stake in these cooperatives. The procedure for selecting the Managing Directors has undergone many changes over the years. Previously, the Ministers' Committee advertised the posts, interviewed the candidates and selected those considered suitable. From amongst these, the factories then chose and appointed their Managing Directors. At present, there is a Selection Committee, with the Chairman of the State Cooperative Sugar Factories Federation as its Chairman, and the Chairmen of the factories concerned and the JR(S) as members. The Federation advertises the posts and the candidates are interviewed, selected and recommended to the State Government for approval, after which they are appointed by the factories concerned.

### **State and National Federations**

In the States where there is a sizable number of such factories, State level federations of cooperative sugar factories are set up. These federations are also cooperative associations registered as such under the State's Cooperative Law. These State federations represent the interests of the cooperative sugar industry in their areas and act as its mouthpiece. They also establish liaison with the Government authorities in matters of interest to the member factories, which send representatives to the General Body of the Federation—3 from each factory in Maharashtra, from whom one is designated to work on the Federation's Committee of Management which acts as the Executive Council. A Manager or Managing Director is appointed as Chief Executive of the Federation and is responsible for the implementation of its policies. Special sub-committees may also be appointed by the Committee of Management to deal with specific

issues.

The State federations and individual cooperative sugar factories in the States not having State federations are affiliated to the National Federation of Cooperative Sugar Factories, whose head office is in New Delhi. This Federation keeps close contact with the Central Government authorities and national financial institutions on the one hand and the member factories and the federations on the other. It carries out propaganda and publicity at the national level and represents the interests of the cooperative sugar industry on official committees, meetings and discussions connected with sugar-cane production, sugar-cane and sugar prices, sugar control and other related matters.

#### Progress and Evaluation

The progress of the cooperative sugar industry has caught the imagination of

the people, and the trend to establish more cooperative sugar factories has gathered great momentum. The following table indicates the progress of cooperative sugar factories compared with that of factories in the private sector in India.

It will be seen from the figures that the cooperative sugar industry in India is one of the most successful sectors of the Cooperative Movement which could not only face competition from the private sector but could also strengthen and consolidate its position. It produced the record quantity of sugar of 929,000 tons in the year 1965-66. It is improving its position from year to year by setting up new factories and expanding the existing ones. One of the cooperatives in Maharashtra has already substantially expanded and will ultimately raise its crushing capacity of sugar-cane to 5,000 tons per day. It would

#### Share of Cooperatives in National Production

Year	No. of Factories in Production			Production of Sugar (in 000 metric tons)			Share of Cooperatives in National Production (per cent)
	Coop.	Joint Stock	Total	Coop.	Joint Stock	Total	
1955-56	3	140	143	30	1,860	1,890	1.6
1956-57	8	139	147	60	2,014	2,074	2.9
1957-58	14	144	158	150	1,859	2,009	7.5
1958-59	21	143	164	180	1,771	1,951	9.2
1959-60	25	143	168	290	2,192	2,482	11.7
1960-61	30	144	174	450	2,579	3,029	14.9
1961-62	34	146	180	470	2,244	2,714	17.3
1962-63	41	145	186	470	1,690	2,160	21.8
1963-64	48	146	194	598	1,969	2,567	23.3
1964-65	50	148	198	806	2,454	3,260	24.7
1965-66	52	148	200	929	2,585	3,514	26.4
1966-67*	54	148	202	643	1,473	2,116	30.4

\* From 1st November to 30th June



Ceremonial on occasion of dispatch of the 100,000th sack of sugar

thus be the largest factory in the country. Other factories have also expanded according to the availability of sugar-cane.

Besides, the establishment of cooperative sugar factories in rural areas has resulted in a new awakening in the country-side. The growers have developed a new confidence—hitherto unknown to an illiterate or semi-literate man of small means—in their ability to organise and run large capital intensive projects. As a result, the movement towards an all-round agro-industrial and socio-economic development of the areas around the cooperative sugar factories gathered momentum, with the cooperative factory providing the nucleus for this growth. The following are the findings of the Sugar Enquiry Commission appointed by the Government of India:

In the course of its visits to the cooperative sugar factories in Maharashtra, the Commission found “that the setting up of a cooperative sugar factory had helped significantly in the economic and social betterment of the area around it.

For instance, the establishment of one agro-industry, namely sugar, has enabled the farmer-members of the cooperative sugar factories to set up other agro-industries, such as oil processing, solvent extraction, cotton ginning, power-loom, distillery, poultry farms, etc. Further, the factory has also played a leading role in providing better educational and medical facilities not merely for its members, but for the entire area around it. The setting up of a cooperative sugar factory has thus acted as a nucleus for the social and economic development of the area around it and has helped to develop a new class of rural entrepreneurs.”

The cooperative sugar factories in India were also the first to experiment, start and perfect the process of manufacturing raw sugar for export. During 1965-66, they exported as much as 150,000 tons of raw sugar, thus earning valuable foreign exchange for the country. Some of the old factories have already paid their entire loan and have also refunded the Government share



capital, becoming independent of government supervision. They now decide their own policy, including fixing the sugar-cane price, and settle all other matters concerning their work.

Having seen the remarkable progress of the first cooperative sugar factory in Maharashtra, namely, the Pravara Cooperative Sugar Factory, the late Prime Minister of India, Pandit Jawaharlal Nehru, had once said: "I had heard of

this cooperative sugar factory and had some idea of it, but the visit here and learning more about it has been a revelation. Ten years of growth since this was first started has not only shown marked growth but has begun to change the country-side. I would like people from other States to come here and see how a real cooperative is organised and run. This is an example for all India. I wish it further success."



## A LOOK AT SOME TUNISIAN COOPERATIVES

by Hebe Spaul

THE Cooperative Movement in Tunisia took an important step forward when it began to operate under the new Cooperative Law passed in 1967. The year 1968, therefore was an appropriate one to visit some of the cooperative organisations in that country.

That cooperatives are developing on sound economic lines is evidenced by the fact that the World Bank has taken the very unusual step of giving them financial aid. During a long conversation in Tunis with Mr. Brahim Hayder, Chef de Cabinet, I learnt how this had come about. The President, Habib Bourguiba, had been convinced for some time that, for the country's agriculture to be developed on sound lines, it was necessary to promote cooperatives. It was therefore, decided in 1963 that every encouragement and help should be given to their formation. Accordingly, it was agreed that an approach should be made to the

World Bank for needed finance, but the reply was not encouraging, as the head of the Mission sent to Tunisia had declared that it was unlikely that the cooperatives would succeed financially. Despite this rebuff, it was decided to go ahead with the plan on a restricted scale. Three years later, a World Bank Mission, headed by the same financial expert, arrived in Tunisia. He made a thorough investigation into how the cooperatives were developing and turned to the Chef de Cabinet and said: "You were right and we were wrong. The cooperatives are functioning well. I shall recommend the assistance you had asked for. You have proved that the outlined programmes were not mere words, but that, what you set out to do, has been largely achieved." Thus, Tunisia has received financial help from the Bank for the country's cooperative development. "Every year", said the Chef de Cabinet, "the Mission arrives for its inspection

tour, a guarantee both for it and for us that the cooperatives are in a viable position." With the International Labour Organisation as the administering organisation, the World Bank is financing the setting up of a National Cooperative Union for Tunisia.

Administratively, Tunisia is divided into twelve regions. The organisation of the Cooperative Movement, under the 1967 Law, is following the same pattern, each region having its own regional union which, in turn, is to be affiliated to the National Union. At the time of my visit, not every region had its own cooperative union, though active steps towards this end were being taken. One region where a cooperative union was already functioning was Nabeul, where the internal structure is as follows:

	General Assembly				
	Admin. Council				
	Departments				
Tech. Service	Study & Statist. Service	Admin. Service	Fin. Service	Promotion & Revision Service	

I paid a visit to its headquarters and had a talk with the Director, Mr. Jemaa Aleya. He told me that 160 primary societies were affiliated to the regional body which was founded in 1962. The Union is a multi-purpose one and provides services for its members, particularly in the field of book-keeping. The Union also arranges courses for the membership and staff. Under the new Cooperative Law, the Director is appointed by the members and is responsible to them. He must have the necessary technical qualifications and understand financial matters. Mr. Jemaa said that his function as director was to give advice, not to manage and he assured me that all Rochdale Principles had

been adopted. It is for the members to make decisions. The function of the Government is merely to see that the Cooperative Law is carried out. "I am appointed by the cooperatives, not by the State", explained Mr. Jemaa Aleya, "and it is the Union which pays me out of the dues paid by the member societies."

It should be explained that not only the regional unions are to be affiliated to the new National Union but also certain central unions, as the Central Union of Cooperative Hides and Hose, the Central Union of Cooperative Building Societies, the Central Union of Cooperative Fruit Growers and Market Gardeners, and the Central Union of Cooperative Olive Oil Producers.

In Nabeul, there is a Centre for Cooperative Studies. Special courses are held on different topics of concern to cooperative societies. One course, for example, may be devoted to the financial management of a society; another, to general administrative matters and to the granting of loans; and others may be concerned with agricultural problems as, for instance, the rotation of crops. Special courses are held for committee members and managers who are primarily concerned with accountancy, cooperative law and promotion techniques. These courses and the general extension of cooperative enterprises are seen as a means of development not only of the cooperative movement but of the country as a whole.

For the first year of operation of the new Law, no dividend was given to members, but profits were invested in the buying of new equipment and providing social benefits. It is intended, however, to distribute the money eventually as dividend.

I was later able to visit the National College for Cooperators in Tunis and met the Principal, Dr. Alouane. The College was founded in 1963 and has a staff of five full-time professors and twelve visiting ones from the University. The students are divided into two categories: those with a medium educational standard, having had not less than five years of secondary education; and those having obtained the "baccalaureate". The course for the first category lasts two years and that for the second category, the senior students, three years. At the time of my visit, there were 80 senior and 40 junior students attending the College. Since its founding, 350 students have completed the courses and taken up managerial positions within the cooperative movement. I was interested to learn from Dr. Alouane that, although the majority of the students at the National College were men, eight women also attended the courses. During the summer holidays, students and staff are given the opportunity to work in cooperatives in Europe. Thus, twenty students were in Germany for three months, five in Finland for a similar period, and twelve in France for one month. Those who were unable to go abroad were working in cooperatives in Tunisia. Six professors were visiting cooperatives in Germany.

Dr. Alouane explained to me that there are also two agricultural centres in the country which form the agricultural section of the National College in Tunis. One is in the north at Le Kef and the other in the south at Gafsa. These centres prepare the students for the direction of primary societies. Amongst the subjects taught are accountancy, elementary economics, management, sociology, psychology, statistics, and cooperative and commercial law. The courses last

from six months to two years. In the case of the two-year course, one year is devoted to theoretical studies and the second to practical training.

Another step forward in the cooperative development was taken when, in January 1968, the United Nations Special Fund agreed to participate in the financing of the project of a Co-operative Development Centre in Tunisia, with the International Labour Organisation as its executing agency.\* The Centre aims at popularising the ideas, objectives and methods of co-operation and has available audio-visual aids, including films, pictures, charts, etc. It operates on two levels; it gives assistance to the regional unions in the organisation of seminars and provides material for courses for co-operative salesmen and shop assistants. The Centre is also responsible for the publication of a new journal entitled "Actualités Coopératives".

I called at the United Nations Office in Tunis to get a more detailed account of the assistance the ILO is giving to Tunisia's cooperative development. Briefly, the purpose of the ILO project is described as helping the Tunisian Government in (a) defining a comprehensive and integrated programme for the promotion of cooperative enterprises and (b) initiating a cooperative training programme complementary to already existing schemes. One of the main objectives of the project, which was initially designed for one year only, is the preparation of an integrated follow-up project for the over-all promotion of cooperatives for submission to the United Nations Special Fund. ILO experts

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\* Since this article was written, the plan of operation of the Centre was approved and signed with the Tunisian Government at the end of 1968.



Seminar on Cooperation  
presided over by the  
Minister of Economy



Harvesting machine  
in a wheat field



Consumers' Cooperative

are helping the Government to bring about effective co-ordination of all co-operative activities and of different programmes of assistance so as to facilitate the establishment of the National Union of Tunisian cooperatives.

I was taken to see several cooperatives in the Nabeul region. One of these was a consumer society store at Hammamet which appeared to be doing a brisk trade in groceries, soft drinks, fruit and vegetables, and various household goods. I was told that the sales went up every year. A dividend is being paid annually, and I was given a sample of a sales slip on which the member's purchases were recorded and the price of each item marked. The member keeps the slip until the dividend was paid to him.

There are several artisanal societies in the Nabeul region. One of these is a textile cooperative for hand-woven goods which was opened in 1963. The society has 200 members, of whom 95 work in the factory, the remainder working at home and delivering their finished goods for sale. All the members are men, but I was told that the wives of many are helping with the finishing work at home. The share value paid by members on joining is 10 dinars (just under 1 £ sterling) and they can pay it in quarterly instalments. I watched some of the members at work on the hand-looms, producing such things as towels, rugs, cloth bags and many others in colourful and traditional designs.

Close by is another artisanal society, a pottery cooperative, with 105 members. At present, the members produce the pottery and bring the finished articles to the society for disposal. I was told, however, that it was the intention shortly to build a factory where all members will be working. The articles for sale on display in the shop I had visited were both

decorative and useful and included cooking pots, crockery and ornamental objects.

A third handicraft cooperative which I visited is engaged in basket-work. The material used is a strong reed found growing by the sea or river beds. Strong and artistic looking furniture and floor mats were amongst the goods produced as well as baskets of all descriptions. The society's membership numbers 265. The society has a small workshop where some of its members work, but the majority works in small individual workshops. As in the case of the pottery cooperative, production will move to a factory which is to be built in the near future. The society does good business, the annual turnover being 13,500,000 dinars. On entry, members are required to take up 50 dinars in shares.

Agricultural cooperatives, however, play the most important role in the movement in Tunisia. The country's agricultural picture is complicated by the fact that, under the French Protectorate, there were many large farms owned by the French and run on modern scientific lines. Alongside such farms were very small ones, run on traditional and primitive lines by the Tunisian farmers. After independence, the problem that had to be faced was how to integrate the two types and enable the poor farmer to benefit from the scientific advantages of his big neighbour. The answer was the establishment of a kind of collective run on cooperative lines. One such collective I had seen, described as "Unité de Polyculture", was made up of 3,500 hectares, previously farmed by the French, and of an additional somewhat larger area with small farms belonging to 300 individual Tunisian farmers, bringing the collective's total

area to 6,578 hectares. These 300 farmers and 400 agricultural workers, who formerly had worked for the French farmers but had no land of their own, now make up the 700 members of this collective which is supervised by an Administrative Council of nine. Its Manager is a representative of the Co-operative Union of Nabeul. The collective produces wheat, vegetables (mainly tomatoes), vines and olives, and also goes in for sheep rearing. An interesting feature of its activity is the building of houses for the members.

I also visited an agricultural service cooperative in Hammamet. There is a unit of regional development alongside of each agricultural service cooperative. Such cooperatives have two functions, i.e., technical and promotional. The Hammamet service cooperative has 2,800 members. Farmers can borrow tractors and other farm machinery. Five technicians are employed, all having diplomas from agricultural colleges. The cooperative buys seeds on behalf of the members and also disposes of their produce. This particular cooperative operates three depots for the sale of farm requirements.

A final comment on the Nabeul region so far as cooperatives are concerned is that, out of a total of 64,818 families, 43,341 are members of cooperatives.

One important cooperative organisation in Tunisia is El Ittihad, a National Insurance Union which is a member of the International Cooperative Alliance. This Union, which is made up of twelve societies, was started in 1963 and became fully operative during the following year. These societies are all associated with trade unions. El Ittihad has a staff of 60, of whom the Director is Mr. Sou-

gir, and it was from him I learnt about its work. The Union has 50 branch offices in various parts of the country. Its capital is 200 million dinars, but it is planned to reduce it to 170 million dinars because of the intention of being more selective in the risks to be covered. The type of risk covered is wide, namely, life, workmen's compensation, cars, transport by sea, and fire.

As already mentioned, there is a close link between the cooperatives and the trade unions. I therefore called on the director of the Union Générale de Travail de Tunisie (UGTT). He told me that his Union collaborated closely with all those responsible for the creation of cooperatives, whether consumer, industrial or agricultural. There is also close collaboration with the ruling political party and with youth and women's organisations. As regards the cooperative movement, particularly close liaison exists with the consumer societies because of their importance to industrial workers. The UGTT is a member of the Cooperative Union for Consumer Societies. It gives information about cooperatives, particularly in the two trade union journals which it publishes. A copy of one of them shown to me contained a report of the annual meeting of a tailor's cooperative. On the educational side, the UGTT supports the cooperative movement by showing both Tunisian and international films.

I came away from this brief look at Tunisia's cooperatives with the impression that a healthy and vigorous development is taking place under the new Cooperative Law and that the achievement of real democratic management from the primary society up to the new National Union is the ultimate goal.



## REINHOLD HENZLER

**D**R. Reinhold Henzler, Professor of Management Studies and Director of the Institute of Cooperation at the University of Hamburg, died on October 19th, 1968, only one day after his 66th birthday. Thus, Reinhold Henzler's praiseworthy and fruitful work for German Cooperation came to a sudden end and all expectations for even greater fulfilments in later years, enhanced by rich experience and the wisdom of old age, were shattered.

With Professor Henzler's passing, the German Cooperative Movement suffered once again a great loss amongst its scientists. The ranks of eminent university lecturers, who chose Cooperation as their special subject for research and teaching, are thinning. Reinhold Henzler, who has now followed Hans-Jürgen Seraphim, Georg Weippert and Rudolf Pohle—whose names even after their death did not lose any of their glory—departed unexpectedly and untimely, leaving behind his many friends in the painful awareness that his death prevented him from imparting to his fellow cooperators the hitherto undisclosed results of his scientific re-

searches.

In his lifelong researches, Reinhold Henzler undertook to apply to the sphere of Cooperation the principles of management deriving from practical business experience. Already in 1929, in his thesis, he analysed the theory of the cooperative dividend on purchases—and he was in fact the first one to do so. In 1933, he became lecturer in business studies and Cooperation at the University of Frankfurt. Indeed, the title of one of his principal works is "Betriebswirtschaftliche Probleme des Genossenschaftswesens". In his book "Die Genossenschaft, eine fördernde Betriebswirtschaft", he interprets and analyses the cooperative as a business enterprise of a special type. Furthermore, in the series of publications on Cooperation, of which Reinhold Henzler was one of the editors, he frequently expounded his views on cooperative questions of principle and of topical interest.

His work was acclaimed, however, far beyond the frontiers of German Cooperation and has promoted cooperative practice in other countries. When a few years ago, the International Cooperative

Alliance undertook to examine the future and application of the Cooperative Principles, based on its Statutes, in the light of present-day economic and social conditions, Reinhold Henzler was amongst the six personalities whom the 1963 Congress in Bournemouth selected to serve as members of the Commission charged with that significant task. Without belittling the work of the Commission on Cooperative Principles, it can be said that Professor Henzler's creative and at the same time progressive method of work contributed substantially to the task carried out by the Commission. The I.C.A. recognises that he, together with others, belongs to the great pioneers who helped cooperatives in a period of profound changes affecting all spheres of life not to stray from the main

objective, which brought them into the light of history, during the process of unavoidable adjustments.

It is this binding principle, i.e., to advance the interests of members of cooperative societies, which distinguishes cooperatives from all other forms of economic enterprise. This is also the basis for the continuous self-appraisal and for the claim of cooperatives that account should be taken due to their special character of the part they can play in politics, legal matters and legislation. Not having lost sight of these facts in the changing of time and having again and again given his full attention to them is Reinhold Henzler's great achievement which will be long remembered.

Dr. Carl Schumacher

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## BOOK REVIEW

### **Die Gemeinwirtschaftlichen Unternehmen. Der Beitrag der Gewerkschaften zu einer verbraucherorientierten Wirtschaftspolitik.**

*(Cooperative Enterprises in West Germany. The Contribution of the Trade Unions to a Consumer-Orientated Economic Policy).*

By Walter Hesselbach. Europäische Verlagsanstalt, Frankfurt am Main, 1966. With appendix of organisations, list of abbreviations and index. 135 pages. Also published in English and French.

The idea of publishing Mr. Walter Hesselbach's study of the German community undertakings in English and French, as well as the original language, was excellent, because these undertakings are well worth the attention of readers interested in the role of non-profit enterprises created to serve the public welfare in any country. Unfortunately, the idea has been marred in its execution for English readers by the translator's choice of the word "cooperative" as the equivalent of the German "gemeinwirtschaftlich". Only a minority of the organisations which Mr. Hesselbach examines are co-operatives either in legal form or in the commonly accepted sense of the word in English-speaking countries. Of course, the fact that enterprises may be organised for the sake of convenience as joint-stock companies does not prevent them from being or acting as cooperatives in spirit and fact, or from serving the interests of the consuming public. Nevertheless, the appearance of the word "cooperative", especially in the title, may easily mislead prospective readers as to the contents. The word "community", used as an adjective, would not have been open to this objection and would correspond very closely to the French "communautaire" which accurately translates the German "gemeinwirtschaftlich".

The scope and variety of the German community enterprises will probably astonish some readers. In the appendix, Mr. Hesselbach lists thirteen. These include: the Cooperative Wholesale Society, G.E.G., operating in the sphere of commerce and industry; the two insurance undertakings "Volksfürsorge Lebensversicherung Aktiengesellschaft" (formerly "Alte Volksfürsorge") and "Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft" (formerly

"Eigenhilfe") which are owned and administered jointly by the trade union and consumers' cooperative movements; the similarly owned "Bank für Gemeinwirtschaft"; the group of housing enterprises called "Neue Heimat", the building firm "Deutsche Bauhütten, GmbH", and the Beamtenheimstättenwerk, a savings society of civil servants for housing purposes; the Allgemeine Hypothekenbank AG for mortgage credit; the Bank für Sparanlagen und Vermögensbildung AG for long-term saving and capital accumulation, the Westdeutsche Teilzahlungsbank, GmbH, for financing purchases of consumer durables; the Deutsche Beamtenversicherung for civil servants' life and superannuation insurance; and the Büchergilde Gutenberg, GmbH, for publishing and book-selling. The list further includes the Internationale Genossenschaftsbank AG which, although its membership is multi-national and its seat is in Switzerland, Mr. Hesselbach is surely entitled to add to the others in virtue of the powerful boost given to its business in its early years by the Bank für Gemeinwirtschaft.

The common concept which underlies this diversity of enterprises is that their achievements and results are dedicated to the welfare of the community to which they are subordinate and to the realisation of an idea accepted as obligatory by it. For this they are endowed with an appropriate institutional form, independently of such considerations as ownership, participation or planning. What is common is their departure from, and opposition to, the ordinary notion of maximum profit as the object of economic activity.

This basic concept, according to Mr. Hesselbach, springs from a more optimistic estimate of human nature than that accepted in the purely private economic system operating for profit through the mechanism of the market. He holds that more people are ready to work for unselfish ends than is supposed nowadays. The very success of these community undertakings demonstrates that the profit motive is not the only spur to achievement.

After tracing the history and evolution of the various undertakings, Mr. Hesselbach returns to the underlying theory in a chapter on competition. He conceives the community enterprises as operating in the market economy as their natural element and therefore subject to

competition. Competition, while it can never be eliminated from human society, can and should be regulated, however. Mr. Hesselbach considers regulation to be today the most important function of the community enterprises, so that competition is prevented from running into the intolerable excesses that made it feared and hated by earlier generations. Competition, on the one hand, can and does degenerate into monopoly and oligopoly; on the other hand, it can turn destructive and ruinous to individuals. The Cooperative Movement has already shown what it can do for the small individual enterprise in mitigating the harshness of the competitive struggle for business survival, and its possibilities have by no means been exhausted yet. In Mr. Hesselbach's opinion, new forms of enterprise and new kinds of business are springing up which will demonstrate this. In any event, community enterprises can play a moderating role, maximising the benefits and minimising the evils of competition for society at large, provided that they maintain their

technical efficiency at a high level, that they dispose of an adequate share of the market and that they are not prevented by biased legislation or regulation from competing on equal terms.

Given these conditions, they can become not only regulators but also pioneers, particularly in the sphere of social welfare. The example of cooperative and non-profit housing in setting standards which private enterprise housing is obliged to emulate shows what a dynamic and progressive role is open to them. They are not inhibited by considerations of profit from quickly adopting new technical processes which benefit consumers or the community at large. Mr. Hesselbach's book is an important contribution to the work of enlightening the public and government administrations at every level on the beneficent functions and economic value of these enterprises in which freedom of enterprise is actuated by a social conscience.

W.P.W.

## AFFILIATED ORGANISATIONS

- ALGERIA:** Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, 6 et 8, rue du Cercle Militaire, Oran; also at - 21, rue Edgar Quinet, Algiers, and 9, rue Mathurin Régnier, 75 Paris 15.
- ARGENTINA:** Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires.  
Intercoop, Editora Cooperativa Limitada, Rivadavia 4426 (1er piso), Buenos Aires.  
Asociación Argentina de Cooperativas y Mutualidades de Seguros, Belgrano 530, 5 Piso, Buenos Aires.
- AUSTRALIA:** Cooperative Federation of Australia, c/o. CWS of Queensland Limited Buildings, 50-54 Ferry Street, South Brisbane, Queensland.
- AUSTRIA:** "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Membership (1967): 476,200; turnover: retail trade: Sch. 4,646 millions (thereof consumers' societies: Sch. 3,895 millions; department stores: Sch. 713 millions; other retail trade: Sch. 38 millions); wholesale society (G.O.C.): Sch. 1,821 millions; own production: consumers' societies: Sch. 472 millions; G.O.C. and subsidiaries: Sch. 415 millions.  
Bank für Arbeit und Wirtschaft A.G., Seitzergasse 2-4, Vienna I.  
Zentralkasse der Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, Vienna I.  
1967: Affiliated organisations: 313 (comprising 201 societies and 112 associations); membership: 130,286; dwellings administered: 288,157 (comprising 127,954 societies and 160,203 associations); balance at 1966: 33.8 milliard Sch. (divided as to societies Sch. 15.7, associations Sch. 18.1).  
Österreichischer Raiffeisenverband, Seilergasse 16, Vienna I.
- BELGIUM:** Société Générale Coopérative, 26-28 rue Haute, Brussels I.  
Affiliated consumers' societies: 25; membership: 300,000; turnover (1963): Frs. 3,900 millions; shops: 1,400; Wholesale society turnover (1963): Frs. 959 millions.  
Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151, rue Royale, Brussels 3.  
Premiums (1966): Frs. 1,903 millions; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.  
Fédération Nationale des Coopératives Chrétiennes, 135, rue de la Loi, Brussels 4.  
(1967): 1,250 shops; turnover: Frs. 1,430 millions; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 millions; reserves: Frs. 1,300 millions.  
L'Economie Populaire, 30, rue des Champs, Ciney (Namur).  
Branches (1967): 460; membership: 88,000; turnover: Frs. 1,001,300,000; savings deposits: Frs. 490 millions; capital and reserves: Frs. 162 millions.
- BRAZIL:** Aliança Brasileira de Cooperativas (ABCOOP), Av. Presidente Wilson 210, Salas 914/914 A, Rio de Janeiro, G.B.  
Uniao Nacional das Associações de Cooperativas (UNASCO), Avenue Franklin Roosevelt, 126-Conj. 608, Rio de Janeiro.
- BULGARIA:** Central Cooperative Union, Rue Rakovski 103, Sofia.
- BURMA:** National Cooperative Council, 290-300, Lewis Street (2nd Floor), Rangoon.
- CANADA:** Cooperative Union of Canada, 111, Sparks Street, Ottawa 4, Ont.  
A federation of English-language cooperative organisations, organised in 1909.  
Conseil Canadien de la Coopération, 111, Sparks Street, Ottawa 4, Ont.
- CEYLON:** Cooperative Federation of Ceylon, Cooperative House, 455, Galle Road, Colombo 3.
- CHILE:** Federación Chilena de Cooperativas de Ahorro y Credito, Ltda., Dieciocho 246, Clasificador 760, Santiago de Chile.  
Cooperativa Sodimac Ltda., Casilla 3110, Santiago de Chile.
- COLOMBIA:** Cooperativa Familiar de Medellin, Ltda., Calle 49, No. 52-49, Medellin.
- CYPRUS:** Cooperative Central Bank Ltd., P.O. Box 1447, Nicosia.  
Cyprus Turkish Cooperative Central Bank Ltd., P.O. Box 791, Nicosia.  
Vine Products Cooperative Marketing Union Ltd., P.O. Box 314, Limassol.
- CZECHOSLOVAKIA:** Ustredni Rada Druzstev, Tesnov 5, Prague I.
- DENMARK:** De samvirkende danske Andelselskaber (Andelsudvalget), H. C. Andersens Boulevard 42, Copenhagen V.  
Representing 30 national organisations, comprising: consumers' societies, agricultural production, marketing and purchase societies, other production and marketing societies, insurance societies, banking societies. Membership: 750,000 individual members. Turnover (1967/68): D.Kr. 15,273 millions.  
Det Kooperative Faellesforbund i Danmark, Linnesgade 14, 1. sal, 1361 Copenhagen K.  
Affiliated societies (1963): 634; total sales: D.Kr. 1,582 millions; employees: 12,500; comprising: consumers',

- workers', artisans', productive and housing societies etc.
- Faellesforeningen for Danmarks Brugsforeninger (FDB), *Roskildevej 65, Albertslund*.  
Affiliated societies (1965): 1,852; members: 716,000; turnover: 2,583 millions D.Kr.; wholesale turnover: 1,453 millions D.Kr.; own production: 405 millions D.Kr.
- DOMINICA: Dominica Credit Union League, *14, Turkey Lane, Roseau*.
- EGYPT: Société Coopérative des Pétroles, *94, Kasr El-Eini Street, Cairo*.
- EIRE: Irish Agricultural Organisation Society Ltd., *The Plunkett House, 84 Merrion Square, Dublin 2*.  
National Organising and Advisory Body for Agricultural Cooperatives. Affiliated societies: 339; membership: 121,000; turnover (1964): £106 millions.  
Cooperative Development Society Ltd., *35 Lower Gardiner Street, Dublin*.
- FINLAND: Suomen Osuuskauppojen Keskuskunta (S.O.K.), *Vilhonkatu 7, Helsinki 10*.  
Affiliated societies (1967): 305; members: 535,136; wholesale turnover: Fmk. 1,259 millions; own production of SOK: Fmk. 254 millions.  
Yleinen Osuuskauppojen Liitto r.y. (Y.O.L.), *Vilhonkatu 7, Helsinki 10*.  
Affiliated societies (1967): 305; members: 535,136; turnover of societies: Fmk. 2,324 millions; total production of the affiliated societies: Fmk. 44 millions.  
Kulutusosuoskuntien Keskusliitto (K.K.), r.y., *Mikonkatu 17, Helsinki 10*.  
Affiliated societies (1967): 88; members: 586,531; turnover: Fmk. 1,719 millions; own production: Fmk. 267 millions.  
Osuustukkukauppa (O.T.K.), *P.O. Box 10120, Helsinki 10*.  
Affiliated societies (1967): 88; turnover: Fmk. 986.0 millions; own production: Fmk. 310.3 millions.  
Pellervo-Seura, Central Organisation of Farmers' Cooperatives, *Simonkatu 6, Helsinki K*.  
Affiliated organisations (1963): 10 central organisations; 1,102 societies.
- FRANCE: Fédération Nationale des Coopératives de Consommation, F.N.C.C., *89, rue la Boétie, 75 Paris VIII*.  
Affiliated societies (1964): 475; membership: 3,460,000; shops: 9,900; turnover: NF. 3,600 millions.  
Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI*.  
Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88, rue de Courcelles, 75 Paris VIII*.  
Confédération Générale des Sociétés Coopératives Ouvrières de Production, *88, rue de Courcelles, 75 Paris VIII*.  
Banque Coopérative des Sociétés Ouvrières de France, *88, rue de Courcelles, 75 Paris VIII*.  
Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, *129, Bd. St. Germain, 75 Paris VI*.
- Confédération Française de la Coopération Agricole, *18 Rue des Pyramides, 75 Paris 1er*.  
Caisse Nationale de Crédit Agricole, *91-93, Boulevard Pasteur, 75 Paris XV*.  
Fédération Nationale des Sociétés Coopératives d'Habitations à Loyer Modéré, *Foyer Coopératif, 17, rue Richelieu, 75 Paris 1er*.  
Confédération des Coopératives de Construction et d'Habitation, "L'Habitation", *3, ave. du Coq, 75 Paris 9e*.  
Confédération des Organismes de Crédit Maritime Mutuel, *18 bis, Avenue Hoche, 75 Paris VIII*.
- FEDERAL REPUBLIC OF GERMANY: Bund deutscher Konsumgenossenschaften G.m.b.H., *Besenbinderhof 43, (2) Hamburg 1*.  
Affiliated societies (June 1968): 124; membership (1967): 2,379,114; turnover (1967): D.M. 4,321,596,200 (thereof D.M. 78,862,700 for West-Berlin).  
Grosseinkaufs-Gesellschaft deutscher Konsumgenossenschaften m.b.H., *Besenbinderhof 43-52, (2) Hamburg 1*.  
Total turnover incl. subsidiaries (1967): D.M. 2,195,524,900.  
Gesamtverband gemeinnütziger Wohnungsunternehmen, *Breslauer Platz 4, (22c) Cologne*.  
Volksfürsorge Lebensversicherung Aktiengesellschaft, *An der Alster, (2) Hamburg 1*.  
Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft, *Steinstrasse 27, (2) Hamburg 1*.
- GHANA: The Alliance of Ghana Cooperatives Ltd., *Post Office Box 2068, Accra*.
- GREECE: Pan-Hellenic Confederation of Unions of Agricultural Cooperatives (S.E.S.), *6, Othonos Street, Athens 118*.
- GUYANA: Guyana Cooperative Union Ltd., *Ministerial Buildings, High Street and Brickdam, Georgetown*.
- HAITI (W.I.): Caisse Populaire Dominique Savio, *57, Rue Rigaud, Pétion-Ville*.
- HUNGARY: Federation of Hungarian Cooperative Societies, *Szabadság 14, Budapest V*.  
National Federation of Producers' Cooperatives (OKISZ), *Pesti Barnabás 6, Budapest V*.
- ICELAND: Samband Isl. Samvinnufélaga, *Reykjavik*.
- INDIA: National Cooperative Union of India, *72 Jorbagh, New Delhi 3*.  
National Agricultural Cooperative Marketing Federation Ltd., *D-44, NDSE Part II, New Delhi 16*.

- IRAN:** Sepah Consumers' Cooperative Society, Avenue Sevvom Esfand, Rue Artèche, Teheran.  
Credit and Housing Cooperative Society of Iran, 20-22 Shahabad Avenue, Teheran.  
Central Organisation for Rural Cooperatives of Iran, 357 Pahlavi Avenue, Teheran.
- ISRAEL:** General Cooperative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv.  
Affiliated societies and companies (1963): 1,855 in all branches.  
"Merkaz" Audit Union of the Cooperative Societies for Loans and Savings, 44, Rothschild Bd., P.O. Box 75, Tel-Aviv.  
"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209, Tel-Aviv.  
Bank Zerubavel, 44, Rothschild Bd., Tel-Aviv.
- ITALY:** Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, Rome.  
Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome.  
Associazione Generale delle Cooperative Italiane, Via delle Quattro Fontane 16, 00184 Rome.
- IVORY COAST:** Centre National de la Coopération et de la Mutualité Agricoles, B.P. 702, Abidjan.
- JAMAICA:** Jamaica Cooperative Union, Ltd., 14-16 Barry Street, Kingston, W.I.
- JAPAN:** Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Cooperative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo.  
Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Cooperatives), 5 1-chome Otemachi, Chiyoda-ku, Tokyo.  
Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Cooperative Associations), Sankaido Building no. 9-13, 1-chome, Akasaka, Minato-ku, Tokyo.
- JORDAN:** Jordan Cooperative Central Union Ltd., P.O.B. 1343, Amman.
- KENYA:** Kenya National Federation of Cooperatives Ltd., P.O.B. 9768, Nairobi.
- KOREA:** National Agricultural Cooperative Federation, 75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul.
- MALAYSIA:** Cooperative Union of Malaysia Ltd., 8, Holland Road, Kuala Lumpur.  
Sarawak Cooperative Central Bank Ltd., Kuching, Sarawak.
- MALTA:** Farmers' Central Cooperative Society Ltd., New Building, Middleman Street, Marsa.
- MAURITIUS:** Mauritius Cooperative Union, Cooperation House, Dumat Street, Port Louis.
- MEXICO:** Confederación de Cooperativas de la República Mexicana, C.C.L., Av. Cuauhtemoc 60, 5 Piso, Mexico 7, D.F.
- NETHERLANDS:** Coöperatieve Vereniging U.A., Centrale der Nederlandse Verbruikcoöperaties, "CO-OP Nederland", Postbus 6008, Vierhavensstraat 40, Rotterdam 7.  
Association of Enterprises on a Cooperative Basis, Bloemgracht 29, Amsterdam.
- NEW GUINEA:** Federation of Native Associations Ltd., P.O.B. 152, Port Moresby, Papua.
- NIGERIA:** Cooperative Union of Eastern Nigeria Ltd., Cooperative Bank Buildings, Milverton Ave., Aba.  
Cooperative Union of Western Nigeria Ltd., c/o Cooperative Buildings, New Court Rd., Ibadan.  
Lagos Cooperative Union Ltd., Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.  
Mid-Western Nigeria Cooperative Federation Ltd., c/o Ministry of Cooperative and Rural Development, Cooperative Societies Division, P.O.B. Benin City.
- NORWAY:** Norges Kooperative Landsforening, Revierstredet 2, Oslo 1.  
Affiliated societies (1967): 823; membership: 366,750; turnover of local societies: Kr. 2,559 millions; of N.K.L.: Kr. 830 millions.  
Norske Boligbyggelags Landsforbund (NBBL), Trondshimsveien 84-86, Oslo.
- PAKISTAN:** East Pakistan Cooperative Union, Ltd., 9/D-Motijheel Commercial Area, 8th floor, Dacca 2.  
West Pakistan Cooperative Union, 5, Court Street, P.O.B. 905, Lahore 1.  
Karachi Central Cooperative Bank Ltd., 14, Laxmi Building, Bunder Road, Karachi 2.  
Karachi Central Cooperative Consumers' Union, Iqbal Market and Cold Storage, Soldier Bazar, Karachi.  
Karachi Cooperative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5.  
Karachi Cooperative Union Ltd., Cooperative House, Shaheed-e-Millat Road, Karachi 5.  
Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., West Wharf Road, Karachi.  
Sind Baluchistan Provincial Cooperative Bank, Ltd., Provincial Cooperative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2.  
Provincial Fishermen's Cooperative Society Ltd., Iqbal Road, Patharghata, Post Box 27, Chittagong.
- PERU:** Cooperativa de Securos "INCA" Ltda. No. 181, Camilo Carrillo 225, Of. 602, Lima.
- PHILIPPINES:** Central Cooperative Exchange Inc., P.O.B. 1968, Manila.
- POLAND:** Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Kopernika 30, Warsaw.

- Central Union of Building and Housing Cooperatives, *Ul. Jasna 1, Warsaw*.  
 "Spolem" — Union of Consumer Cooperatives, *Grazyny 13, Warsaw*.  
 Central Union of Work Cooperatives, *Surawia 47, Warsaw*.
- ROUMANIA: Uniunea Centrala a Cooperativelor de Consum "Centrocoop", *Str. Brezoianu 31, Bucharest*.
- SINGAPORE: Singapore Cooperative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.
- SWEDEN: Kooperativa Förbundet, *S-104 65 Stockholm 15*.  
 Affiliated retail societies (1967): 275; membership: 1,404,000; total turnover of distributive societies: Kr. 6,050 millions; total turnover of K.F.: Kr. 4,623 millions (Kr. 3,304 millions sales to affiliated societies); K.F.'s own production: Kr. 2,053 millions; total capital (shares, reserves and surplus) of K.F. and affiliated retail societies: Kr. 1,160 millions.  
 Hyresgästernas Sparkasse- och Byggnadsföreningars Riksförbund (H.S.B.), *Fleminggatan 41, Fack, S-100 21 Stockholm 18*.  
 Affiliated Building Societies: 115; with individual members: 310,000; number of flats administered by local societies: 275,000; value of real estate: 12,500 millions Kr.  
 Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19028, S-104 32 Stockholm 19*.  
 Folksam Insurance Group, *Folksam Building, Stockholm 20*.  
 Sveriges Lantbruksförbund, *Klara Östra, Kyrkogata 12, Stockholm 1*.
- SWITZERLAND: Verband schweiz. Konsumvereine (V.S.K.), *Thiersteinerallee 14, CH 4002 Basle*.  
 Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700 millions; wholesale turnover: Frs. 1,100 millions.  
 Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), *Schaffhauserstrasse 6, Winterthur*.  
 Verband sozialer Baubetriebe, *c/o SBHV., Sihlpostfach, Zurich*.  
 Genossenschaftliche Zentralbank, *Aeschengplatz 3, CH 4002 Basle*.  
 COOP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.
- TANZANIA: Cooperative Union of Tanganyika Ltd., *Avalon House, P.O. Box 2567, Dar-es-Salaam*.
- TUNISIA: El Ittihad, *16, Avenue de Carthage, Tunis*.
- UGANDA: Uganda Cooperative Alliance, *P.O.B. 2215, Kampala*.
- U.S.S.R.: Central Union of Consumers' Cooperative Societies of the U.S.S.R. and RSFSR, "Centrosoyus", *Tcherkassky per no. 15, Moscow*.  
 Consumers' societies (1967): 16,489; members: 55 millions; shops: 356,700.
- UNITED KINGDOM: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS*.  
 Affiliated retail societies (1967): 625; membership: 12,955,706; share capital: £221,143,738; retail sales: £1,083,596,483.  
 Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES*.  
 Affiliated societies (1965): 746; sales: £487,859,688; Bank turnover: £9,764,603,821; reserve and insurance funds: £40,791,711; total assets: £300,463,965.  
 Co-operative Insurance Society, Ltd., *Miller Street, Manchester 4*.  
 Assets (1964): £369 millions.  
 Scottish Co-operative Wholesale Society Ltd., *Centenary House, 100, Morrison Street, Glasgow C. 5*.  
 Affiliated societies (1967): 153; sales: £89,008,059; reserves and insurance funds: £9,474,291; total resources: £23,139,384.  
 Co-operative Permanent Building Society, *New Oxford House, High Holborn, London, W.C. 1*.
- U.S.A.: Cooperative League of the U.S.A., *59, East Van Buren Street, Chicago, Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.*
- YUGOSLAVIA: Glavni Zadruzni Savez FNRI, *Terazije 23/VI, Belgrade*.
- ZAMBIA: Eastern Province Cooperative Marketing Assoc. Ltd., *P.O.B. 108, Fort Jameson*.

#### INTERNATIONAL ORGANISATIONS

- Organization of the Cooperatives of America, *G.P.O. Box 4103, San Juan, Puerto Rico 00936*.
- Nordisk Andelsforbund (Scandinavia), *3 Axeltorv, Copenhagen V, Denmark*.
- International Cooperative Bank Co. Ltd., *Aeschenvorstadt 75, P.O.B. 711, CH 4002 Basle, Switzerland*.
- International Cooperative Petroleum Association, *11 West 42nd Street, New York, N.Y. 10036, U.S.A.*
- Sociedad Interamericana de Desarrollo de Financiamiento Cooperativo, *1012, 14th Street, N.W., Room 1401, Washington D.C., U.S.A.*

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## I.C.A. EXECUTIVE COMMITTEE MEETING IN LONDON, 29<sup>TH</sup> AND 30<sup>TH</sup> JANUARY 1969

**T**HE I.C.A. Executive Committee met in London on 29th and 30th January, 1969, preceded, as usual, by meetings of the Technical Assistance and Executive Sub-committees on 28th January. Dr. Mauritz Bonow (Sweden), President of the I.C.A., was in the Chair, but as he had to leave before the end of the meeting, part of the last session was chaired by Mr. R. Southern (United Kingdom), Vice-President of the I.C.A.

### **I.C.A. Budget for 1969**

The Committee considered the Budget estimate for 1969. There is likely to be a deficit of £ 13,500, despite keeping the expenditure to a minimum. A thorough examination is to be made of all items of income and expenditure, together with a long-range forecast of resources required and anticipated expenditure for the next few years.

It was noted that a number of Member Organisations were in arrears with their subscriptions, some for several years. At its next meeting, the Committee will consider the reasons for non-payment and, unless these are considered adequate, these organisations will be deleted from the list of Members.

### **24th Congress of the I.C.A., Hamburg, September 1969**

The Committee considered a paper prepared by Mr. Nils Thedin (Sweden) and Mr. Roger Kérinec (France) to serve as a background paper for the main Congress theme, which will be "Contemporary Cooperative Democracy". In addition, a paper will be submitted by a representative from the socialist planned economy countries and a Secretariat paper will also be prepared. Mr. Thedin attended the Committee to introduce the outline of his paper.

### **Structure of the I.C.A.**

The Executive considered the suggestions arising out of the discussion at the Central Committee meeting in September 1968 in Glasgow on "The Structure of the I.C.A.". On the suggestion that Auxiliary Committees should be more closely integrated with the I.C.A. and the Secretariat, the Executive agreed it should not try to influence Auxiliary Committees and that there should be no change in the present arrangements unless an Auxiliary Committee asked for the arrangements to be changed.



On the question of electing the Executive Committee to include representatives from differing social, political and geographical areas, the Executive confirmed that the Executive Committee was not elected as a representative body. Individuals were elected to speak for the I.C.A. as a whole in between meetings of the Central Committee. Full reports will be made to the next meeting of the Central Committee on these discussions.

### **38th International Cooperative Seminar**

The 38th International Cooperative Seminar will be held in Suchdol, near Prague, Czechoslovakia, in September 1969.

### **I.C.A. Activities with United Nations Agencies**

Reports of I.C.A. activities with Specialised Agencies of the UN show increasing collaboration and a Memorandum of Understanding has been prepared setting out the agreement and aims of a new Liaison Committee of the FAO/ILO/ICA/IFAP. It is hoped that this will cut out overlapping and ensure that available resources are used to the best advantage in cooperative projects.

The Executive received a report on the Resolution passed by the General Assembly of the United Nations by 111 votes For, no votes Against and no Abstentions, on The Role of the Cooperative Movement in Economic and Social Development. This Resolution was initiated by the Polish Cooperative Movement, presented at the United Nations by the Polish delegation and specifically mentions the I.C.A. in helping to achieve the objectives of the Second Development Decade. The Executive underlined the fact that by pass-

ing this Resolution, governments are committed to providing increasing help in cooperative technical assistance to developing countries.

### **Cooperative Principles**

The Executive Committee considered the question of finding a suitable wording for the Fourth Cooperative Principle as adopted by the 23rd I.C.A. Congress, referring to "surplus and savings". This had been discussed at the Central Committee meeting at Glasgow in September 1968 and, as there was disagreement on these words, the Central Committee asked the Executive Committee to try to evolve a suitable alternative wording. The Executive felt that the phrase "economic results" met the objections to the former wording and recommended this Cooperative Principle to read as follows:

"The economic results arising out of the operations of a society belong to the members of that society and should be distributed in such manner as will prevent one member gaining at the expense of others."

This would be considered by the Central Committee in April.

### **Membership**

The Executive Committee accepted into membership the following organisations:

Cooperativa de Seguros del Peru, Ltda. 170, Peru (Cooperative Insurance Society);

Cooperativa de Seguros Inca, Ltda. 181, Peru (Cooperative Insurance Society);

Central Union of Artisanal Coop-

eratives (UCECOM), Roumania;  
Federation of Credit Cooperatives,  
Argentina; and  
Turkish Cooperative Association  
(Türk Kooperatifcilik Kurumu),  
Turkey.

#### **Meeting of the Central Committee**

The I.C.A. accepted the invitation from N.K.L., Norway, to hold the next meetings of the Executive and Central Committees in Oslo in April 1969.

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## **MEETING OF I.C.A. WOMEN COOPERATORS' ADVISORY COUNCIL IN LONDON, 19TH—21ST FEBRUARY 1969**

**T**HE I.C.A. Women Cooperators' Advisory Council met in London from the 19th to 21st February. Seventeen countries were represented. This was the first opportunity for the new Director, Dr. S. K. Saxena, to meet the Council. He was welcomed by the Chairman, Mrs. Sirkka Raikonen (Finland), and in reply, Dr. Saxena said he was convinced of the importance of women's active participation in cooperative movements and assured the members of his support for their work.

The Chairman referred to frequent statements that women had equal rights in cooperative movements. Theoretically, this was true but not realistic. She mentioned one country whose recent statistics showed that over 50 per cent of its movement's membership were women, but the proportion of women holding office in councils or administration would give a very different picture. This example could be repeated in many countries.

For the forthcoming Women's Conference to be held in Hamburg imme-

diately prior to the 24th I.C.A. Congress, it was decided that the theme should be "Women, Cooperation and Democracy". Eminent speakers are to be approached to examine the problem both in the developed and developing countries.

The Council was pleased with the new contacts which had been made during the previous year with I.C.A. committees. The most important was the Chairman's first attendance at the meetings of the Central Committee as an observer. Mrs. Raikonen had been given an opportunity to speak during the proceedings. The Housing Committee invited Mrs. Crisanti (Italy) to attend its meeting in Rome last November, when the Council's paper "Some Views of Women Living in Housing Cooperatives" was discussed. The Secretary, Mrs. M. J. Russell, had attended the Agricultural Committee meetings in Glasgow.

The Women's Working Party on Agriculture also met on February 21st and reported back to the Council. Its

main business concerned the Symposium to be arranged by the I.C.A. in Milan in September 1970. The subject will be "The Contribution of the Cooperative Movement in the Integration of Rural Families into the Modern Society" and will be dealt with at the European level.

Invitations were received to the Tri-

ennial Conference of the International Council of Social Democratic Women and to the Congress of the Women's International Democratic Federation to be held in England and Finland respectively, and representatives were appointed.

M.J.R.

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## CONTEMPORARY

## COOPERATIVE

## DEMOCRACY

*THE major discussion theme for the Twenty-Fourth I.C.A. Congress in Hamburg in September of this year is "Contemporary Cooperative Democracy". Papers will be prepared and introduced by Roger Kérinec (FNCC), Nils Thedin (KF) and A. P. Klimov (Centrosoyus).*

*To assist these speakers in drawing their conclusions, the I.C.A. Secretariat has prepared a background paper, based primarily on responses from member organisations to a circular inquiry sent out in October 1968. The major points of that paper are reproduced in the following excerpts, but the factual country illustrations have been omitted. The full paper will appear in the "Agenda and Reports" for the Congress.*

*We hope that readers of the Review will give careful consideration to the vital and controversial issues which are highlighted in the background paper. Written comments will be given serious consideration with a view to bringing them before Congress during the debate on this issue.*

### **The Problem**

Cooperatives everywhere have always found it difficult to retain the full vigour of their democratic base. In recent years, however, sweeping changes in cooperative structure—fully documented and discussed at the last Congress—have greatly increased the proportions of this problem. These changes in cooperative structure involve: concentration of resources; larger, more integrated operational units; standardisation; centralisation of services and management; and conformity to universally binding development plans.

The major effect, in the context of democracy, has been to widen the gap between members and management and to remove decision-making from the local base which had long been considered the foundation of democratic control. This emasculation of democracy can and does manifest itself in diverse ways: in member apathy, low attendance at meetings, weakening of traditional cooperative loyalty, inability to attract young people, difficulties in recruiting staff, loss of the sense of belonging and of exerting influence, encroaching bureaucracy and rigidity—and even sometimes in a blurring of the end purpose of cooperation, namely, to serve the interests of the members.

Many of our member organisations have been worried by these developments

and have been considering ways of countering them. Some of them, in response to a circular inquiry sent out in October 1968, have reported to the I.C.A. Secretariat on their current efforts or proposals in this respect. In the following pages, an attempt will be made to summarise the information collected from this and other sources in two distinct categories.

(a) The first category includes measures designed to adjust the framework of the cooperative structure in such a way as to provide *machinery for more effective representation* of the views of individual members of local societies.

(b) The second category relates to ways of infusing the democratic spirit into cooperative enterprise by stimulating members actively to participate in the affairs of their society; this is the approach through *member involvement*. The idea is to make management more accountable to their local constituents, thereby enhancing ultimate member control.

It should be noted that both types of measures are intended to reconcile democratic control with maximum operational efficiency. No suggestions have been considered—or, for that matter, offered for consideration—which would solve the dilemma by opting for lesser efficiency. It is generally recognised that the case of democracy would not be advanced by serving the interests of members less well. *Indeed, the justification for democratic control rests on the proposition that it is the members who know best what their interests are.*

### **Representational Reforms**

#### *(a) Direct versus Indirect Representation*

More and more societies have been substituting indirect for direct representation. The general meeting is replaced by a representative body legally invested with the powers of the general meeting and exercising its functions. Instead of *one* general meeting, the members are convened to a number of branch or district meetings, the agenda of which covers the whole field of the society's operations in addition to branch or district affairs. Alternatively, the district meeting elects representatives to a delegate General Assembly of the society.

#### *(b) Supervisory Councils*

Another device for extending the influence of individual members over the policies of cooperative societies is the Supervisory Council which has gained in popularity in recent years. The Supervisory Council acts as an arm of the General Assembly operative between the annual meetings. Its main purpose is to watch over the activities of the Board of Directors to ensure that it does not exceed the statutory authority delegated to it by the members.

#### *(c) Division of Responsibility between Laymen and Professional Managers*

As societies grow larger and their operations become more complex and technical, there is a general tendency for functions and responsibilities to be transferred from the General Assembly to the society management.

But “management” is an ambiguous term. Quite apart from the obvious problems connected with translation of descriptive names, confusion arises from the fact that the same term or label may be used quite differently as between countries or even within a country. “Board of Directors” may indicate an elected committee of laymen, or a professional body of managers, or either, or both.

“Management” or “Management Committee” may also be used in any or all of these senses. And to compound the confusion, “management board” is used to describe precisely the same organs.

Clearly, a constructive discussion of the relationship between lay members and professional managers requires the use of unambiguous terms which have the same meaning throughout all movements. Hence it is necessary, though somewhat cumbersome, to employ in this context two carefully defined, artificially constructed labels. The first is “*elected committee*” to designate a group of lay people elected as representatives of their fellow members. The second is “*the management*”, that is, people with managerial qualifications who are appointed to their posts.

“Elected committees” are ordinarily chosen by the General Assembly of societies and are accountable to them. In the larger societies of some movements, their work is supplemented by smaller executive committees which carry on business in the intervals between meetings. The members of these committees are laymen rather than professionally trained managers. In some cases, they serve on a full-time basis, but more often, they are only part-time and are paid only a nominal sum.

In connection with the problem of democracy, the crucial issue is the division of responsibilities and authority as between “elected committees” and “the management”. There are cases in which there is only an “elected committee” which carries all of the management responsibilities. Usually, however, “the management” is distinct from the “elected committee”, is appointed by it, is accountable to it, and is on a full-time paid basis, with professional qualifications required.

The general principle that has evolved as to the respective jurisdictions of the “elected committee” and of “the management” is that the former is responsible for major policy decisions (planning, public relations, member relations, relations with secondary organisations, and long-term commitments of facilities, finances or manpower) and the latter for day-to-day operational decisions (personnel, processing, production, purchasing, storage, marketing, retailing, and employee relations).

The exact demarcation and definitions of respective tasks vary from movement to movement, and there is certainly a secular trend towards shifting of responsibility to full-time professional management. However, the key requirement for democratic control is two-fold: (a) that the respective responsibilities of the “elected committee” and of “the management” should be clearly differentiated, defined and understood by all concerned; and (b) that “the management” should be fully accountable to the “elected committee” representative of the membership. At the same time, it is important in the interest of efficiency that the management should not be hampered in its daily work by too much interference from the elected committee.

More and more cooperative movements are acknowledging the necessity of entrusting the managerial function to full-time professional people and are relegating the function of lay managerial bodies representative of members to a more purely supervisory role. For the same reasons, increasing stress is being

put on effective specialised training for managerial positions, recruitment from professional ranks, even when this means employing managers from outside the movement, and devices for stimulating exchange and diffusion of managerial experience and know-how, for example, through systematic transfer of managers throughout the movement (which presupposes standardisation of pay, pensions and other benefits), greater use of "inter-firm" comparisons of performance ratios, conferences of managers, seminars, and management contracts which make available to weaker societies the managerial talent of stronger cooperatives.

Too often the provision of such facilities is conceived primarily in technical terms. It is important that technical courses for managers should be set within a curriculum which includes education in the fundamentals of Cooperation. The division of functions between "elected committees" and "the management" is necessary for efficiency, but, unless managers understand what Cooperation is about, "efficiency" will be pointless. This does not mean that the technical training should be any the less down-to-earth and practical, but it does mean that a cooperative manager must understand the objectives of the Movement.

(d) *One Member, One Vote*

The principle of one member, one vote at the level of primary societies is almost universal. The I.C.A. Principles Commission stated unequivocally that "the status of all . . . members should be equal and all should have equal opportunities of participating in decisions and expressing views on policy. There is no way of ensuring this save by giving each member one vote and one only . . . Accordingly, there should be no exceptions to the rule of one member, one vote in primary cooperative societies, that is, in associations of individual persons."

The situation concerning one member, one vote is different, however, with respect to secondary or tertiary organisations whose members are cooperative societies rather than individuals. The Report of the I.C.A. Principles Commission argues that it is acceptable in such organisations to base voting power on individual membership of affiliated societies, or on capital contributions which are based on membership or even on degree of member interest as indicated by volume of transactions.

## **Member Involvement**

(a) *The Concept of Accountability*

The viability of contemporary cooperative democracy depends much more on the will to participate than on the machinery for doing so. Unless members are *involved*, that is, unless they really care about their society and the way it is run, they will not bother to take advantage of the democratic opportunities available to them. Hence, it must be made possible for individual members to exert influence on the activities of their society and their store at the local level where their interests are directly affected. Equally, they should be made aware of this potential influence. Members can easily be given machinery for representation. They can be educated, informed, communicated with, and entertained. But they will never be *involved* unless they are given a real stake in the enterprise. In short, the members must be in a position to participate in

the making of major decisions, and to control and limit the “technicians” of the movement, i.e., the professional managers.

To say this is not to deny the structural impulse towards increased efficiency. There is no doubt of the need for co-ordination, better servicing by secondary organisations and greater centralisation in decision-taking. And there is no doubt that this implies a considerable loss of autonomy by primary societies. But this process must be safeguarded by redoubled efforts to preserve and strengthen ultimate accountability to members in terms of:

Enabling them to participate in the decisions to centralise, as well as the continuing process of planning from the bottom up;  
expanding and improving the two-way flow of information and recommendations between individual members, primary societies, secondary organisations and the apex;  
devising instruments by which members can supervise the activities of “elected committees” and of “the management” with respect to their conformity to statutory authority and decisions taken; and  
educating members for an understanding of the major issues involved in the economic as well as the political and social activities of the society and the movement.

(b) *Communication, Information and Education*

To an important extent, cooperative democracy depends on communication between members and management.

Members must be kept fully informed on the fundamental issues and problems arising, and on the decisions being taken. *Only in this way can they ascertain whether their instructions are being followed and their interests taken into account.*

Equally, management and officials at every level must keep closely in touch with the views of individual members; and machinery must be available for the forwarding of recommendations from the “grass roots” upward. This is the only guarantee that “efficiency” will be correctly interpreted in terms of member interests.

A major aspect of effective communication is *co-ordination* to facilitate exchange of knowledge and experience throughout the movement vertically and horizontally; and a fruitful way to ensure such co-ordination is to utilise the principle of “overlapping”, that is, of drawing on officials from one level of the movement for co-ordinating bodies at other levels.

In the last analysis, however, the contribution of communication to effective member participation depends on the quality of the information that is communicated and the way in which it is presented. Annual reports and balance sheets will have the effect of involving members only if they are intelligible to them. The Cooperative Press will stimulate discussion and increase member awareness only if it evokes the interest of the reader.

Any cooperative activity which evokes the active interest of members is *ipso facto* a method of “educating” members. This is as true of social activities—a Guild tea or a fashion show at the cooperative store or a competition staged by the Cooperative Press—as it is of formal courses organised by the Education



Committee. The educational effectiveness of an activity is a direct function of its appeal to the basic preoccupations of cooperators.

This means that the methods of member education are legion and that each society must find that combination of approaches which is best adapted to the economic, intellectual and social level of its members.

(c) *Member Control at the Local Level*

An even more essential ingredient of management accountability is the provision of mechanisms which make it possible for individual members effectively to influence the economic policies of cooperatives. This implies channels through which they can make their views and wishes known at higher levels, can participate in the actual making of decisions which, once arrived at, become obligatory, and can supervise and control the implementation of these decisions by the responsible officials.

### **The Role of Governments**

The issue of cooperative democracy is sometimes linked with cooperative autonomy and freedom from State interference.

For *mixed economies* in western countries the problem scarcely arises, since there is little inclination for governments to interfere in cooperative affairs other than by imposing the obligation for them to conform to general laws like other forms of enterprise and to accept the discipline imposed by the State or the planning authorities.

In countries with *state planned economies*, the promotion and supervision of cooperatives operate mainly through the national economic plan, in which all have an assigned part to play, with central state control in a body such as the Council of Ministers working through Economic Councils and in collaboration with Central and sometimes Regional Cooperative Unions. The central state control is reinforced by the control of finance.

Governments which are firmly committed to a policy of national economic planning do not regard the so-called "free" market as an adequate arbiter of resource disposal. They are convinced that a rational allocation of resources can result only from more or less centrally directed decisions taken in accordance with clearly defined economic and social objectives. Where these objectives include a strong and effective cooperative movement, it is rational to ensure that resources are allocated to this purpose.

Recent developments in a number of East European economies in the direction of more decentralised management of productive and trading units have had implications also for cooperatives. In the words of Pernica: "In a socialist society, the renaissance of cooperation is promoted by the process of a gradual transfer of more and more tasks from public authorities—particularly those of the socialist State—to social organisations of the working people." (Karl Pernica, in "The Cooperative Movement in Socialist Czechoslovakia", p. 12.)

In the *developing economies*, a similar "devolution of responsibility" is occurring. In Asia and Africa, there is extensive government support for cooperatives almost regardless of political ideology or the degree of centralised state planning. Indeed, the efforts of the government cooperative departments often

constitute the mainspring of cooperative development. This is a consequence of the many difficulties in the way of spontaneous emergence of cooperative enterprises—or any form of enterprise—in these countries.

It is generally agreed, however, that substantial government intervention in cooperative affairs is justified only so long as temporary factors render it essential; and that such support should be withdrawn as rapidly as circumstances permit, and preferably according to a pre-scheduled time-table. This policy of “de-officialisation” usually takes the form of handing over to secondary cooperative organisations the various duties of promotion, audit, supervision, education, propaganda and financial assistance as soon as they are ready to assume such responsibilities.

### **Summary**

Contemporary cooperative democracy obviously requires an organisational structure designed to facilitate effective member representation, effective member participation in basic policy decisions and effective member control to ensure that such decisions are faithfully implemented by management.

At the same time, it is clear that democracy cannot be guaranteed through organisational machinery alone. Members will participate in representation, in policy making and in supervision only to the extent that they are really interested in the issues at stake. Member interest and involvement must be actively stimulated; they do not occur automatically. In the contemporary world, cooperative democracy requires a dynamic programme for two-way communication with members, informing them, educating them, and enabling them to influence policy at the local level where their most vital interests are directly affected.

Such measures are necessary regardless of the political setting in which cooperation operates. In the mixed economies of the West, the initiative is usually taken within the movement. In the state planned economies of the East, cooperators have an important and growing role to play in determining the shape of the national plan which constitutes their economic framework; within that framework, members exercise control at local and regional levels. In the developing countries, there is necessarily a high degree of government intervention in cooperatives, but, here too, the stress is increasingly on devolution of responsibility.

L.S.

# THE COOPERATIVE PRESS IN FRANCE

by J. Boniface

**T**HE Cooperative Movement in France embraces some 8 million people, belonging to different kinds of cooperatives. Like every living force it needed its own means of expression and communication and above all its own press, which serves to maintain contact between cooperative undertakings as well as spreading its ideology.

It is no easy matter to describe the cooperative press in any detail, to weigh its influence, nor to list every one of its publications.

It may be looked at from two aspects: the first, more or less horizontal, listing the press organs available in every cooperative movement; the second aspect, a vertical one, demonstrating how each movement has been able to adapt, from base to apex, its own press according to its readers and its requirements.

Technically speaking, cooperation was not slow to make use of the weapons offered by the printed word as these are employed today. In the main, there are four channels of communication: the *magazine*, with small format, in colour, on glossy paper, with a good circulation figure; then the *newspaper* properly speaking, in black and white or with one colour extra perhaps, with larger format, often with indifferent quality paper, and without any special features designed for a particular pub-

lic, and has either a very large or very small circulation; the *review*, invariably of a more responsible nature and fairly voluminous; and lastly, a variety of *bulletins*, either printed or stencilled.

The main sectors in France's cooperative movement are: consumer, productive, housing, credit, agricultural, school and maritime cooperatives, etc.

We shall examine each of these sectors briefly and list the titles of each of their publications, with a note on their contents and their particular readership.

## Consumer Cooperatives

Consumer cooperatives enjoy the most influential and diverse press, making use of every type of media, with the sole exception of the magazine, but reaching every type of public.

They publish one popular, mass-circulation newspaper, the "COOPERATEUR DE FRANCE", issued every fortnight, with a circulation of more than 1½ million copies; it is designed to appeal to the shareholders in the "Coop" shops, i.e., to a wide variety of popular readers. It is a "family" paper with cultural aspects, aimed at the mass market.

"LIAISONS COOPERATIVES" has a circulation of 15,000 copies monthly and is directed particularly to the mil-





itant element in cooperatives, to the officials and leaders. Shop managers have their monthly review "PRESENTATION". The weekly "BULLETIN D'INFORMATIONS COOPERATIVES" gives societies all items of news on legal and fiscal matters which they might need in their operations.

Lastly, there are two other cooperative publications which spill over into the non-cooperative public: the monthly review "COOPERATION", with a circulation of 3,000 copies, which deals with all major technical, economic and cultural questions of interest to technicians, staff, teachers and civil servants; the bi-monthly "BULLETIN D'INFORMATION DU LABORATOIRE COOPERATIF" has a circulation of 5,500 copies, has a carefully designed presentation and is directed to domestic science counsellors, nutrition specialists, militants, teachers, etc., in addition to cooperators.

This brief survey will show that consumer cooperatives do their best to cover all the sectors applicable to their particular field in a comprehensive network of publications.

### **Agricultural Cooperatives**

It is a rather more difficult matter to delineate the agricultural cooperative press, which is as complex as the agricultural cooperative movement itself. It is extremely important in economic terms and highly diversified comprising, for instance, processing and productive cooperatives, and also those dealing with tinned and frozen foods and the sale of all types of agricultural products, as well as supply and service cooperatives.

These cooperatives do not publish themselves any papers which cover the entire farming community or its members. However, national bodies set up

by the various agricultural cooperatives do have reviews, newspapers or bulletins.

Thus, at Federation or National Union levels, we find three important reviews: the monthly "COOPERATION AGRICOLE", published by the Centre National de la Coopération agricole; "UNION AGRICULTURE", issued by the MacMahon group; and "ECONOMIE AGRICOLE", issued by the Lafayette group. These two groups speak for different viewpoints, which have only recently been brought together.

The three reviews mentioned are mainly of a technical nature, each dealing with its particular field. Other national organisations also have their own media, such as "EQUIPEMENT AGRICOLE" or the innumerable bulletins, which are either printed or stencilled and issued from Paris or the provinces.

Lastly, there are some cooperative groups which, since they do not possess their own organs, make use of publications which are not strictly cooperative, but belong to specialist agricultural associations, such as those of the producers of wheat, wine, beetroot, etc. This particular type of press is a very lively one and produces a large number of publications, but of course, it is strictly confined to its own technical and specialist boundaries.

### **Productive Cooperative Societies**

After agricultural cooperatives we have the productive cooperative societies whose Confederation publishes a monthly edition of "LA COOPERATION DE PRODUCTION", with a circulation of 12,000 copies in newspaper format. It features current economic topics and also all the major technical and ideological problems af-

fecting productive cooperative societies.

The same movement also has an important monthly review entitled "CHANTIERS COOPERATIFS", with a circulation of 8,000 copies, published by the Fédération Nationale des Coopératives Ouvrières du Bâtiment. It deals exclusively with building problems.

Lastly, there is a publication entitled "COMMUNAUTE" in a bi-monthly edition and with a very small circulation, which is published by the Communautés de Travail. It has a high cultural standard.

### **Other Types of Cooperatives**

The next on our list is the Housing Cooperative whose press consists mainly of two reviews: "COOP-HABITAT" and "CITES-COOP". The former is a monthly review which has three different editions: the orange one (7,000 copies), known as the federal edition, is for the managers and executives of the HLM low-cost housing projects (habitations à loyer modéré); the green edition (14,000 copies), which is less technical and more popular, is received by shareholders in the HLM projects; lastly, the blue edition, which is published by some regional cooperatives.

The CITES-COOP review is a quarterly information bulletin belonging to the Société Nationale des Cités-Coopératives, whose building programme is different from that of HLM.

The only true cooperative magazine in France is "AMIS COOP". It has a circulation of 100,000 copies monthly and is intended for school cooperators throughout France. School cooperatives are very active as we know and many classes have their own cooperative run by the students themselves and this "mass" magazine of high technical quality is much appreciated.

### **Inter-Cooperation and Research**

We shall not describe here the publications of less importance issued by other forms of cooperation such as, for example, the fishermen's cooperatives, but we must mention two types of press, one of which may be called polyvalent or inter-cooperative, and the other for studies or research. These do actually overlap, since the second is also inter-cooperative in nature.

In the first category, we have "L'ACTION COOPERATIVE", an information bulletin published by IFAC (Institut français, Action coopérative). This is a stencilled periodical whose circulation figure varies with the issues. Some are intended especially for managers and leading members of the Institute, and others, in the form of special issues, are distributed to all students as well as former students, with a maximum circulation of 15,000 copies.

Mention must also be made of "ECONOMIE COOPERATIVE" which is the organ of CE.DE.COOP. (Centre pour le Développement de la Coopération). Although it gives pride of place to information on Cooperative Credit Union matters, its main function is to encompass and link up all new types of cooperatives which have made their appearance in recent times such as, for example, architects' cooperatives, doctors' cooperatives or even unusual cooperatives, such as frogmen's cooperatives or repertory theatre cooperatives.

In the field of research and studies, we have the "REVUE DES ETUDES COOPERATIVES" which has a circulation of 2,500 copies every quarter; a large proportion of the subscribers are either living abroad or are in higher education. The Review is published by the Institut des Etudes Coopératives, which also issues a monthly bulletin

entitled "INFORMATIONS COOPERATIVES", with a circulation of 5,500 copies.

Lastly, there is the review entitled "ARCHIVES INTERNATIONALES DE SOCIOLOGIE DE LA COOPERATION ET DU DEVELOPPEMENT" which deals mainly with scientific papers by sociologists and specialists and is issued twice yearly.

### **An Essentially Functional Press**

This guide to the French cooperative press, however prosaic and brief it may be, does indicate great variety and a genuine spirit of vitality. Several remarks are called for.

In the first place, this vitality is especially concentrated and crystallised around the more immediately effective role of the press. Primarily, it means that members are linked together in the same organisation and this ensures that it will not lack cohesion or punch; and it also provides information and instructions. This is a purely technical and tactical role. In a world as complex as the world of today, it is a vital one. Any organisation which neglects this aspect is soon stifled or moribund. Another function, equally well ensured by the cooperative press, is the spreading of ideology, ideas and propaganda. It will be noticed that both these functions are fulfilled by newspapers, reviews or bulletins with a small or medium circulation corresponding to the readership. Very rarely do these extend beyond the circle of militants, technicians or managers.

At the two ends of the scale, i.e., the popular mass on the one hand (whether consisting of cooperators or non-cooperators), and the intellectual elite on the other, the volume of effort is much more restricted and the vitality much

less noticeable. Actual circulation to the 8 million cooperators identified as such is far off the mark. So far as the general public is concerned, practically only "COOPERATEUR DE FRANCE" and "AMIS COOP" do exist, and for the intellectual elite, only the two reviews mentioned above. It would seem that cooperatives have fallen back on one essential but restricted objective: to live and survive in a tough capitalist world. Their reduced means and the tremendous and well-known difficulties implicit in the launching of new publications have not permitted them to take spectacular initiatives or embark on new ventures in the press field. This is to be regretted, since mass and colour magazines are the best possible channels for spreading ideas beyond a restricted circle and, furthermore, pilot publications could attract to the cooperative movement the best and most worthwhile elements of society. But circumstances today are not favourable for such endeavours.

However, our conclusion need not be a pessimistic one, since this very brief study has shown an intensive and effective presence in all cooperative fields.

The cooperative press is essentially *functional*. It offers a wealth of publications covering the cooperative sector effectively. If it illuminates only very little directly, its indirect influence is recognised, and in the process of breaking new ground, it is helped by audio-visual mass media, such as radio, cinema, and television. In this respect, however, it would be wrong to believe some prophets who, fascinated by these new media, had predicted for years the decline of the press. They have been refuted by many contradictory signs, in particular, the rise of the "specialised" press, stirred up by the new types of



consumer demands.

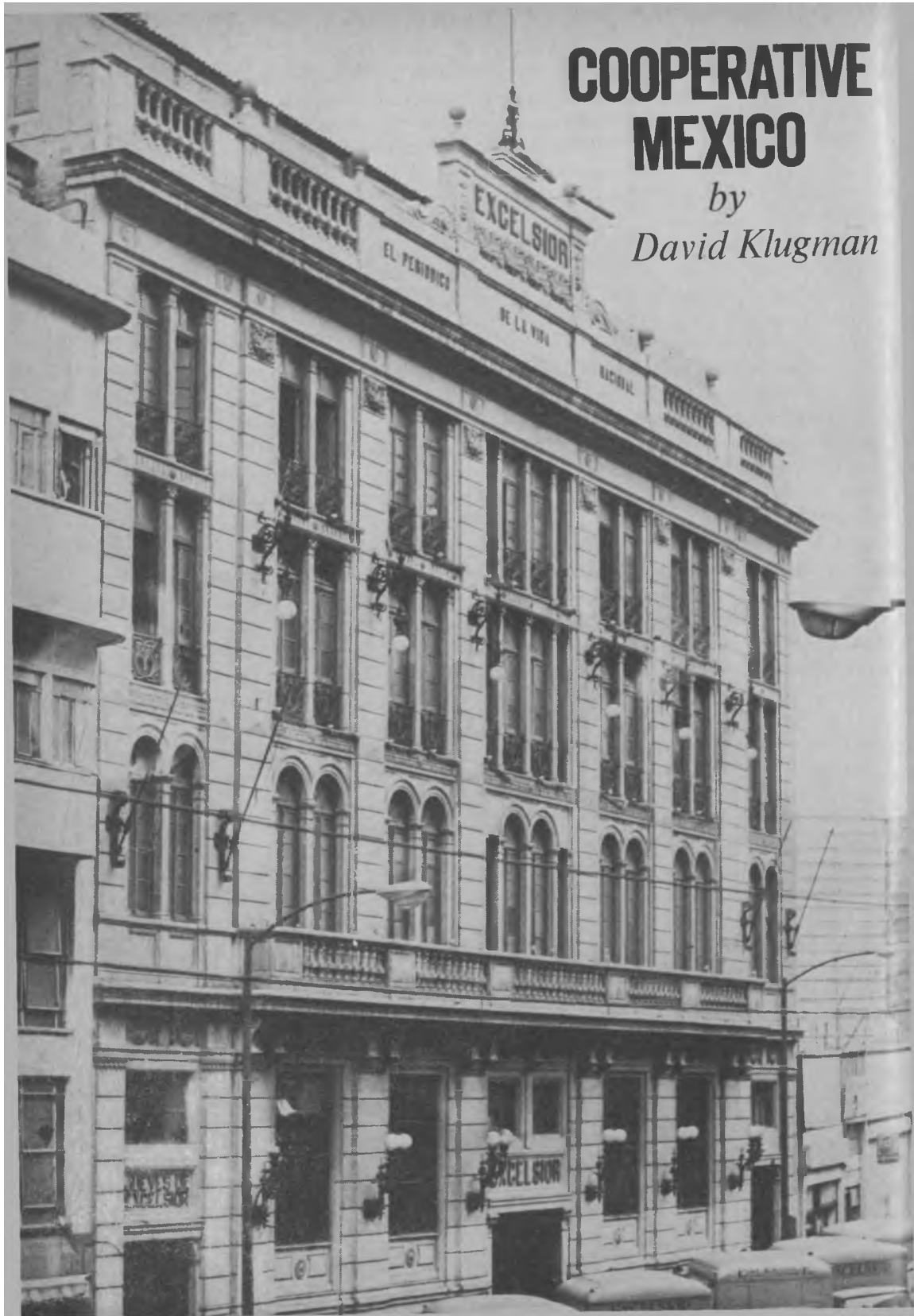
This is why the cooperators cannot relax their efforts. Their own development is firmly tied to that of an up-to-date and dynamic press. It alone can

transmit their ideas to the coming generations and can give them cohesion and effectiveness. It has been said that advertising is the spearhead of expansion—all the more reason for the Press!



# COOPERATIVE MEXICO

by  
*David Klugman*



THE caricature of Mexico as Pedro, asleep under the cactus, sombrero on the head and guitar on the knees, is seriously outdated. One month of criss-crossing the country, by plane, bus and car, showed sombreros solely on the heads of tourists and Pedro far too busy to indulge in sleep. All Mexicans, of all ages, work. They have to, to survive. They earn in a day what their U.S. counterparts earn in an hour. They work hard, with few tools. The striking sky-scrapers, all glass and murals, pioneered by Mexico before the U.S.A., are still going up at 10 o'clock at night.

*The Results:* A Gross National Product increasing at the rate of 5 to 8 per cent a year, the highest rate in Latin America, i.e., from 41 billion pesos in 1950 to 112 billion in 1967 in constant 1950 prices, or to 301 billion in current prices. The International Monetary Fund rates the peso a "hard currency", as do Mexico's neighbours to the South, who welcome the peso as others welcome the dollar or the Swiss franc. (The peso stands at a stable ratio of 12.50 to \$ 1.)

—A population explosion is raising Mexico's population above 46 million (from 26 million in 1950); the capital's federal district alone accounts for over 6 million.

—A shift, by which, for the first time, urban Mexico exceeds rural Mexico.

—A relatively stable socio-political climate in the last 30 years, after decades of turbulence, yet challenged by students who charge that Mexico's "élan" has become institutionalised, stale and static.

—A country both 50 years forward and 50 years backward (82 per cent of Mexico City's households own a television, yet 27 per cent of the capital's families spend more than they earn).

Thus appears to the visitor the 8th largest country on earth.

### **Mexican Cooperatives**

Mexican cooperatives developed in three stages: (a) from 1917, the end of the revolutionary period, to 1928, at which time 400 cooperatives existed; (b) from 1929 to 1946, when the Government supplied needed legislative and financial help, so that over 3,000 cooperatives of all types existed by 1946; (c) from 1947 on, with waning government support, on the theory that cooperatives ought to be self-supporting.

While cooperatives are not a major force in the economy, Mexico does count 15,000, if cooperatives of the farm-communal land ownership type financed by Cooperative Land Banks are included, or 7,600, if only formal cooperatives, members of the Mexican Cooperative Federation, are counted.

There are five main classes of cooperatives: farm and livestock, savings and credit, consumers, production, and service. An important additional segment is the School Cooperative Movement.

#### *Farm Cooperatives*

There is a large nucleus of agricultural cooperatives, about 850 societies in 5 States (there are 29 States in all).

Frequently tied in with small land-owners' organisations, they engage in cattle raising, in silviculture, in the

growing and marketing of sugar, chiclets, honey, guava and pimento.

However, in view of the pattern of Mexican agriculture and land holdings, farm cooperatives play a minor role.

#### *Savings and Credit Cooperatives*

Cajas Populares — "For a capital in the hands of the people" (their motto).

The poor face the double handicap of not being able to build a capital reserve and of not being able to command credit at reasonable rates. In 1952, Mexicans started on the road over which Raiffeisen in the Federal Republic of Germany, Desjardins in Canada, and Filene in the U.S.A. have led millions to financial security and self-respect. Operating on the simple premises of "common bond" among those pooling their resources (congregation, trade-union, employees of a firm, etc.) and "provident purpose" of loans (as determined by the borrower's associates, familiar with his circumstances), credit cooperatives have become very successful, especially in the U.S.A., under the name of credit unions.

While hampered in Mexico by legislation, which forbids lending by others than banks, Cajas Populares are operating in a legal no man's land as cooperatives engaged in handling money and providing financial education. Thus, under cooperative laws, they can function, while the authorities look the other way. Cajas Populares are animated by dedicated leaders who work long hours at nominal salaries, still idealistic enough not to smile at the word "Education".

I spent hours with groups of activists, in overalls and business suits, earnestly debating points of theory and practice. After the debates, a "social hour" would take place, with tremendous congeniality,

songs, dances, speeches, food, drinks (tequila, a Mexican liquor), in modest surroundings, yet proudly owned by the local cooperative.

There are 666 local units in Mexico, with 30,000 members who have pooled around 30 million pesos (\$ 2,400,000).

A typical society counts about 200 members—a member's income being around 1,000 pesos a month (\$ 80)—has a capital of 200,000 pesos (\$ 16,000), charges 1 per cent per month interest on the declining balance and pays 4½ per cent interest on shares. Many loans are made to pay off the applicants' loan sharks who used to be the only source of credit.

One of the most cheerful of all credit cooperatives practices crass discrimination—against men. Only women may join. More power to them, for their president is pretty enough to win a beauty contest.

#### *Consumer Cooperatives*

Consumer cooperatives are few in Mexico. There are none in the capital. Existing consumer cooperatives serve members of an organisation, such as railroads, mines, office employees. Their loyalty extends more to the organisation or the union than to the Cooperative Federation. By law and practice, they serve their members exclusively, not the public.

#### *Productive Cooperatives*

They number about 3,000, with 250,000 members. Thus, including dependants, 1 million Mexicans lead the cooperative way of life.

Productive cooperatives operate fisheries (33 per cent of all fisheries, 60 per cent on the Pacific Coast), road transports (mainly in the South), sugar plants ("El Mante"—"Emiliano Zapata"), ba-

keries, artisanal and folkloric crafts, printing and graphic arts.

The show-pieces of Mexican cooperativism are Cruz Azul Cement and the daily newspaper Excelsior. In both cases, the cooperative is a way of life. In the words of Antonio Salinas Puente, head of the Cooperative Institute, "We have no patience with the controversy over cooperative philosophy versus cooperative business. We do what we preach. Mind and body are inseparable, so are cooperative theories and practice. Cruz Azul and Excelsior are cases in point." CRUZ AZUL: Second largest cement producer in Mexico, with 2,200 metric tons a day, 3 new kilns, and their input electronically controlled, Cruz Azul has been called by experts the largest cooperative in the world.

Thirty years ago, the bankrupt factory was taken over by the workers who organised the cooperative. The 500 members of the cooperative are not satisfied

with producing cement. They want a better life for their families and also for their under-privileged neighbours. Thus, returns from the plants are invested in first class housing, a 15,000-seat sports stadium, a swimming pool, a modern church, and in health, school and social services. The main plant of Cruz Azul, the cooperative city, is about 1½ hour's drive north of Mexico City. A second plant is at Lagunas, on the shores of the Pacific.

Excelsior, the nation's most respected daily, and La Prensa, a tabloid paper with sizable printing and graphic arts facilities, follow the same pattern. The cooperative which publishes Excelsior has 1,000 members, from the office boy to the general manager. Each member invests 500 pesos (40 dollars) and undergoes a period of six months' probation before formal approval by the General Assembly. Excelsior has a circulation of 170,000, supplemented by two weeklies,



Electronically controlled  
Kilns of Cruz Azul  
Cooperative Cement Factory



Watched by cooperative members, Señor Gustavo Diaz Ordaz, President of Mexico, inspects Excelsior's new equipment

the "Revista de Revistas" and "Jueves" (Thursday), with circulations of 20 and 40,000 respectively.

A roto-gravure machine recently purchased in Europe for 7 million pesos permits publication of a Sunday Supplement in colour. Mexico's President Gustavo Diaz Ordaz pressed the button for the first run, quipping: "I'll apply for a job here when my term expires in 1970."

Standing elected committees handle all phases of activity, by authority of the General Assembly to which all belong. Following the recent death of Excelsior's Director, a heated election reshuffled the top positions.

Wages are termed participation and are subject to reviews every three months. The daily minimum rate of 30 pesos reaches about 45 pesos in fact by

way of credits towards the purchase of appliances, television sets, refrigerators, social and health services, plus two 10 days' periods of paid vacations a year.

While Excelsior operates as a cooperative and is affiliated with the Mexican Cooperative Federation, the daily is by no means a cooperative paper—just a sound newspaper.

One of my most pleasant memories of cooperative Mexico is the visit to the cooperative pottery of Tonalá, a small town close to, Guadalajara, the nation's second largest city. Here, in a setting strangely reminiscent of a North African soukh, the art of ceramics goes back to immemorial times. A group of potters, unable to secure a bank loan, formed a cooperative with their own capital, rented a display room and filled it with the most varied, colourful, imag-

inative sets of pottery ware anyone could imagine. Anything that lends itself to ceramics, from birds and flowers to vases and the Beatles, are rendered in clay. That abundance and the friendliness of the potters leads me to suggest trade relations between Tonalá and cooperatives everywhere, in the name of cooperation among cooperatives. (The address is: Palacio de Artesanía Tonalteca, S.A., Hidalgo 13, Tonalá, Jalisco, Mexico).

#### *Service Cooperatives*

Mexico uses the cooperative technique with great imagination. In some places, medical services and health resorts are cooperatively owned and operated. The superb swimming pool of Tehuixtla, about two hours from the capital, its water especially beneficial to health, is a case in point. There, we celebrated International Credit Union Day, on October 17th, 1968, with a great deal of merry-making, in the company of a Canadian couple, delegated by the British Columbia Credit Union League, and in that of 26 area priests, who held their monthly meeting. The high spirits of all will make that day one long to remember.

#### *School and Youth Cooperatives*

3,250 school cooperatives (primary, secondary and technical) cover the country with 500,000 members. They spread cooperative ideals and mutual help with the support of the Ministry of Education.

#### *Housing Cooperatives*

Mexico Nuevo, 20 kilometres from the capital, is the country's only Housing Cooperative. Built on three hills, on ground painstakingly cleared, improved and forested by the 1,000

current members, the cooperative has invested 9 million pesos over ten years. It provides ten designs for two- to three-bedroom homes, which the members build with their own hands. Indeed, so eager are they for a home of their own that they occupy the first completed room while construction goes on. The square metre comes to 26 pesos, including ground, light, water and roads (but neither side-walks nor sewers). Commercially, the same square metre would cost 125 pesos. A member's investment share is 1,000 pesos (roughly three weeks' wages).

Two thousand people currently live in Mexico Nuevo, 450 pupils attend primary school. The project calls for a population of 7,500 and for small industry, such as flowers, vegetables, fowls and pigs, as well as for a technical school to train building trade workers.

The cooperative's most pressing need is for a loan to pipe water from its own existing well to all homes (a tank truck does it now) and to build a community centre (the founding meeting took place under a tree). Road and excavating machinery is also sorely needed.

#### **Mexican Cooperative Federation and Cooperative Education**

The Confederación Nacional Cooperativa de la República Mexicana unites about 45 per cent of all cooperatives; those operating under the law regulating cooperative societies, through 28 Regional Federations.

The National Federation developed from Congresses held in 1929, 1935 and 1942. The activities of each Regional Federation are regulated and economically supervised by the Government which makes competition among cooperatives theoretically impossible. In fact,

Mexico has no cooperative distribution network. Each producing or transforming cooperative sells directly to the public.

The Instituto Mexicano de Cooperativismo teaches economics, cooperative jurisprudence, theory and practice, and instructs managerial personnel.

The Instituto de Estudios Cooperativos publishes cooperative study material and operates an active correspondence school, with 200 students enrolled in Mexico and Latin America.

### **Are Mexican Cooperatives true Cooperatives?**

Some of the cooperatives featured in this report have been charged with not being "true cooperatives" insofar as the member has no say in the running of the society. As a society grows, the member cannot interfere in the day-by-day decisions, which are managerial in nature. Yet, the member can (and does) intervene at the annual meeting when the goals of the society are spelled out. In that sense, Mexican cooperatives are true.

It is also a fact that Banks do not trust cooperatives and will not lend them money, having learnt that some cooperatives collapse, leaving the Bank holding the bag, with no cooperative officials in sight to assume responsibility.

The Bank *for* (and not *of*) Cooperative Development is a private society with funds made up mostly of government shares, some private shares (Banks) and some shares invested by cooperatives. It handles the sales of handicraft produced by artisanal cooperatives in the Bank building itself. It thus markets output and secures loans at one stroke. The products are attractive and the stores well patronised.

In conclusion, Cooperative Mexico, and the country as a whole, is lively, imaginative and shows a great deal of social concern (with social justice seemingly out of reach through the strains of the population explosion) and great promises.

In a world of "have" and "have not" nations, Mexico stands on the threshold of the "haves". Cooperation may turn out to be the impetus of stepping over the threshold.

\* \* \*

*Mexican cooperative leaders spared neither time nor patience in providing the insight for this report. The most valuable guidance came from Florencio Eguia Villasenor, Rosendo Rojas Coria, Antonio Salinas Puente, Jorge del Rio Calderon. I owe them thanks and gratitude, as well as respect for a job well done.*



## BOOK REVIEWS

### FARM COOPERATIVES IN ARGENTINA

#### Cooperativismo agrario argentino

by Dante Osvaldo Cracogna. Buenos Aires,  
INTERCOOP, Editora Cooperativa Ltda., 1968.  
227 pp.

The Latin American cooperative movement has expanded at an unprecedented rate in the last twenty years. The number of organisations has increased by 239.7 per cent and the membership by 317.5 per cent; at the time of writing, the movement comprises more than 25,000 separate associations with over 9 million members. But much of this may be attributed to a single country: approximately 14 per cent of all the enterprises in the region and 34.6 per cent of all the members are in Argentina. With respect to farm cooperatives in particular, Argentina is host to 18.8 per cent of the associations in Latin America and 30.9 per cent of the members. In the light of these statistics, the subject of Mr. Cracogna's book has singular importance.

The study, essentially descriptive in nature, is divided into the following sections: (a) general observations on farm cooperatives; (b) a brief history of their development; (c) an account of their current status; and (d) suggestions for their structural improvement and reorganisation. Essentially, it is a summary, which means, although it is a laudable one, that we must still look forward to Mr. Cracogna's examining in greater detail the historical, sociological, and economic aspects of the farm cooperative movement in his country. Such information will be highly useful to cooperative leaders in other countries who are not familiar with all the factors that have contributed to the sustained and integrated growth of farm societies in Argentina, which, at the end of 1965, consisted of 1,389 enterprises, or 42.6 per cent of all the country's cooperatives, and had attracted 470,264 farmers, or 17 per cent of the national membership.

The modern cooperative has no roots in Ibero-American culture. It is therefore histori-

cally significant that the first Argentine cooperative, known today as "Agricultural Progress: Cooperative Society for Agricultural and Related Insurance, Ltd.", was established by French colonists from the Aveyron region (the date was 1898, and the purpose was to cover farmers against hailstorm damage). Mr. Cracogna does not go into the influence of this and other European immigrant groups, despite the importance of their contribution to Argentina's success in the field of farm cooperatives. It is precisely because of the absence of similar cultural influences in other Latin American countries that the governments themselves have had to assume the initiative in this area. It has not been uncommon for laws on cooperatives to be promulgated before any societies were actually organised. In Argentina, on the other hand, the movement was forged by the people themselves, and it was not before 28 years of experience that, in 1926, the first law on cooperatives was enacted.

The author states that 25.7 per cent of the rural population participates in the cooperative movement. I submit, however, that this percentage is not representative, since the farm cooperatives are not distributed evenly throughout the country: they are mainly concentrated in the provinces of Buenos Aires, Santa Fe and Córdoba—the most highly developed ones, socially and economically.

The economic importance of the Argentine farm cooperatives is borne out by the figures. Mr. Cracogna points out that they handle between 45 and 50 per cent of the national grain production, 28 per cent of the cheese, 90 per cent of the casein, and 20 per cent of the powdered milk. However, in future research into these enterprises, it would be interesting to assess their real economic potential and to analyse their effect on the social and economic structures of rural Argentine communities.

In any country, the cooperative movement should pursue integration on a steady and regularly improving basis. It is for this reason that the International Cooperative Alliance has placed prime emphasis on cooperation among the individual societies. In Argentina, the first steps towards integration of the farm cooperatives were taken in 1913 and, according to Mr. Cracogna, by 1965, the local societies had banded together into twenty federations and

one over-all national confederation. Financial integration had been achieved as well, the Argentine Agrarian Bank serving approximately 27,000 small- and medium-scale producers and a total of 600 cooperatives at all levels. It would have been very interesting to have more details on this Bank and on other credit institutions controlled by farm cooperatives.

The chapter on the structural reorganisation of the agricultural cooperative sector is one of the most important in the book, since it deals with a problem that is common to cooperative movements throughout Latin America. The author points out that sometimes, in Argentina, a single small town has several similar cooperatives, each affiliated with a different federation. The three largest federations embrace more than 66.6 per cent of the country's agricultural cooperatives. These large federations branch out to include related activities, such as animal husbandry, processing, supply and exportation. By thus trying to do too much, and with a shortage of trained personnel at that, they reduce their efficiency.

Mr. Cracogna recommends that the farm cooperatives in his country should specialise and that all those of a particular type belong to one nation-wide federation. In effect, he is advocating a model on similar lines as the Danish system. One wonders, however, in view of the slow and uneven development of the movement elsewhere in Latin America, whether in other cases it would not be better to maintain multiple-service cooperatives.

As Mr. Cracogna points out, the structural scheme he proposes calls for the introduction of planning techniques so that cooperatives will be run as efficiently as possible and be in a position to compete advantageously with other economic enterprises.

In spite of what may appear to be certain criticisms, Mr. Cracogna's book is extremely useful and should be read by anyone who is interested in the comparative history and development of the cooperative movement in Latin America.

Fernando Chaves-Núñez

## LES MISERES DE L'ABONDANCE

by Jean Boniface, *Les Editions Ouvrières, Paris*.  
Obtainable from S.C.E.L., 89, rue la Boétie,  
Paris Se., post free 8 Francs.

This small volume by Jean Boniface, entitled "Les Misères de l'Abondance", is based on two observations:

1. The oppressive volume of information available today. Newspapers, radio and television pour out a flood of facts and news items daily

and we are hard put to absorb them all, let alone interpret them properly. Each of us has his own system of political, philosophical, ethical, cultural and, in the last resort, personal reference points. But increasingly these are becoming out-dated by the incessant process of renewal of society.

2. Growth is an essentially positive economic phenomenon, and the older generations among us are very much affected by it, since they have actually experienced poverty and stagnation.

But growth brings in its train other phenomena in social and cultural fields, which are negative, and which the younger generations especially find intolerable. This may well have been one of the significant causes of the May and June upheavals. Such negative phenomena have been called "nuisances" by some sectors and "external effects" by others. They are inseparable from any real forward leap in technical progress, following them as a man's shadow follows him, as though every advantage wrested for affluence or happiness had to be paid for in a spiral of ever-increasing cost. The cataloguing and descriptions of these advantages make up the greater part of the oppressive volume of information we referred to above.

Jean Boniface's book sets out to classify them and, in the process of listing them, put them all into their proper perspective.

He points to three categories of nuisance:

(a) Firstly, in technical progress, due to the malfunctioning of the economic and social systems, as well as its own momentum, we see the creation of new classes of wealthy and *poor* persons. This new type of structural poverty, which is as yet virtually an unknown area, must be condemned and eliminated.

(b) Technical progress brings with it a host of *physical* nuisances. It pillages the entire world, despoiling its mineral resources, its power production, its store of beauty, its reserves of flora and fauna and its generally available utilities, such as space, light, water, quietness, and so on. Now is the time for voices to be raised in protest!

(c) Technical progress also brings with it *psychological* nuisances which, in the end, destroy the capacity for happiness as fast as they are created. And this is, of course, due to the growth of the social organisation necessary to progress. Here we come up against a fundamental contradiction, a vicious circle which we must break out of at all costs.

What steps has man taken to-date? In our advanced European societies, man is really only at the threshold of the age of nuisances. Looking upon them with resignation as being the price he has to pay for progress, man has been content up to now to find a way round them, to combat them with gadgets, substitutes, checks and counterbalances. Jean Boniface lists

them in his book. His interpretation explains the "lemming's rush" on holidays, the craze for "cottages in the country", interest in minor sports and games, and all the substitutes that pass for love, escape, nature and romanticism.

But now, all these personal and individual defences seem pitifully inadequate. It is already too late. Every day, some new feature arises in the irreversible process and every day the "point of no return" is reached in some new field.

It is at this point in the book that we believe that individual cooperators will begin to feel personally involved.

Might it not be said that they feel deeply that the ideological heritage bequeathed to them by their ancestors, the pioneers, however prestigious it may be, is in need of renewal? The debates on the Rochdale Principles which have been going on now for two years within all the national cooperative movements, initiated by the International Cooperative Alliance, are proof enough. The 1969 Congress of the I.C.A. in Hamburg in September has this item on its agenda for the most thorough airing. While always remaining within the confines of the route laid down by the pioneers, it has become necessary to consider the Principles anew, patterning them on the new world in which we live.

Jean Boniface's book may well be the best means of helping us to meditate on this theme as well as being an introduction to more pro-

found analyses.

Henceforth, it will no longer be possible to draw up plans for growth without taking account of the cost of nuisances.

Henceforth, it will no longer be enough to trust to individual initiative and private effort to ward off the spoliation of the earth and the destruction of human happiness.

Henceforth, it will no longer be possible, even on the smallest scale and on the scale which directly concerns us now, to be merely disinterested distributors of food and non-food products. This would be the path to disaster.

Beyond that point, the collective conscience of consumers must be awakened. The current of social unrest today is basically one of the consumer society. Everything can be produced today, and in virtually unlimited quantities. But one cannot produce just anything nor just anyhow. And above all, we cannot any more consume whatever we like and however we like. Not only must there be a more equitable distribution, but there will have to be a check on production, there will have to be limits laid down and guide-lines installed . . .

We are now at the beginning of a new and most difficult era, difficult to live through and certainly difficult to understand. Jean Boniface's book is a most useful contribution in this respect. After reading it, one is drawn to the conclusion, and without much chance of being wrong, that, despite everything, this new era is invigorating . . . provided that one takes the necessary measures to live up to it.



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## AFFILIATED ORGANISATIONS

- ALGERIA:** Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, 6 et 8, rue du Cercle Militaire, Oran; also at - 21, rue Edgar Quinet, Algiers, and 9, rue Mathurin Régnier, 75 Paris 15.
- ARGENTINA:** Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires.  
Intercoop, Editora Cooperativa Limitada, Rivadavia 4426 (1er piso), Buenos Aires.  
Asociación Argentina de Cooperativas y Mutualidades de Seguros, Belgrano 530, 5 Piso, Buenos Aires.  
Federación Argentina de Cooperativas de Credito Ltda., Lavalle 2024, 8 Piso, Buenos Aires.
- AUSTRALIA:** Cooperative Federation of Australia, c/o. CWS of Queensland Limited Buildings, 50-54 Ferry Street, South Brisbane, Queensland.
- AUSTRIA:** "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Membership (1967): 476,200; turnover: retail trade: Sch. 4,646 millions (thereof consumers' societies: Sch. 3,895 millions; department stores: Sch. 713 millions; other retail trade: Sch. 38 millions); wholesale society (G.O.C.): Sch. 1,821 millions; own production: consumers' societies: Sch. 472 millions; G.O.C. and subsidiaries: Sch. 415 millions.  
Bank für Arbeit und Wirtschaft A.G. Seitzergasse 2-4, Vienna I.  
Zentralkasse der Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, Vienna I.  
1967: Affiliated organisations: 313 (comprising 201 societies and 112 associations); membership: 130,286; dwellings administered: 288,157 (comprising 127,954 societies and 160,203 associations); balance at 1966: 33.8 milliard Sch. (divided as to societies Sch. 15.7, associations Sch. 18.1).  
Österreichischer Raiffeisenverband, Seiler-gasse 16, Vienna I.
- BELGIUM:** Société Générale Coopérative, 26-28 rue Haute, Brussels 1.  
Affiliated consumers' societies: 25; membership: 300,000; turnover (1963): Frs. 3,900 millions; shops: 1,400; Wholesale society turnover (1963): Frs. 959 millions.  
Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151, rue Royale, Brussels 3.  
Premiums (1966): Frs. 1,903 millions; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.  
Fédération Nationale des Coopératives Chrétiennes, 135, rue de la Loi, Brussels 4.  
(1967): 1,250 shops; turnover: Frs. 1,430 millions; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 millions; reserves: Frs. 1,300 millions.
- L'Economie Populaire, 30, rue des Champs, Ciney (Namur).  
Branches (1967): 460; membership: 88,000; turnover: Frs. 1,001,300,000; savings deposits: Frs. 490 millions; capital and reserves: Frs. 162 millions.  
L'Institut Provincial de Coopération Agricole, 42, rue des Augustins, Liège.  
OPHACO (Office des Pharmacies Coopératives de Belgique), 602, Chaussée de Mons, Anderlecht-Brussels.  
Union of 28 cooperative societies owning 360 pharmacies, 68 optical departments and counters, 7 drug stores, 14 wholesale depots. Turnover (1963): Frs. 1,250 millions. Surplus distributed to 400,000 members: Frs. 95 millions.
- BRAZIL:** Aliança Brasileira de Cooperativas (ABCOOP), Rua General Jardim 645, 3º Andar, Sao Paulo.  
Uniao Nacional das Associações de Cooperativas (UNASCO), Avenue Franklin Roosevelt, 126-Conj. 608, Rio de Janeiro.
- BULGARIA:** Central Cooperative Union, Rue Rakovski 103, Sofia.
- BURMA:** National Cooperative Council, 290-300, Lewis Street (2nd Floor), Rangoon.
- CANADA:** Cooperative Union of Canada, 111, Sparks Street, Ottawa 4, Ont.  
A federation of English-language cooperative organisations, organised in 1909.  
Conseil Canadien de la Coopération, 111, Sparks Street, Ottawa 4, Ont.
- CEYLON:** Cooperative Federation of Ceylon, Cooperative House, 455, Galle Road, Colombo 3.
- CHILE:** Federación Chilena de Cooperativas de Ahorro y Credito, Ltda., Dieciocho 246, Clafificador 760, Santiago de Chile.  
Cooperativa Sodimac Ltda., Casilla 3110, Santiago de Chile.
- COLOMBIA:** Cooperativa Familiar de Medellin, Ltda., Calle 49, No. 52-49, Medellin.
- CYPRUS:** Cooperative Central Bank Ltd., P.O. Box 1447, Nicosia.  
Cyprus Turkish Cooperative Central Bank Ltd., P.O. Box 791, Nicosia.  
Vine Products Cooperative Marketing Union Ltd., P.O. Box 314, Limassol.
- CZECHOSLOVAKIA:** Ustredni Rada Druzstev, Tesnov 5, Prague I.
- DENMARK:** De samvirkende danske Andels-selskaber (Andelsudvalget), H. C. Andersens Boulevard 42, Copenhagen V.  
Representing 30 national organisations, comprising: consumers' societies, agricultural production, marketing and purchase societies, other production and marketing societies, insurance societies, banking societies. Membership: 750,000 individual members. Turnover (1967/68): D.Kr. 15,273 millions.

- Det Kooperative Faellesforbund i Danmark, *Linnegade 14, 1. sal, 1361 Copenhagen K.*  
 Affiliated societies (1963): 634; total sales: D.Kr. 1,582 millions; employees: 12,500; comprising: consumers', workers', artisans', productive and housing societies etc.  
 Faellesforeningen for Danmarks Brugsforeninger (FDB), *Roskildevej 65, Albertslund.*  
 Affiliated societies (1965): 1,852; members: 716,000; turnover: 2,583 millions D.Kr.; wholesale turnover: 1,453 millions D.Kr.; own production: 405 millions D.Kr.
- DOMINICA: Dominica Credit Union League, *14, Turkey Lane, Roseau.*
- EIRE: Irish Agricultural Organisation Society Ltd., *The Plunkett House, 84 Merrion Square, Dublin 2.*  
 National Organising and Advisory Body for Agricultural Cooperatives. Affiliated societies: 339; membership: 121,000; turnover (1964): £106 millions.  
 Cooperative Development Society Ltd., *35 Lower Gardiner Street, Dublin.*
- FINLAND: Suomen Osuuskappojen Keskuskunta (S.O.K.), *Vilhonkatu 7, Helsinki 10.*  
 Affiliated societies (1967): 305; members: 535,136; wholesale turnover: Fmk. 1,259 millions; own production of SOK: Fmk. 254 millions.  
 Yleinen Osuuskappojen Liitto r.y. (Y.O.L.), *Vilhonkatu 7, Helsinki 10.*  
 Affiliated societies (1967): 305; members: 535,136; turnover of societies: Fmk. 2,324 millions; total production of the affiliated societies: Fmk. 44 millions.  
 Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 10740, Mikonkatu 17, Helsinki 10.*  
 Affiliated societies (1968): 83; members: 582,159; turnover: Fmk. 1,852 millions; own production: Fmk. 310 millions.  
 Osuustukkukauppa (O.T.K.), *P.O. Box 10120, Helsinki 10.*  
 Affiliated societies (1968): 83; turnover: Fmk. 1,062 millions; own production: Fmk. 336 millions.  
 Pellervo-Seura, Central Organisation of Farmers' Cooperatives, *Simonkatu 6, Helsinki K.*  
 Affiliated organisations (1963): 10 central organisations; 1,102 societies.
- FRANCE: Fédération Nationale des Coopératives de Consommation, F.N.C.C., *89, rue la Boétie, 75 Paris VIII.*  
 Affiliated societies (1964): 475; membership: 3,460,000; shops: 9,900; turnover: NF. 3,600 millions.  
 Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI.*  
 Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88, rue de Courcelles, 75 Paris VIII.*  
 Confédération Générale des Sociétés Coopératives Ouvrières de Production, *88, rue de Courcelles, 75 Paris VIII.*  
 Banque Coopérative des Sociétés Ouvrières de France, *88, rue de Courcelles, 75 Paris VIII.*
- Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, *129, Bd. St. Germain, 75 Paris VI.*  
 Confédération Française de la Coopération Agricole, *18 Rue des Pyramides, 75 Paris 1er.*  
 Caisse Nationale de Crédit Agricole, *91-93, Boulevard Pasteur, 75 Paris XV.*  
 Fédération Nationale des Sociétés Coopératives d'Habitations à Loyer Modéré, *Foyer Coopératif, 17, rue Richelieu, 75 Paris 1er.*  
 Confédération des Coopératives de Construction et d'Habitation, "L'Habitation", *3, ave. du Coq, 75 Paris 9e.*  
 Confédération des Organismes de Crédit Maritime Mutuel, *18 bis, Avenue Hoche, 75 Paris VIII.*
- FEDERAL REPUBLIC OF GERMANY: Bund deutscher Konsumgenossenschaften G.m.b.H., *Besenbinderhof 43, (2) Hamburg 1.*  
 Affiliated societies (June 1968): 124; membership (1967): 2,379,114; turnover (1967): D.M. 4,321,596,200 (thereof D.M. 78,862,700 for West-Berlin).  
 Grosseinkaufs-Gesellschaft deutscher Konsumgenossenschaften m.b.H., *Besenbinderhof 43-52, (2) Hamburg 1.*  
 Total turnover incl. subsidiaries (1967): D.M. 2,195,524,900.  
 Gesamtverband gemeinnütziger Wohnungsunternehmen, *Breslauer Platz 4, (22c) Cologne.*  
 Volksfürsorge Lebensversicherung Aktiengesellschaft, *An der Alster, (2) Hamburg 1.*  
 Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft, *Steinstrasse 27, (2) Hamburg 1.*
- GHANA: The Alliance of Ghana Cooperatives Ltd., *Post Office Box 2068, Accra.*
- GREECE: Pan-Hellenic Confederation of Unions of Agricultural Cooperatives (S.E.S.), *6, Othonos Street, Athens 118.*
- GUYANA: Guyana Cooperative Union Ltd., *Ministerial Buildings, High Street and Brickdam, Georgetown.*
- HAITI (W.I.): Caisse Populaire Dominique Savio, *57, Rue Rigaud, Pétion-Ville.*
- HUNGARY: Federation of Hungarian Cooperative Societies, *Szabadság 14, Budapest V.*  
 National Federation of Producers' Cooperatives (OKISZ), *Pesti Barnabás 6, Budapest V.*
- ICELAND: Samband Isl. Samvinnufélaga, *Reykjavik.*
- INDIA: National Cooperative Union of India, *72 Jorbagh, New Delhi 3.*  
 National Agricultural Cooperative Marketing Federation Ltd., *D-44, NDSE Part II, New Delhi 16.*

- IRAN:** Sepah Consumers' Cooperative Society, Avenue Sevvom Esfand, Rue Artèche, Teheran.  
Credit and Housing Cooperative Society of Iran, 20-22 Shahabad Avenue, Teheran.  
Central Organisation for Rural Cooperatives of Iran, 357 Pahlavi Avenue, Teheran.
- ISRAEL:** General Cooperative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv.  
Affiliated societies and companies (1963): 1,855 in all branches.  
"Merkaz" Audit Union of the Cooperative Societies for Loans and Savings, 44, Rothschild Bd., P.O. Box 75, Tel-Aviv.  
"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209, Tel-Aviv.
- ITALY:** Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, Rome.  
Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome.  
Associazione Generale delle Cooperative Italiane, Via delle Quattro Fontane 16, 00184 Rome.
- IVORY COAST:** Centre National de la Coopération et de la Mutualité Agricoles, B.P. 702, Abidjan.
- JAMAICA:** Jamaica Cooperative Union, Ltd., 14-16 Barry Street, Kingston, W.I.
- JAPAN:** Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Cooperative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo.  
Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Cooperatives), 5 1-chome Otomachi, Chiyoda-ku, Tokyo.  
Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Cooperative Associations), Sankaido Building no. 9-13, 1-chome, Akasaka, Minato-ku, Tokyo.
- JORDAN:** Jordan Cooperative Organisation, P.O.B. 1343, Amman.
- KENYA:** Kenya National Federation of Cooperatives Ltd., P.O.B. 9768, Nairobi.
- KOREA:** National Agricultural Cooperative Federation, 75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul.
- MALAYSIA:** Cooperative Union of Malaysia Ltd., 8, Holland Road, Kuala Lumpur.  
Sarawak Cooperative Central Bank Ltd., Kuching, Sarawak.
- MALTA:** Farmers' Central Cooperative Society Ltd., New Building, Middleman Street, Marsa.
- MAURITIUS:** Mauritius Cooperative Union, Cooperation House, Dumat Street, Port Louis.
- MEXICO:** Confederación de Cooperativas de la República Mexicana, C.C.L., Av. Cuauhtemoc 60, 5 Piso, Mexico 7, D.F.
- NETHERLANDS:** Coöperatieve Vereniging U.A., Centrale der Nederlandse Verbruikcoöperaties, "CO-OP Nederland", Postbus 6008, Vierhavensstraat 40, Rotterdam 7.  
Association of Enterprises on a Cooperative Basis, Bloemgracht 29, Amsterdam.
- NEW GUINEA:** Federation of Native Associations Ltd., P.O.B. 152, Port Moresby, Papua.
- NIGERIA:** Cooperative Union of Eastern Nigeria Ltd., Cooperative Bank Buildings, Milverton Ave., Aba.  
Cooperative Union of Western Nigeria Ltd., c/o Cooperative Buildings, New Court Rd., Ibadan.  
Lagos Cooperative Union Ltd., Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.  
Mid-Western Nigeria Cooperative Federation Ltd., c/o Ministry of Cooperative and Rural Development, Cooperative Societies Division, P.O.B. Benin City.
- NORWAY:** Norges Kooperative Landsforening, Revierstredet 2, Oslo 1.  
Affiliated societies (1967): 823; membership: 366,750; turnover of local societies: Kr. 2,559 millions; of N.K.L.: Kr. 830 millions.  
Norske Boligbyggelags Landsforbund (NBBL), Trondheimsveien 84-86, Oslo.
- PAKISTAN:** East Pakistan Cooperative Union, Ltd., 9/D-Motijheel Commercial Area, 8th floor, Dacca 2.  
West Pakistan Cooperative Union, 5, Court Street, P.O.B. 905, Lahore 1.  
Karachi Central Cooperative Bank Ltd., 14, Laxmi Building, Bunder Road, Karachi 2.  
Karachi Central Cooperative Consumers' Union, Iqbal Market and Cold Storage, Soldier Bazar, Karachi.  
Karachi Cooperative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5.  
Karachi Cooperative Union Ltd., Cooperative House, Shaheed-e-Millat Road, Karachi 5.  
Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., West Wharf Road, Karachi.  
Sind Baluchistan Provincial Cooperative Bank, Ltd., Provincial Cooperative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2.  
Provincial Fishermen's Cooperative Society Ltd., Iqbal Road, Patharghata, Post Box 27, Chittagong.
- PERU:** Cooperativa de Securos "INCA" Ltda. No. 181, Camilo Carrillo 225, Of. 602, Lima.
- PHILIPPINES:** Central Cooperative Exchange Inc., P.O.B. 1968, Manila.
- POLAND:** Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Kopernika 30, Warsaw.

- Central Union of Building and Housing Co-operatives, *Ul. Jasna 1, Warsaw*.  
 "Spolem" — Union of Consumer Cooperatives, *Grazyny 13, Warsaw*.  
 Central Union of Work Cooperatives, *Surawia 47, Warsaw*.
- ROUMANIA: Uniunea Centrala a Cooperativelor de Consum "Centrocoop", *Str. Brezoianu 31, Bucharest*.  
 Uniunea Centrala a Cooperativelor Mestesugaresti "Ucecom", *Bucharest*.
- SINGAPORE: Singapore Cooperative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.
- SWEDEN: Kooperativa Förbundet, *S-104 65 Stockholm 15*.  
 Affiliated retail societies (1968): 252; membership: 1,469,000; total turnover of distributive societies: Kr. 6,605 millions; total turnover of K.F.: Kr. 5,003 millions (Kr. 3,663 millions sales to affiliated societies); K.F.'s own production: Kr. 2,308 millions; total capital (shares, reserves and surplus) of K.F. and affiliated retail societies: Kr. 1,200 millions.  
 Hyresgästernas Sparkasse- och Byggnadsföreningars Riksförbund (H.S.B.), *Fleminggatan 41, Fack, S-100 21 Stockholm 18*.  
 Affiliated Building Societies: 115; with individual members: 310,000; number of flats administered by local societies: 275,000; value of real estate: 12,500 millions Kr.  
 Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19028, S-104 32 Stockholm 19*.  
 Folksam Insurance Group, *Folksam Building, Stockholm 20*.  
 Sveriges Lantbruksförbund, *Klara Östra, Kyrkogata 12, Stockholm 1*.
- SWITZERLAND: Verband schweiz. Konsumvereine (V.S.K.), *Thiersteinallee 14, CH 4002 Basle*.  
 Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700 millions; wholesale turnover: Frs. 1,100 millions.  
 Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), *Schaffhauserstrasse 6, Winterthur*.  
 Verband sozialer Baubetriebe, *c/o SBHV., Sihlpostfach, Zurich*.  
 Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle*.  
 COOP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.
- TANZANIA: Cooperative Union of Tanganyika Ltd., *National Cooperative Building, P.O. Box 2567, Dar-es-Salaam*.
- TUNISIA: El Ittihad, *16, Avenue de Carthage, Tunis*.
- UGANDA: Uganda Cooperative Alliance, *P.O.B. 2215, Kampala*.
- U.S.S.R.: Central Union of Consumers' Cooperative Societies of the U.S.S.R. and RSFSR, "Centrosoyus", *Tcherkassky per no. 15, Moscow*.  
 Consumers' societies (1967): 16,489; members: 55 millions; shops: 356,700.
- UNITED KINGDOM: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS*.  
 Affiliated retail societies (1967): 625; membership: 12,955,706; share capital: £221,143,738; retail sales: £1,083,596,483.  
 Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES*.  
 Affiliated societies (1965): 746; sales: £487,859,688; Bank turnover: £9,764,603,821; reserve and insurance funds: £40,791,711; total assets: £300,463,985.  
 Co-operative Insurance Society, Ltd., *Miller Street, Manchester 4*.  
 Assets (1964): £369 millions.  
 Scottish Co-operative Wholesale Society Ltd., *Centenary House, 100, Morrison Street, Glasgow C. 5*.  
 Affiliated societies (1967): 153; sales: £89,008,059; reserves and insurance funds: £9,474,291; total resources: £23,139,384.  
 Co-operative Permanent Building Society, *New Oxford House, High Holborn, London, W.C. 1*.
- U.S.A.: Cooperative League of the U.S.A., *59, East Van Buren Street, Chicago, Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.*
- YUGOSLAVIA: Glavni Zadruzni Savez FNRI, *Terazije 23/VI, Belgrade*.
- ZAMBIA: Eastern Province Cooperative Marketing Assoc. Ltd., *P.O.B. 108, Fort Jameson*.

## INTERNATIONAL ORGANISATIONS

- Organization of the Cooperatives of America, *G.P.O. Box 4103, San Juan, Puerto Rico 00936*.
- Nordisk Andelsforbund (Scandinavia), *3 Axeltorv, Copenhagen V, Denmark*.
- International Cooperative Bank Co. Ltd., *Aeschenvorstadt 75, P.O.B. 711, CH 4002 Basle, Switzerland*.
- International Cooperative Petroleum Association, *11 West 42nd Street, New York, N.Y. 10036, U.S.A.*
- Sociedad Interamericana de Desarrollo de Financiamiento Cooperativo, *1012, 14th Street, N.W., Room 1401, Washington D.C., U.S.A.*



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The official Organ of the International Cooperative Alliance

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## Cooperative Principles

*Resolution of the  
23rd Congress of the I.C.A.  
held in Vienna  
from 5th to 8th September, 1966*

## Principes

*Résolution  
23ème Congrès  
tenu à  
du 5 au 8 sep*

COOPERATIVE

RESOLUTION OF THE 23RD CONGRESS OF THE I. C. A.



Le Congrès approuve les recommandations et les conclusions de la Commission des Principes, reproduites ci-après :

1. L'affiliation à une société coopérative devrait être volontaire, à la portée de toutes les personnes qui peuvent utiliser ses services et sont d'accord pour assumer les responsabilités inhérentes à la qualité de membre; elle ne devrait pas être l'objet de restrictions qui ne sont pas naturelles, ni d'aucune discrimination sociale, politique, raciale ou religieuse.

2. Les sociétés coopératives sont des organisations démocratiques. Leurs affaires devraient être administrées par les personnes élues ou nommées selon la procédure adoptée par les membres, devant lesquels elles sont responsables. Les membres des sociétés primaires devraient avoir les mêmes droits de vote (un membre, une voix) et de participation aux décisions touchant leur société. Dans toutes les autres sociétés l'administration devrait être exercée sur une base démocratique, sous forme appropriée.

3. Si un intérêt est payé sur le capital social, son taux devrait être strictement limité.

4. Le surplus ou les épargnes éventuelles résultant des opérations d'une société appartiennent aux membres de cette société et devraient être répartis de façon à éviter que l'un d'entre eux y gagne aux dépens des autres.

Selon la décision des membres, cette répartition peut se faire comme suit:

- (a) en affectant une somme au développement des affaires de la coopérative;
- (b) en affectant une somme aux services collectifs; ou
- (c) en procédant à une répartition entre les membres, proportionnellement à leurs transactions avec la société.

5. Toutes les sociétés coopératives devraient prendre des mesures pour l'éducation de leurs membres, leurs dirigeants, leurs employés et du grand public, des principes et des méthodes de la Coopération, sur le plan économique et démocratique.

6. Pour pouvoir servir au mieux les intérêts de ses membres et de la collectivité, chaque organisation coopérative devrait, de toutes les manières possibles, coopérer activement avec les autres coopératives, à l'échelle locale, nationale et internationale.

Congress approves the Recommendations and Conclusions made by the Commission as follows:-

1. Membership of a co-operative society should be voluntary and available to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2. Co-operative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members of the society. Members of primary societies should enjoy equal rights (one member, one vote) and participation in decisions affecting their society. In all other societies the administration should be conducted on a democratic basis in a suitable form.

3. Share capital should only receive a strictly limited rate of interest.

4. Surplus or savings, if any, arising out of the operations of a society should be distributed in such manner as to avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:-

- (a) By provision for development of the business of the Co-operative Society;
- (b) By provision of common services; or,
- (c) By distribution among the members in proportion to their transactions with the Society.

5. All co-operative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and methods of Co-operation, both economic and democratic.

6. All co-operative organisations, in order to best serve the interests of their members and their communities should actively co-operate in every practical way with other co-operatives at local, national and international levels.

# Coopératifs

Commission du  
de l'A.C.I.  
ienne  
mbre 1966

# Genossenschaftliche Grundsätze

Entschliessung des  
23. Kongress des I.G.B.  
der vom 5. bis 8. September 1966  
in Wien gehalten wurde

## PRINCIPLES

Held in Vienna from 5th to 8th September, 1966



Der Kongress stimmt den folgenden Empfehlungen und Schlussfolgerungen der Kommission für genossenschaftliche Grundsätze bei:

1. Die Mitgliedschaft in einer Genossenschaft sollte freiwillig sein und ohne künstliche Beschränkungen oder irgendwelche soziale, politische, rassische oder religiöse Diskrimination allen Personen offen stehen, die die Dienste der Genossenschaft benutzen können und die bereit sind, die Verantwortlichkeiten der Mitgliedschaft auf sich zu nehmen.
2. Genossenschaften sind demokratische Organisationen. Ihre Angelegenheiten werden von Personen verwaltet, die von den Mitgliedern in einer von ihnen bestimmten Art und Weise gewählt wurden und die den Mitgliedern verantwortlich sind. Die Mitglieder von Primärgenossenschaften sollten bei Abstimmungen und bei der Befolgung von Beschlüssen, die ihre Genossenschaft betreffen, gleiche Rechte geniessen (ein Mitglied eine Stimme). In andern als Primärgenossenschaften sollte die Verwaltung in geeigneter Form auf einer demokratischen Basis durchgeführt werden.
3. Das Anteilkapital sollte, wenn überhaupt, nur zu einem streng beschränkten Satz verzinst werden.
4. Der Überschuss oder die Ersparnisse, wenn sich solche aus der Tätigkeit einer Genossenschaft ergeben, sollte den Mitgliedern der betreffenden Genossenschaft gehören und sollte in einer solchen Art und Weise verteilt werden, die vermeidet, dass ein Mitglied gegenüber einem andern einen Vorteil geniess.  
Dies kann durch Beschluss der Mitglieder wie folgt durchgeführt werden:
  - (a) Vorräte für die Entwicklung des Geschäfts der Genossenschaft,
  - (b) Durch die Bereitstellung von gemeinsamen Diensten, oder
  - (c) Durch Verteilung unter die Mitglieder im Verhältnis zu ihrem Anteil am Geschäftsverkehr der Genossenschaft.
5. Alle Genossenschaften sollten Vorkrehrungen für die wirtschaftliche wie demokratische Erziehung ihrer Mitglieder, Beamten und Angestellten und des allgemeinen Publikums treffen.
6. Alle Genossenschaftsorganisationen sollten, um den Interessen ihrer Mitglieder und ihrer Gemeinschaften am besten zu dienen, in jeder praktischen Art und Weise mit andern Genossenschaften auf lokaler, nationaler oder internationaler Ebene zusammenarbeiten.

Кongress одобряет рекомендации и заключения Комиссии по кооперативным принципам, а именно:

1. Членство кооперативного общества должно быть добровольным и доступно всем людям, которые могут пользоваться его услугами и готовы брать на себя ответственность, возлагаемую на членство, без искусственных ограничений или каких-либо дискриминаций по социальным, политическим или религиозным мотивам.
2. Кооперативные общества являются демократическими организациями. Администрация их должна избираться членами, и управление ими должно осуществляться членами, через которых они будут участвовать в делах. В первичных обществах должны пользоваться равными правами все члены. Один член - один голос. В других, не первичных обществах, административные функции должны осуществляться в соответствии с формой их организационной структуры.
3. На прибыль общества должны устанавливаться строго ограниченные нормы процентов.
4. Избыток или резервы в результате операций общества принадлежат членам этого общества и должны распределяться поровну между всеми членами, чтобы ни один из членов не получал большей доли, чем какая-либо из других.
5. Это может быть осуществлено разными способами, а именно:
  - a/ Предоставлением капитала на развитие дела кооператива,
  - b/ Предоставлением избытка средств членам пропорционально их долям в обществе,
  - c/ Предоставлением коммунальных услуг.
5. Все кооперативные общества должны заниматься просвещением своих членов, административными и другими службами и людьми вообще в области принципов и техники кооперации как с экономической, так и с демократической точки зрения.
6. С тем, чтобы охранить интересы своих членов и общества вообще, кооперативные организации должны активно и возможно сотрудничать с другими кооперативными на местном, национальном и международном уровнях.



## *Declaration*

*THE INTERNATIONAL COOPERATIVE ALLIANCE,  
230.5 million members in 60 countries, on the occasion of*

- WELCOMES the order issued by the President of the U.S.A. to halt the bombing of North Vietnam in order to facilitate intensive peace talks with Hanoi;
- DECLARES again its belief that the most urgent problem of today is the establishment and maintenance of lasting peace and security and the promotion of harmony between races and peoples throughout the world, to which Cooperation has a unique contribution to make; and
- URGES all cooperative forms of organisation to maintain the closest contacts with their members and to accomplish speedily within the national cooperative movements such urgent structural reforms as may be necessary to attain the highest operational efficiency for the benefit of consumers and producers alike, in order to meet effectively the competition from profit-making interests and monopolies.
- ASKS organisations, especially of agricultural cooperatives, to adjust to the rapid changes occurring in other industries and in agriculture itself, so as to improve their competitive abilities and strengthen their true cooperative character;
- RECOGNISES that in marketing and processing of agricultural produce there is still an area which allows agricultural and consumer cooperative or-

# *by the I.C.A.*

*addressing its Affiliated Organisations, comprising  
the 47th International Cooperative Day:*

organisations enough room to reduce the cost of handling their produce and improve their quality for the benefit of both producers and consumers;

- ▶ AFFIRMS again the unique value of Cooperation as a group of people who unite with equal rights and equal duties for their common economic and social advantage presenting an ideal for humanity;
  
- ▶ ACCLAIMS its full agreement with the aims of the United Nations and its Agencies and welcomes a Resolution now adopted by the General Assembly of the United Nations at its 23rd Session, in which, recognising the important role of the cooperative movement in the development of various fields of production and distribution, the General Assembly invites Member States to provide increasing help to developing countries and requests the United Nations Specialised Agencies together with the International Cooperative Alliance to render increased assistance within their possibilities in the realisation of the objectives of the Resolution; and
  
- ▶ REJOICES in the 50th Anniversary of the founding of the International Labour Organisation in 1919 and the work of the ILO's cooperative service, aiming at an improvement in workers' conditions throughout the world by adopting Cooperation as an instrument of social progress.

## A PRACTICAL VISION

NOTHING probably has contributed more to the shrinking of our world at the end of the 1960's than man's ability to get to the moon and, on earth, the vast development of the apparatus of mass media communications. From a mere ~~10,000~~ <sup>100,000</sup> television sets in the world in 1950, they number now more than 150,000,000 and, over the same period, radio receiving sets have risen from 182,000,000 to 500,000,000, and newspapers by 50 per cent.

Staggering as these figures are, it is clear that communication between man and man has not developed to a similar extent. The relevance and application of the cooperative idea in an environment which is characterised by rapid social and economic change must be put across to members of cooperative societies with clarity and skill. The highly competitive climate of modern economy, be it the distributive sector or the agricultural sector, has brought about radical changes in the cooperative structure which are aimed to increase the economic efficiency of cooperative organisations. During the past several years, therefore, the Alliance has given careful attention to studying the nature and effects of structural changes. Members of cooperatives throughout the world have often found it difficult to comprehend that more and more decision-making is being entrusted to a corps of an experienced

and professional élite, resulting, in the absence of countervailing arrangements, in a certain surrender of members' rights especially in their power to give direction to their society. This, understandably, is seen by them as an emasculation of democracy. The forthcoming 24th Congress of the Alliance to be held in Hamburg, Federal Republic of Germany, from the 1st to 4th September, 1969, will, therefore, give consideration to this very topical problem under the title "Contemporary Cooperative Democracy". The selected theme can be seen as stemming logically from the subject of structural changes which was discussed in 1966 at the Congress in Vienna.

Our relations with the United Nations and its Specialised Agencies have continued to grow in a spirit of mutual collaboration. This year, in its 47th Cooperative Day Message, the I.C.A. especially rejoices in its ever-closer work with the United Nations and its Agencies and congratulates especially the International Labour Organisation, which was founded in 1919 and is now celebrating its 50th anniversary, on its cooperative work throughout the world. Through its Cooperative, Rural and Related Institutions Branch, the ILO has dedicated itself to assisting cooperatives in all countries, and thanks are due to it for its untiring labour.

Another milestone in the onward march of the Cooperative Movement is



the recognition accorded to it as expressed by the Resolution adopted by the General Assembly of the United Nations, entitled "The Role of the Cooperative Movement in Economic and Social Development", by which

*"The General Assembly*

*Taking into consideration* the necessity of mobilising all means aimed at the economic and social development of individual countries and, in particular, developing countries,

*Recognising* the important role of the Cooperative Movement in the development of various fields of production and distribution, including agriculture, animal husbandry, fisheries, manufacturing, housing, credit institutions, education and health services,

*Recognising* that the promotion of the Cooperative Movement in accordance with local needs could contribute to the implementation of the goals of the second United Nations Development Decade,

*Recognising also* that a lack of skilled and experienced personnel is at present one of the most important obstacles to the development of the Cooperative Movement in developing countries,

1. *Requests* the Economic and Social Council to consider, in connection with the preparations for the second United Nations Development Decade, the question of the role of the Cooperative Movement in economic and social development;

2. *Invites* Member States that have traditions and experience in that regard to provide increasing help, including staff teaching, to develop-

ing countries which request it in the field of cooperative movement;

3. *Requests* the International Labour Organisation, other Specialised Agencies concerned and the International Cooperative Alliance to render increased assistance within their possibilities in the realisation of the objectives of the present Resolution."

A significant aspect of our ever-increasing involvement in the work of the United Nations Agencies is the study which the ILO has contracted with the Alliance and which will assess the Role of Cooperatives in the Industrialisation of Developing Countries. This study, we hope, is a forerunner of other studies in which the I.C.A. would like to support the work of the United Nations by providing its technical competence.

In the field of agricultural cooperation, the I.C.A. has been active in the preparation of a study with the FAO on Cooperative Processing of Agricultural Produce and its Contribution to Agricultural Development. Within the scope of the FAO/ILO/ICA/IFAP Liaison Committee, the I.C.A. has been commissioned to undertake a Study on Guarantee Funds to Promote International Financing of Cooperative Enterprise. The Agricultural Committee is organising, in cooperation with all members of the I.C.A., a Conference on International Cooperative Trade in Animal Feedingstuffs.

In spite of the mass media expansion, most cooperators still have to rely on the printed word, and it is indeed with some pride that we are now publishing a Spanish edition of the "Review of International Cooperation", which is printed in, and circulated from, Buenos

Aires. Support for this venture, and also for the "Review" in English, French and German, is commended to all cooperators who might find this publication a window on to the cooperative world.

In 1970, the 75th anniversary of the founding of the I.C.A. in 1895 will be celebrated, especially by a commemorative book—"The I.C.A. 1895-1970"—by one of the I.C.A.'s former Directors, Mr. W. P. Watkins. Published in English, French and German, this book will prove a very valuable document of the history, not only of the I.C.A., but of Cooperation generally. The publication date is August 1970.

From this very short account of the progress, activities and thought emanating from the I.C.A., it is clear that the cooperative idea has been striking out into new directions, and its role in

social and economic development is being increasingly accepted by governments and people alike. If we are to succeed, we must remain faithful to the traditions of the Movement which are designed primarily to counteract all narrow self-interests and injustices of the uncontrolled market system.

In his "Asian Drama", Gunnar Myrdal writes: "Cooperativeness is not limited but re-directing egoistic striving in a socially beneficent channel and means acceptance of responsibility for the welfare of the community." It is in that spirit that the I.C.A. summons all cooperators to broaden their vision and to enlarge their conception of the cooperative idea to the benefit of themselves, their neighbours and, in fact, the whole of the human race.

J. H. O.

## **CO-OPERATION TODAY**

by Nora Stettner

An up-to-date guide to the Cooperative Movement, describing in 88 illustrated pages the cooperative way of life, the position of the Movement in wholesaling and retailing, the Cooperative Union, the record of cooperators as producers, employers and students, the Movement's political side, cooperative links overseas, and new fields of cooperative activity.

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## I.C.A. CENTRAL COMMITTEE

### MEETING IN OSLO, 16<sup>TH</sup>—18<sup>TH</sup> APRIL 1969

**T**HE Central Committee of the I.C.A. held its 1969 meeting in Oslo, Norway, from the 16th to 18th April at the invitation of the Norwegian Cooperative Wholesale Society and Union, Norges Kooperative Landsforening. Prior to this meeting, the Executive Committee and its Sub-Committees also met in Oslo.

The Central Committee was attended by 88 delegates from 27 countries and four international members, with observers from two Auxiliary Committees, and was presided over by the I.C.A. President, Dr. M. Bonow (Sweden).

Tribute was paid to distinguished international cooperators who had died since the last Central Committee meeting in Glasgow in September 1968. The President mentioned the names of Jan Inglot (Poland), Jacob Efter (Israel), Sir Jack Bailey (United Kingdom) and Istvan Dobi (Hungary).

#### **Admission of New Members**

The Central Committee noted the admission of seven new members since its last meeting in Glasgow.

#### **Finance**

The Balance Sheet, Accounts and Auditor's Report for 1968 were received and accepted.

After discussion of the I.C.A.'s finances in general, it was agreed by 42 votes to 26, with two abstentions, to increase the I.C.A. subscriptions in 1970 by 10 per cent and in 1971 by a further 10 per cent.

A long-term survey of the I.C.A.'s resources and commitments for the next five years will be made and in the current year, every effort will continue to be made to effect economies in I.C.A. expenditure. The estimate of expenditure for 1969 shows a probable deficit of £13,000, after allowing for a total expenditure of £125,000 and a total income of £112,000. An offer by the Managing Director of the International Cooperative Bank, Basle, to donate the equivalent of the increase to the I.C.A. was gratefully accepted, and it was unanimously agreed that this sum should be paid into the Development Fund for the promotion of cooperation in developing countries.

#### **24th Congress of the I.C.A.**

The Committee considered the arrangements made for the 24th Congress of the I.C.A. to be held from the 1st to 4th September in Hamburg, Federal Republic of Germany. The Committee's Report to Congress was approved and motions to be submitted by the Committee to Congress on Peace, Contem-

porary Cooperative Democracy, and on Cooperative Technical Assistance and the I.C.A.'s Development Fund were agreed upon.

#### **The Structure of the I.C.A.**

The suggestions made during the course of the discussion at the Central Committee meeting in Glasgow, in September 1968, on the Structure of the I.C.A., had been considered by the Executive Committee and the Central Committee endorsed the Executive's recommendations. Details of these recommendations were given in Press Release No. 1/1969, following the meeting of the Executive Committee in London in February 1969.

Arising out of the suggestions, it was agreed to recommend to Congress a change in the Rules in Article 3, "Objects of the I.C.A." It will be recommended that paragraph 3(g) should read as follows: "The I.C.A. shall have the following objects ..... (g) to work for the establishment of lasting peace and security through cooperative efforts."

#### **Principles of the I.C.A.**

The Central Committee endorsed the suggestions of the Executive on the re-wording of the suggested amendment to the Rules and Standing Orders in Article 8 on Eligibility. This arose from disagreement over the use of the words "surplus or savings" and it will be recommended to Congress that the paragraph should read as follows: "The economic results arising out of the operations of a society belong to the members of that society and shall be distributed in such manner as would avoid one member gaining at the expense of others."

#### **Auxiliary Committees**

The Committee received the reports of the I.C.A. Auxiliary Committees.

#### **Declaration of Consumer Rights**

The Central Committee unanimously adopted a Declaration of Consumer Rights which will be considered by the 24th Congress in September. This Declaration is intended as a basic document, setting out the rights of consumers and the ways in which the Cooperative Movement can play a part in securing those rights.

#### **I.C.A. Collaboration with United Nations Agencies**

Detailed reports were given of the increasing collaboration with United Nations Agencies, including the recently established United Nations Industrial Development Organisation (UNIDO).

#### **Jubilee Triennial Prize**

It was reported that 27 titles have been submitted for the Prize. The Jury will present a report to the Congress in Hamburg.

#### **I.C.A. and the Regions**

Detailed reports were given of the I.C.A.'s work through its Regional Office for South-East Asia, its Office for East and Central Africa and the Office of the Organization of the Cooperatives of America (OCA).

#### **Next Meeting**

The Central Committee will next meet on the 31st August 1969 in Hamburg and the Executive Committee on the 2nd and 3rd July 1969 in Paris.

# COOPERATIVE EDUCATION CENTRE IN MOSHI, TANZANIA

## AN INTEGRATED SYSTEM FOR LOCAL COOPERATIVE EDUCATION

by Arne Holmberg

*WHEN the Cooperative Education Centre (CEC) in Moshi was started in July 1964, the intention was to promote local cooperative education in various ways: by producing study material, training local staff in cooperative education and creating a system of education for the three main groups, so important to a cooperative society, namely, members, committee-men and staff.*

*From a general point of view, it was felt that efficient local cooperative education would strengthen the position of cooperatives in society and would give them authority and dignity in their work. To create an interest in cooperatives was the short-term policy to reach this long-term goal.*

### **Organisation of Cooperative Education in Marketing Cooperatives**

It was not considered possible to reach each and every one of the 1,500 Marketing Societies, therefore, efforts were concentrated on the then 52 (now 33) Unions to which these societies are affiliated. Each Union should have a Cooperative Education Secretary, a Sub-Committee for Cooperative Education and a vote for cooperative education. It has proved difficult to carry out this policy because of the different sizes of the Unions. The biggest Unions have 50 to 100 affiliated societies and some small, new ones have 4 to 10 societies. To employ a full-time Cooperative Education Secretary (CES) was, therefore, not possible in

a majority of the Unions and thus this task is usually shared with that of a Cooperative Inspector. To encourage the affiliated societies to undertake regular educational activities, it is necessary for the CES to visit them regularly, that is, at least three times a year. This has proved a crucial point, as distances are very great in Tanzania and roads are not good. It is not usually possible to provide the CES with a four-wheel drive vehicle and he has then either to rely on public communications or co-ordinate transport with Union or Government Inspectors.

When introducing the Education Sub-Committee, many doubts were raised. It was felt that this would either be a sleeping partner or that

some committee members would engage themselves to such an extent that the initiative of the CES was hampered. This has not become a problem, but the problem has instead been to find ways for the CES to keep his Managers well informed. In the case of a Union with considerable educational activities, it is easily realised that, if the CES has participated in various meetings in the affiliated societies, he has also met with most of the problems of the primary societies and their relations to their Unions. The proper recording and processing of these findings are of importance to all cooperative activities in the area and not only to cooperative education.

Considerable work had to be done to find the right Cooperative Education Secretaries and this had to be based on prevailing local conditions. Courses for them were organised at an early stage, and regional conferences and national courses have now become an important feature of the work of the CEC. For the Centre, it is extremely important that the CES carefully reads memoranda, circulars, manuals and correspondence courses sent to him and that he takes the action suggested by the CEC. The CES reports quarterly to the Manager on his actions, with copies to the Cooperative Union of Tanganyika, the Regional Cooperative Officer and the CEC.

The reorganisation in 1967 of cotton cooperation in the East Lake Regions meant the formation of the Nyanza Cooperative Union, with 611 affiliated primary societies. For all practical purposes, the area of the Nyanza Cooperative Union is divided into 20 zones. A Cooperative Education Secretary for the NCU is the

head of 20 Zonal Education Secretaries, whose work is fully comparable with that of any other CES.

### **Education in other Cooperative Societies**

Savings and Credit Societies (Credit Unions) were formed in Tanzania at the beginning of the 1960's and, naturally, educational activities for these cooperatives had to be considered as a separate matter. The CEC has participated in this work, not only by teaching in courses, but also by publishing a correspondence course in English and Swahili and producing a few radio programmes with manuals.

There are about 60 Consumer Cooperatives and here, too, special education programmes are necessary. In October 1968, this meant the opening of a Training Shop at the Cooperative College in Moshi. The courses held in this shop are built on experience gained by a group of Scandinavian experts working in cooperation with the CEC. For this group, the CEC has produced correspondence courses, as well as several radio programmes and manuals.

### **Study Material**

It could possibly be said that, during the early stages of a cooperative movement, it is possible to use printed textbooks, often with hundreds of pages. As the movement starts developing and adjusting to national needs and aspirations, it is no longer possible to use voluminous books, and printing is not the only manifolding method. Changes must be recorded and old texts revised. The correspondence course partly offers a solution to this problem, as it is made up of study letters which could

be revised when reviewing the whole course. As a rule, a correspondence course is written for a particular group of students, and a stencilled edition could be tested before an expensive printed edition is produced. The writer of a correspondence course should always be careful and try to think of the problems of the *individual student* or *discussion group* for whom qualified teachers to explain and clarify points are not available. In a situation where there is a lack of qualified teachers, it could thus be advisable to produce study material in the form of correspondence courses, even if the study letters are often used in class-teaching.

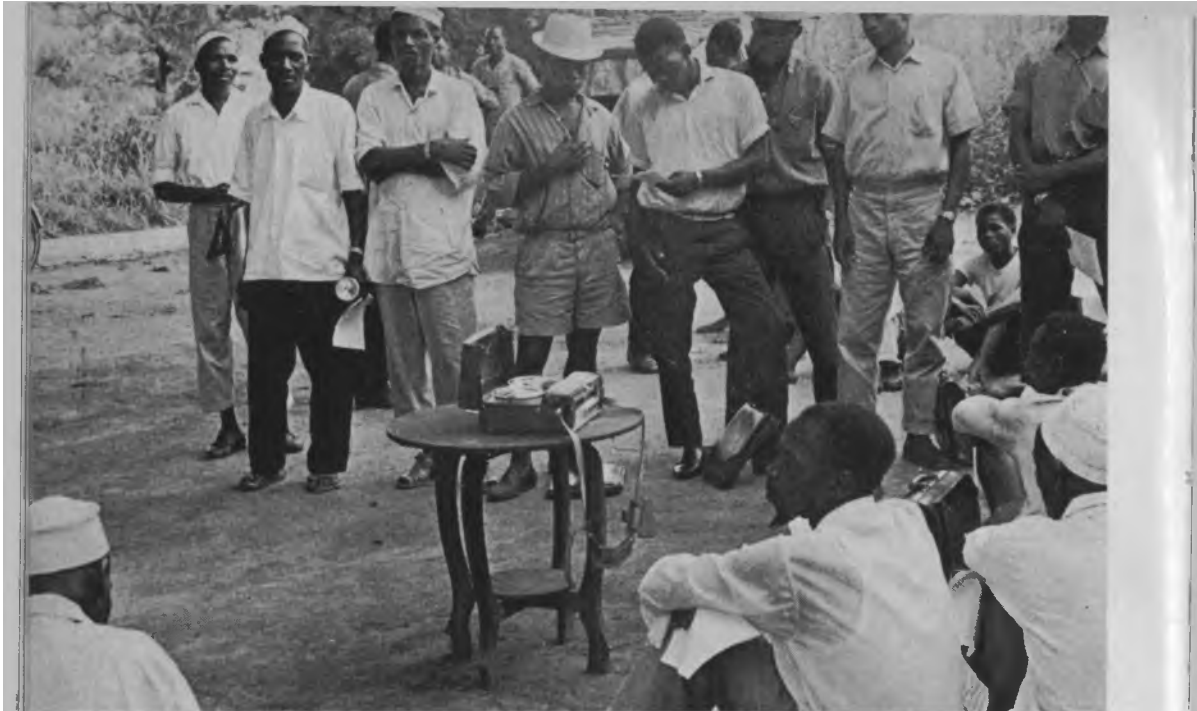
The CEC produced a *course for Primary Societies* in 10 study letters, five of which are concerned with different aspects of the societies' work, and five deal with book-keeping. This course is now compulsory for clerical staff in primary societies. To some extent, single study letters have been studied in groups by the committees of primary societies.

Special correspondence courses for Savings and Credit Societies and Consumer Societies are described above. The early introduction of an elementary course in book-keeping meant that the Correspondence Institute of the CEC entered into general subjects. Other book-keeping courses are under preparation.

In 1967, "Work of the Committee" (Kazi za Halmashauri) was written. This course, which is available only in Kiswahili, has four study letters and is to be studied by discussion groups, consisting of the Secretary or Assistant Secretary of a society, four or five committee-men and four or five members. A series of nine radio programmes

was broadcast at the beginning of 1968 to support the work of the groups and these radio programmes were later repeated. Based on the experience of the work of the first 200 groups, a new series of radio programmes was produced which was broadcast in November/December 1968. A course "How to Read a Balance Sheet" is under preparation, again with the intention that correspondence studies and radio education should go hand in hand.

The Cooperative Union of Tanganyika (CUT) had broadcast radio programmes over several years and, in 1967, the CEC undertook to broadcast an educational programme every week. The committees of the primary societies were asked to call in the members to listen to the broadcasts and it was suggested that several listening places be set up in case the area of work of the societies was very large. These *listening groups* were to split into *discussion groups* after the broadcast and to discuss the subject-matter. To assist the groups, the CEC published every week a discussion manual of four pages which was distributed to societies with listening groups. At the end of each discussion manual, there were two questions, the answers to which were to be sent to the CEC for comments. The joint use of written material and radio programmes made it possible to introduce another medium, namely, the tape recorder. For the future, CEC tutors could duplicate certain radio programmes, play them for a conference or course and then divide the course into groups, asking them to penetrate the discussion manual and answer the two questions. Similarly, the nine radio programmes for "The Work of the Committee" were used in



Discussion Group listening to tape recording on education

Committee meeting of Coffee Marketing Society in the Kilimanjaro Region





week-long courses to train group leaders to lead discussion groups in that subject.

Cooperative education in a developing country is often, and rightly so, considered to be hampered by the large percentage of illiterates among the membership. Two points should be made here. Firstly, there have been no difficulties in organising discussion groups consisting both of literate and illiterate farmers as long as the discussion manual is rather short. The explanation is probably that friends and relations read for the illiterate farmer and, if the text is not too long and complicated, he is able to keep the whole subject in mind. This is also supported by some of the experiences from the groups on "The Work of the Committee". The other point is that, because of the large groups of illiterates, the small group of literate farmers in the villages might be forgotten; they might not get reading material. The constant worry in community development and agricultural expansion in many countries seems to be how their pamphlets should reach the individual literate farmer and not remain piled up in some office. It has, therefore, been important for the CEC to assist the CUT in the production of its monthly magazine "Ushirika" (Cooperation) and to introduce the reading of this magazine in the discussion groups.

### Triangle

The cooperative society will never be stronger or more efficient than the members, committee-men and staff are able to make it. One thing is the training and education which could be given to these three groups and the other

thing is the relations and cooperation among them.

For the CEC this meant a dilemma in so far as it was not possible to provide study material, devise study methods and support study campaigns for the three groups with conferences and courses. It was necessary to concentrate on *local staff education* as well as *committee-men education*. A few experiments were made to test different methods of member education, but a campaign for member education had to wait until the above described radio education was inaugurated in 1967.

To explain the system of local cooperative education for staff and committee-men and to impress upon clerical staff the importance of studies, a number of week-long courses were held in 1965-1967. Through these courses, it was intended to reach all the Secretaries and Assistant Secretaries and to outline to them that, if they now studied and completed the correspondence course for primary societies, two-weeks' courses would be organised for them and the best students would go to the three-months' course for Secretaries at the Cooperative College in Moshi. This local staff education would also serve as staff selection, and the students attending the College courses could be expected to constitute a group from which personnel for major, newly formed, or multi-purpose societies could be recruited. During 1968, the CEC has, in cooperation with the Cooperative College, organised such two-weeks' courses to enable the College to take students from almost all of the 17 Regions in Tanzania for the three-months' course starting from January of this year.

Similarly, students who would come

to the Intermediate Course at the Cooperative College in September 1969, or later, have been informed that it is obligatory to have passed the book-keeping elementary course at the CEC Correspondence Institute.

During 1968, a compulsory programme was drawn up for the 200 Trainee Inspectors recruited by the Cooperative Development Division, to study the primary societies' course and the book-keeping elementary course, as well as certain other material. To support these programmes, monthly meetings for the Government cooperative staff in each Region were organised from January to August.

These examples show a beginning of co-ordination of local and central staff education and work is now going on to plan staff education for several years accordingly.

Whenever week-long courses for staff were held, there were also week-long courses for committee-men, and sometimes these courses were combined into two-weeks' courses. This proved fruitful, not only because of the knowledge acquired by committee-men, but also by way of better understanding and cooperation between staff and committee-men in primary societies. In the week-long courses for committee-men, great attention was given to the formation of discussion groups and how to lead such groups. This was done with a long-term view that each primary society should have one *permanent discussion group*. A broad foundation for this was laid through the radio education in 1967 and followed up through the campaign called "The Work of the Committee" in 1968. It is, in other words, not considered possible for the CEC to organise week-

long courses for a major part of, or all, the committee-men, but it is believed that, if permanent groups could be formed, with representatives from staff, committee-men and interested and active members, these would form a good foundation for the cooperative development and cooperative democracy in the primary societies.

With this thinking as a background, the CEC has entered into partnership with other institutions, e.g., the Institute of Adult Education and the UNESCO Literacy Project, to produce the correspondence course "Basic Economy", for use by discussion groups and supported by radio programme broadcasts in May/June 1969. Preparations were made to teach group leaders and Secretaries in February 1969 and, if the campaign proves successful, the broadcasts will be repeated towards the end of 1969 and attempts made to form discussion groups on a large scale.

### **Cooperative Wings**

The integrated system for local education described above intends to build up local education on a Union basis, to induce the Unions to be increasingly responsible for this education and thus make the CEC the Study Department of the Cooperative Union of Tanganyika and a service body for local education.

Following the example of the Cooperative Movement in Uganda, two Cooperative Wings were established in January 1968 and four more in January 1969. A Wing consists of one expatriate and one Tanzanian study organiser, equipped with a four-wheel drive vehicle, film projector, tape recorder, etc. and they travel to visit all the cooperative societies in one or two Regions.

The CEC is anxious that the work of the Cooperative Wings is done in very close collaboration with that of the Unions in the area. The intention is that the Wings should support the Cooperative Education Secretaries and the education sub-committees and make it well understood to the members that it is important to allocate money for education purposes. It is thus easily understood that the work of the Wings is considered to be of a temporary nature, covering a period of four, six or eight years, but is not considered that the work of the expatriate study organiser is required after the fourth year.

#### **Co-ordination**

The work of the CEC could fairly easily be co-ordinated with that of the Cooperative College in regard to staff education. In the case of committee-men education and, still more, member education, integrated systems are not so easily formed as may appear from this article. One problem is the universal

one of engaging committee-men and active interested members; to provide them with new stimulating material and to organise ways for them to meet for a fruitful discussion. To some extent, this work may have been hampered by difficulties of communication, but it has, on the other hand, been stimulated by a more ardent interest by the members and committee-men than is easily found in old movements in developing countries.

Another problem concerns the illiterate members and the co-ordination of member education with literacy campaigns. This is considered by the CEC to be a very great problem indeed because literacy classes concern the ability to read and write and it still remains to organise the reading when the ability has been achieved. The limited resources of the CEC do not allow steady action in this field and the Cooperative Education Centre is, therefore, now eagerly engaged in committee work with various Institutions in Tanzania engaged in Adult Education.

## WORLD-WIDE TRAINING OF COOPERATIVE EXPERTS

*THE second International Conference on Technical Assistance to Developing Countries in the Cooperative Field, held at Holte, Denmark, from 10th to 13th November, 1968, recommended, among other matters, that it would be useful for survey articles on the training of experts in individual countries or regions to be published as frequently as possible in the "Review of International Cooperation", as the first step towards co-ordination of joint expert training, which might later be considered by the I.C.A.*

*Edit.*

### Part I.

#### CZECHOSLOVAKIA

The long years of colonial domination made a deep impression on all aspects of life in the developing countries. The consequences of this domination are to be seen in the lack of freedom of their economies and in financial matters, the lack of balance in their agriculture, usually based on only one crop, the insufficiency of the internal market and the influence which all these factors have in maintaining very low purchasing power and lack of capital. Personal consumption of their inhabitants is limited by their methods of production, mostly artisanal, the low standard of indigenous industry in fields such as processing, and the lack of knowledge to embark on new types of production, as well as ignorance of sources of natural wealth, etc.

Taking all these factors into account,

every new source of wealth is of great importance, equalled only by the means with which such sources of wealth may be exploited. The means may be lacking, and even minimal production requires the work of the entire population. Proper mobilisation of the resources available, which implies the creation of large units of production, requires intensive governmental drive on the economic front, and its programmes will help to develop initiative and willing cooperation on the part of the population. One of the forms best suited to the inhabitants of developing countries, and one which is always generally approved by the mass of the people, is Cooperation. It is looked upon as a long-term basic requirement, even if it means a considerable degree of change in traditional attitudes.

Each of the various developing countries has its own idea of the type

of cooperatives it needs and none of these countries have the same viewpoints as regards the structure or the administrative composition of the cooperatives. They often model theirs on cooperatives abroad, but only to a certain extent, and only very slowly do they create a particular type of cooperative system best suited to their own past history. Today, cooperative systems based on traditional concepts are only very slowly introduced into developing countries, since they have to take into account not only the country's past history but also the prospects for the future expansion of the economy. These reasons go some way to explain why cooperative organisations in developing countries have not yet reached the desired standards. Implantation of the cooperative system as we know it is very far from secure in developing countries.

Considerable assistance towards building up national economies in most countries of Africa, Asia and Latin America is provided by the friendly support forthcoming from other countries. Countries in the Socialist sphere show evidence of this in many ways. For instance, they provide: long-term credits, training of experts for managerial positions, technical and scientific help, assistance in international trade resulting in improved turnover figures, a large measure of help in matters affecting public health and education and equally they ensure that the needs of the developing countries are made known at the international level.

The Czechoslovak Cooperative Movement regards it as natural that it should supply, in so far as its possibilities will allow it to, all the help it can give to its friends abroad, to the new cooperative movements now arising in

the developing countries. Such help is on a multilateral basis and is principally directed towards the training of the executive branches in cooperative undertakings.

Leading officials of all cooperatives in the developing countries are offered help in the form of an international seminar each year, organised by the Central Cooperative Council of Czechoslovakia. This year's will be the fourteenth seminar. Its programme of work is always directed towards the particular problem of the moment, and discussion is wide and free-ranging, allowing a comprehensive exchange of views amongst the participants of various countries as well as the possibility of finding a solution to the particular problem on a wide common basis. Thus, for example, this year's seminar, the theme of which will be "Cooperative Democracy and its application in modern management", will be looked upon as an essential item in the world today, a world in continual evolution. Normally, these seminars last a month and have become extremely popular, due to the great care and work which goes into their preparation and their first-class organisation. They are attended by dozens of officials from developing countries all over the world.

A vocational training course of one year for leading officials of cooperatives in developing countries is provided for those who have obtained their baccalaureate, and its study programme is directed towards questions concerned with cooperative organisation and management. Experience to date shows that these vocational training programmes give excellent results and it is hoped to expand them. Until now, participants in this course of training in



Seminar participants in conversation with Mr. J. Nepomucky,  
former President of Central Cooperative Council of Czechoslovakia



One of the Algerian students sitting for his final examination

cooperation were Sudanese, but this year, we shall also have representatives from Mali and Tunisia at the seminar.

Parallel with this, help from the Cooperative Movement is also made available in the form of training and education of intermediate members of the cooperative organisation's staff. Trainees receive three-, six- or twelve-months' instruction; their theoretical training is completed by practical work in a cooperative, or a union or other cooperative undertaking. More than 250 cooperators from various developing countries have already taken part in such seminars.

The Central Cooperative Council also grants scholarships for study in the Universities. During the past six years, 159 students from 11 developing countries have attended courses in Czechoslovak Universities.

The Central Cooperative Council of Czechoslovakia has been able, since 1962, to offer its help to a large number of cooperative delegations from developing countries, totalling more than 1,500 people, most of whom came for a short study visit.

The Cooperative Movement is active in the field of publication of technical literature. The Central Cooperative Council has published dozens of reviews and large quantities of study material, with total circulation figures running well over half-a-million copies, in foreign languages and particularly in the languages used on a world-scale. Every quarter, we publish "The Czechoslovak Cooperator" and "The Cooperative Information Bulletin".

With a view to propagating the cooperative idea, there are film shows and exhibitions, each with a cooperative

theme, available to the general public in the various developing countries. There is also a collection of photographs and other material at their disposal.

One particular feature in the assistance programme to our friends in the cooperative movements of the Third World is especially important to the Central Cooperative Council of Czechoslovakia, and this is the sending of cooperative experts. In our experience, this type of cooperative help is one which gives excellent results, since it is direct and means that the lessons learnt during long years of building up the cooperative movement in Czechoslovakia are applied by experts at first-hand in the countries in question and in actual and practical conditions. In principle, we do not advise the copying of the solutions we have arrived at; we recommend that only those measures be taken which are suitable for the socio-economic conditions prevailing in the countries concerned.

For an expert to fulfil his task properly, it is, in my view, necessary that he be highly qualified. He must have a wide knowledge in the fields of both theory and practice of cooperative operations and also a deep knowledge of the economy concerned, so as to allow him to make the necessary judgements and ensure that cooperative decisions can actually be carried out. He will also have to be an acknowledged expert in one particular field—commerce, industrial production, and other specialised areas, such as agriculture, accounting, statistics, education, etc. This will explain why the Central Council demands very high qualifications before it appoints an expert. Apart from the knowledge just men-

tioned in general cooperative matters and in a specialised field, the Council demands that its experts be University-trained or have other equivalent degrees, plus a long and worthy experience of practical work in the cooperative sector, the aptitude for propagating cooperative ideas and ideals, knowledge of at least one international language, and be in excellent health so that they will have no trouble in settling down in a place with a different and less favourable climate.

Obviously, such conditions cannot be fulfilled by the majority of candidates and the expert is always chosen with the greatest care, and, as far as possible, the greatest number of candidates are interviewed before a choice is made.

In 1961, the Central Council asked all cooperative organisations in the country to submit names of co-operators desirous of being appointed as experts. The candidates put forward were then asked to take a series of examinations to test their knowledge of foreign languages, evaluate their technical qualifications, their capability of adaptation in new surroundings, their state of health and all the other conditions which could have a positive or negative affect on the success of their work as experts.

In 1962, the Central Council organised a one-year training course for all those candidates who passed the first tests. The chosen experts were between the ages of 30 and 45 years, invariably people already having a thorough knowledge and experience in the technical fields concerned. The programme of this course included studies of the cooperative movements in the developing countries, further improvement of the participants' specialised know-

ledge with regard to the latest discoveries of science and technology, as well as intensive language studies (English and French). The course ended with an examination set by a commission of experts and a certificate was awarded to successful candidates. But all this was only the first stage of the operation. As soon as the course had ended, the candidates went back to their normal jobs in the cooperatives, but continued their training as experts by following language courses in Universities for a period of two years. After completion, they had to pass a State examination.

Another method of training experts is that operated by the Cooperative College which sends the experts various subjects for study in order to deepen their knowledge in particular fields and to help them in their post-graduate study of the economies of the developing countries at the College of Economics or at the Institute of Tropical Agriculture (under the auspices of the College of Agriculture). The future experts are sent for a term of practical training in their own country or abroad; they are invited to attend seminars organised for co-operators from developing countries and are given the opportunity of making contact with foreign students (Central Council's scholarship holders) and of meeting experts who had returned from service abroad. All these aspects of training are continuous and go on until the decision is made to send experts to any developing country.

At this stage, there is a final briefing of the experts' mission, which lasts as long as the period of time taken to obtain all the necessary papers and complete the formalities for their entry into the developing country in question.





Visit to a cooperative store during tour of Czechoslovak consumer cooperatives after termination of Seminar (1967)

With the help of all available sources of information, the future expert familiarises himself with the country of his future duties, as well as with the economic and socio-political conditions. He gets acquainted with the current state of development of the branches with which he is concerned and conceives his own ideas about his future mission. The Cooperative College helps here in giving him the opportunity of consulting experts in his particular branch, in seeking further information from university authorities, and so on. He also gives a final brush-up to his knowledge of languages, especially the new terms in technology, and studies the local dialect.

Particular importance is attached to the system for training experts in respect of his future activity as a propagator of the cooperative idea. This factor is very important, since no coop-

erative organisation or movement can fulfil its task nor develop in the country in question, if the Cooperative Principles are not understood by the members and if the public in general is vague as to the mission of the cooperative movement. If this is not stressed, we shall find that cooperatives will simply decline to the level of ordinary associations which will lose even the most superficial resemblance to cooperatives proper and will scarcely survive in the fight against competition, having lost their principal weapon: the devoted members of the cooperative.

The system we have adopted for training experts, which is as complete and as up-to-date as possible, based on the conditions which the future expert will find on his arrival, means that we have been able to reduce the time factor which would normally apply, but still ensure the best type of expert.

The Central Council has trained experts in the following branches:

- Cooperative Movement: Specialisation in cooperative organisation and methods, law, management, social and educational activities.
- Accounting: Financing, planning, auditing.
- Technical aspects in different cooperative sectors: Machinery, textiles, leather work, footwear, chemicals, electricity generating, agriculture, viticulture, food production, etc.
- Wholesale and retail trades, purchase of agricultural products and supply.
- Services: Repairs of all types, and other services.
- Organisation and management of disabled persons' cooperatives, and other types of cooperatives.
- Education.

The concern of the Central Council for the expert does not stop when he is finally sent to a developing country. The Central Council continues to look after his family, sends him material for study, cooperative and technical publications and, if necessary, will arrange meetings with specialists. His financial needs are taken care of when he returns from his tour of duty abroad.

The system which is now operating and which provides a many-sided method of training of the expert has given proof that it works. Czechoslovak cooperative experts are currently at work in Tunisia, Algeria and Burma; there are others in Mali. They have taken part in a series of conferences in Morocco, Senegal and Mali, as well as in several States in Asia.

These experts are ready to help wherever a long and wide experience of the various sectors of the cooperative movement may contribute to accelerate the economic development of the developing countries, which is a

prime condition in raising the cultural and living standards of the inhabitants of these countries.

Karel Straka

## DENMARK

*EVERYBODY* seems to agree that proper pre-training of experts to be sent out to serve in developing countries is of fundamental importance for the future work of these experts. Nevertheless, little has up to now been done in this field. Neither the United Nations nor its many different specialised agencies, which recruit hundreds of experts every year, have until now established any expert training centre or arranged any systematic training programme for their experts. A few countries, however, have in recent years arranged special training programmes for experts in certain fields of work.

As to cooperative experts, an interesting training programme has now

been at work for the past three years within the Nordic project for cooperative assistance to Kenya. Some experiences from this training programme are reflected in this article.

### **The Nordic Project for Cooperative Assistance to Kenya**

Responding to a request from the Kenyan Government, the four Scandinavian countries, Denmark, Finland, Norway and Sweden, have agreed to give joint Nordic assistance to the further development of cooperatives in Kenya over a period of five years from 1967 to 1972.

A. The objective of the Nordic project is to assist Kenya in building up a strong and viable cooperative movement which can fulfil its role as an essential element in the efforts of the Kenyan Government to promote economic and social development.

The project has a short-term and a long-term aim. In the short run, the aim is to assist Kenya in improving existing cooperatives by providing advisory services to cooperative unions and societies. The long-term aim is to improve the organised education and training. Emphasis is placed on:

(a) Assisting in improving the efficiency of existing cooperative unions and societies;

(b) educating and training staff and committee members as well as ordinary members of cooperatives. The education and training programme aims at imparting knowledge of the techniques and administrative procedures required to run cooperatives and at promoting an understanding among cooperative members of their duties and rights.

The major activities of the project are:

#### *(i) Advice to marketing cooperatives*

A considerable number of specialists in cooperative administration have been stationed in the different regions of Kenya to advise the cooperative marketing unions and their affiliated societies in administrative and organisational matters.

The activities of the Nordic personnel include all problems associated with the day-to-day operation of a marketing cooperative, including the organisation of the transport of the product (primarily coffee), book-keeping and audit.

The advisers are also active in promoting the formation of new societies and district unions. Throughout their assignment, the Nordic staff work closely with cooperative officers of the Kenyan Government. The main idea behind the whole project is to enable Kenya to develop and operate its cooperatives without outside assistance, and the necessary training of Kenyan cooperative officers can be accomplished only through such close cooperation.

#### *(ii) Education and training*

Nordic advisers have been assigned to assist in the training of staff and committee members of cooperative societies at provincial training centres. Kenyan and Nordic education specialists are jointly responsible for the education and training work.

#### *(iii) Assistance to the central administration*

A number of advisers have been stationed in Nairobi to advise the Department of Cooperative Development of the Kenyan Government on problems which are considered of special importance. This special service covers agricultural, dairy and horticultural

tural marketing, transport, credit, education, cost accounting, and statistics.

*(iv) Cooperative College*

The project includes the establishment of a National Institute for Cooperative Education and Training in Kenya (the Cooperative College). The purpose of the school is to train leaders and personnel of the cooperative movement, as well as staff members of the Cooperative Department of the Kenyan Ministry of Cooperatives and Social Services. Since the start of the project, college activities have been carried out in temporary premises. However, the construction of permanent buildings will begin during the first half of 1969. Planned to accommodate 100 students, the college will be situated on the outskirts of Nairobi at a site made available by the Kenyan Government.

The programme of the College covers a wide range of activities, including short courses and training programmes of several years' duration. One of two Nordic education specialists assigned to the College serves as its principal.

*(v) Study abroad*

Under the project, opportunities are provided for Kenyan cooperative leaders and staff members of cooperatives to study cooperatives in the Nordic countries. The purpose of these study tours is to support other training activities of the project.

B. As to the financial side of the project, the costs are divided between Kenya and the Nordic countries. The salaries of the Nordic personnel are paid by the Nordic countries, while Kenya provides housing and pays the cost of local duty travel. Kenya also covers the running expenses of the Cooperative College and the coopera-

tive training centres and provides 20 per cent of the cost of constructing the new College, the remainder being provided by the Nordic countries.

**The Nordic Training Course for Cooperative Advisers to Kenya**

1. The *aim* of the Nordic training courses has been to give the selected advisers the best possible introduction to their future work in Kenya through a pre-training programme both in Scandinavia and Kenya.

2. As indicated, the training course like the project itself is a joint Nordic undertaking, and representatives from both Government agencies and cooperative organisations in all four countries have been involved from the very outset in the *planning* and implementation of the training programme, as has the Kenyan Government and its cooperative administration.

3. *Selection of participants.* However carefully a training programme is planned and implemented, the ultimate result of any training will always more than anything else depend on the *participants*, on their individual qualifications and their active participation as a group in the whole work of the training course. Much attention therefore has been paid to the proper selection of candidates, including appropriate advertising of the jobs in both large daily newspapers and pertinent professional periodicals in all the four countries concerned. Next, a careful scrutiny is made in each country of all applications received by the respective aid agencies, assisted by experts from the respective cooperative movements. The result of this exercise is the selection of a limited number of candidates for personal interviews. (In broad fig-

ures, the total number of applicants the first two years were 200, of which 50 were selected for interviews and 25 ultimately selected for the jobs advertised and for the training course.) The interviews have taken place in the respective four Nordic capitals within one week, thus enabling the interviewing panel to make a fair comparison between the candidates from all the four countries. The interviews have been conducted by the project administrator, assisted by the course director and—most important—the Commissioner for cooperative development in Kenya. From the very outset, the recipient country in this way has shared the responsibility for the final selection of candidates, and it is gratifying to state that there has been almost no disagreement within the interviewing panel as to this selection up to now (which, of course, does not mean that mistakes have not been made in a few instances). At any rate, the selection has been as careful as possible, and the course director has known beforehand the kind of people for which the training course had to be arranged. This means that he is aware of the appropriate level of training for the group as a whole and of the possibilities of individual contributions from the participants. In this context, it might be mentioned that, each year, at least two or three of the participants have had previous experiences from working in a developing country.

4. *Place and duration.* The question of the proper place for the training course has given rise to a good deal of discussion, and so has the question of the duration of the course as a whole. As to the place, the problem has been to what extent the training should be

given in Scandinavia or in Kenya, and, as to the duration, the question has been how soon the advisers should be sent out to practical work—and “learn by doing”.

The result of these deliberations, and not least of the experiences gained by the first team of advisers in Kenya, has been that the training period now is equally divided between Scandinavia and Kenya, with five weeks in either region. Compared with the previous years' programme, this means a shift from theory in Scandinavia to practice in Kenya and an overall reduction of the training period by a month. A major reason for this change has been the improved opportunities for “on-the-job-training” in Kenya, after the project has been working there for some time.

5. *Working methods.* Also as to working methods, changes and adaptations have been made over the past three years. One important feature, however, has been unchanged, namely, that the whole training course is conducted *in English*, which is not the mother tongue in any of the four countries, and in which the participants consequently need some special training.

If we look at the programme for this year's training course, the first item is a short “*family briefing*” for both the selected advisers and their wives in the four Nordic capitals. Here “daily life in East Africa” is described by experts who have returned from Kenya, and a competent doctor gives advice as to “tropical hygiene”. Ample time is set aside for answering questions, and unlike the training course proper, this session is supposed to be conducted in the respective Nordic languages—and not in English.



Visit to Stockholm (1966) by first group of Nordic advisers to Kenya, with Mr. J. Kibue, Co-Principal of Kenya's Cooperative College



Drying process of coffee beans watched during study tour of cooperative coffee factory in Kenya

The first week of the training course proper—which has been accommodated at a Danish folk high school—is then an “*introduction to East Africa*”, covering subjects like economy, history, ethnology, agriculture and administrative set up of Kenya, and given in the form of informative lectures.

The following week is reserved for a *Scandinavian field study tour* in small groups of five or six, each group visiting a rural community in one of the four Nordic countries. The purpose is first of all to give a training in analysis techniques vis-à-vis problems unknown beforehand to the participants. Each group prepares a joint report based on the answers to the questions put during the study tour.

On the return to Denmark, the participants, during the following week, are given an “*introduction to the cooperative movement in Kenya*”. This introduction has every year been given by one of the leading officials from the Kenyan Department for Cooperative Development. It has been rather detailed and given frank answers to many questions, raised by the participants, usually after preliminary discussions in groups.

The last two weeks in Denmark have been reserved for special topics, such as *management and accounting problems, extension techniques, etc.*, introduced by lecturers with expert experience from work in developing countries, and followed by group work and plenary discussions.

A special feature of the training programme has up to now been the preparation by each participant of an “*individual paper*” on a topic related to future work in Kenya and past experiences in Scandinavia, giving a

training in presenting a problem, both in writing and verbally, and having it criticised by fellow-participants. In the future, however, this exercise may be replaced by a system, tried out successfully at other seminars, of daily verbal reports of the preceding day’s proceedings.

In this connection, it should once more be stressed that the training course is also supposed to give the participants a training in the use of English in general and the cooperative terminology in particular. Incidentally, only English is allowed throughout the course, including meal hours, etc.

At the end of the training period in Denmark, a joint *report*, covering the whole course programme, is prepared as part of the group work.

After one week for packing in the respective home countries, the group then takes off for *Kenya*, where the second half of the training programme is organised in close collaboration with the Nordic team, already working there. This part of the programme embraces a short introduction to the daily work of the project in Nairobi, a study tour to local cooperatives in different provinces of Kenya, and a fortnight’s “on-the-job-training” as far as possible following the daily work of their predecessors. Finally, a short session in Nairobi, including visits to cooperative apex organisations and lectures on marketing boards, etc. During the last week in Nairobi, the families are supposed to arrive and, after a brief induction programme for the families, the new advisers should be ready to go to their future duty stations to take over from their predecessors.

As to the Kenya programme, I want to stress the importance of the *field*

*study tour*, which gives the participants an opportunity to get acquainted with the country as such and with cooperative problems also in other districts than those where they are going to work. In this context, the meeting with the Nordic advisers, already at work in Kenya, have proved particularly beneficial. The most important feature of the Kenya programme today, however, is definitely the fortnight's "on-the-job-training", where the new advisers are introduced to the practical day-to-day work in their future districts.

6. Finally, about the *staffing and economy* of the Nordic training courses, it should be mentioned that all participants are under contract, i.e., on the pay-roll of the project from the start of the training course in Denmark and throughout the course period.

The *staff* of the training course has comprised a course director, an administrative secretary and two office secretaries, whereas in Kenya, necessary assistance has been given by members of the Nordic team stationed there. It should be added that, all through the training course, some of the participants have acted as group leaders and report editors.

The total number trained under the Nordic Kenya-project until the end of January 1969 is 54. From 1968, the Nordic training course also includes the training of cooperative experts to the Nordic project in *Tanzania*, where a somewhat similar local training programme as in Kenya is being organised. This means that, by June of this year, a total of around 80 cooperative experts have attended a Nordic training course.

7. In *conclusion*, it might be said that the experiences so far have been that a training programme like the joint

Nordic training course for cooperative advisers to East Africa is of utmost importance as an introduction to the daily work in a developing country.

I think that it can rightly be said to have cut down the period of adaptation to local conditions considerably, and on the whole facilitated the work of the individual adviser. In this context, it should be remembered that the Nordic project embraces a considerable number of advisers, which makes a most valuable exchange of experiences possible also after the daily work in Kenya has been taken up. This exchange of experiences takes place both at seminars, arranged by the project at regular intervals in Nairobi, and—no less important—through informal contacts between the advisers and their families.

It should also be added that these formal and informal meetings of former participants also mean a *feedback* to the organisers of the training courses, giving new ideas and suggestions for improvements of future training programmes.

Aage Bo

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## FEDERAL REPUBLIC OF GERMANY

**M**OST developing countries are agricultural and, as had been recognised during past years, the key to their progress lies in an increased agricultural productivity and, therefore, in an improvement of the living standards of the overwhelming majority of the population. In other words, they are those countries in which the people



working in agriculture form the overwhelming majority. This, in turn, means that, in these countries, agriculture is not only one branch of the economy among others, but rather that it is, and will be in future, the decisive branch within the economy. Agricultural progress is frequently hampered by ignorance and lack of capital and is further aggravated by the existing marketing system preventing any incentive on the part of the farmers to cultivate more or to improve the quality of their products corresponding to the demands of the market. Efficient cooperatives, both credit and consumer ones, are appropriate instruments to overcome such difficulties, as shown in the past by their successful activities in all parts of the world and still continually demonstrated today.

Most developing countries give, therefore, priority to the promotion of the cooperative movement in their government programmes. An essential prerequisite for effective promotion of the growth and of the process towards full development of the cooperative movement will be an intensive dissemination of cooperative ideas, together with support on a large scale for cooperative educational work in forming appropriate administrative organs. In this connection, the cooperative organisations of the industrialised economies—so far as their structure is based on the fundamental Cooperative Principles of voluntary membership, democratic self-administration and political as well as religious neutrality—can give effective aid.

In the experience of the German Raiffeisen Organisation's efforts in the sphere of development aid during past years, educational help within the

framework of technical aid to developing countries proved most effective and permanent. Financial assistance will always be only a supplement but not the decisive factor in a meaningful development policy. Meanwhile, the success of the appointment of German cooperative advisers during past years transpired more and more. However, the demand for the dispatch of cooperative experts to developing countries is so great that the help the Raiffeisen Organisation is able to give can only be limited. In order to meet the vast demand at least to a small extent, the *Freier Ausschuss der deutschen Genossenschaftsverbände*, in which the four apex organisations of the existing cooperatives in the Federal Republic are represented, decided in 1961 to introduce, together with the Government of the Federal Republic of Germany, a Training Programme for twenty cooperative advisers. In his article published in Vol. 58, No. 2, March 1965 of this Review, Dr. Th. Vosschmidt reported on this first training programme in the Federal Republic of Germany. Thus, only some of its problems need be dealt with here.

The most difficult task of the Freier Ausschuss was the planning of the training programme. A decision had to be taken about the extent of the training. Should the future advisers become specialists in particular branches, i.e., should they concentrate exclusively on credit, or agricultural, or consumers' cooperatives? Should the training be a functional one, with emphasis on management, organisation, marketing, accountancy or education as the basis of the training? This could not be answered clearly at the beginning. Neither could the difficult question be an-



Seminar for cooperative leaders from African countries at Cooperative School at Rastede/Oldenborg

swered which languages the advisers should learn, since it was not yet known in which countries they would serve.

It was finally decided to extend generally the training to all four branches of cooperative enterprise. With regard to the knowledge of languages, a good command of one of the main languages, namely, English, French or Spanish, and at least a working knowledge of one additional language were to be attained. By far the largest proportion of the training was devoted to practical training in all kinds of cooperatives. Theoretical instructions were arranged in two seminars of several weeks' duration, suitably alternated with practical studies. In addition, the participants in the programme were given the opportunity to attend a seminar on acquiring knowledge of a particular country and another on cooperative education. The latter offered the opportunity of direct contact with Africans who attended this seminar at the same time and who were engaged in adult education.

Longer stays in England, France and Spain enabled the students to perfect their knowledge of languages. A compulsory study of cooperative literature was an essential part of the training programme.

At the conclusion of the programme, it was possible to certify that seventeen out of the twenty participants were in all probability ready to comply with the requirements necessary for a future activity as advisers in the developing countries. Such certificates were issued in 1964.

It can be stated today with some satisfaction that this programme was right in its basic concept and that especially the practical training proved extremely useful for the advisers in their later duty. From the reports which reached us in the past few years from the various advisers, we could draw the conclusion that they had been successfully active in the building up of cooperative institutions in different countries, under the most varied condi-

tions and especially in responsible positions.

It was, therefore, with justified optimism that the German Raiffeisen Association declared some time later its readiness to set up, together with the Agricultural Central Office of the German Foundation for Developing Countries, a further training programme, but this time only for agricultural cooperative advisers.

On the basis of the experiences made so far, a training period of 15 months was to be provided and practical training to be again stressed. Instruction on knowledge and information of a particular country should be in so far considerably extended as, after conclusion of the training, to familiarise the advisers during a three-months' stay abroad in developing countries of the three main language areas with their characteristics.

The provisions for the execution of the programme were as follows:

### **Selection of Participants**

Applicants' qualifications required: Completion of an academic education or education at higher technical schools; a fairly good knowledge of at least one of the three main languages (English, French, Spanish); adaptability to strange and changing living conditions and to people from less developed countries and different cultural backgrounds; minimum age: 25 years; maximum age: 45 years.

### **Training Plan**

The principle of training is a meaningful combination of theory and practice, which should be supplemented at the end by a stay abroad. The different backgrounds of the participants should be sufficiently taken into account in the seminars.

#### **Seminar I (10 weeks)**

Introduction into elementary commercial information;

Agricultural processing cooperative established by Nomads in Somali Republic with help of cooperative adviser



introduction into agricultural theory (in collaboration with the Agricultural College);  
agricultural cooperation;  
Cooperative Banking;  
management of a cooperative warehouse;  
management of a cooperative processing enterprise;  
information on particular developing countries and their economy;  
language instruction.

#### **Practical Training Course I (7 weeks)**

During this period, participants will be engaged in practical work at a local rural credit society which has also trading facilities, at a district warehouse or at a district dairy.

#### **Deula Course (3 weeks)**

Practical handling of agricultural machinery.

#### **Seminar II (8 weeks)**

Participation in the seminar for German cooperative leaders, held annually at the Cooperative School in Stuttgart-Hohenheim.

#### **Practical Training Course II (8 weeks)**

During this period, practical training is provided at a branch of a cooperative central Bank, at central cooperative business institutes and at a cooperative auditing union. (Reports on the practical work have to be submitted to Seminar II.)

#### **Seminar III (11 weeks)**

Reports on practical work and discussion on written studies submitted following the Practical Training Course I:

- (a) Principles of cooperative law;
- (b) financing of cooperatives;
- (c) accountancy of cooperatives;

(d) auditing of cooperatives.

Practical exercises in building up a cooperative and in organising general meetings and meetings of the board of directors.

Cooperative management:

- (a) credit society;
- (b) consumer society;
- (c) processing society.

Introduction into the economic problems of the three other cooperative branches:

Continuation of commercial instruction, including the drawing up of a balance sheet of a local cooperative.

Principles of contract law and of the security of credit, including credit for goods.

Information on particular developing countries and their economy (continuation).

#### *Foreign language training*

Group discussions, individual conversations with participants.

#### **Practical Training Course III (2 weeks)**

In this practical training, the participants do voluntary work according to their own choosing in consumers', artisanal and housing societies.

#### **Seminar IV (2 weeks)**

This seminar is devoted to the final training in the main subjects of study and to the final examination (written and oral).

After a fortnight's leave, a joint tour is organised for practical training abroad with, on the journey out, a one-week's stay in Southern Italy and two weeks in Israel in order to become familiar with the cooperative conditions there. Another practical training abroad is to be completed in two

groups, one going to an English-speaking and the other to a French-speaking developing country.

Unfortunately, this programme, for which fifteen distinguished participants had been selected (among them some who already had practical cooperative experience), could not be executed in the manner considered necessary from the cooperative point of view. Although in part practical training had to be given up entirely, the participants nevertheless received very good theoretical, country informative and linguistic tuition, however, for organisational and financial reasons, the total training time had to remain limited to six months. Without wanting further to go into the reasons which had caused this change in the programme, it must be stated that a training programme for such important tasks which a cooperative adviser would have to assume one day, should never again be carried out without the consideration of sufficient practical training.

Currently, there is still a great need for experienced cooperative advisers who, above all, should be engaged in the German development projects. The relatively small number of available cooperative advisers is simply not sufficient. The experts who are working in the most varied specialised branches of agriculture (cattle-breeding, plant and seed growing) cannot be expected also to know all about cooperative matters and problems. An urgent warning must be given against any attempt to assume that cooperative questions of importance could be settled in a casual way. It does not suffice to gather information merely from literature as to how a cooperative should be established. Such attempts are doomed to failure, keeping

in mind that the complexity of problems to be solved, with which the advisers in the developing countries will be faced, will not even with a good theoretical knowledge be solved. The foremost problems as, for instance, to re-activate dormant cooperatives by appropriate measures, to increase the efficiency of existing cooperatives by means of rationalisation or by establishment of central cooperative institutions, and the realisation of cooperative self-administration and responsibility, can be tackled successfully exclusively by experienced cooperative experts.

It is also the aim to appoint German cooperative advisers as teachers to at least one cooperative school in developing countries. This could make it possible to transfer the training programmes entirely to the developing countries and to obtain the desired effect through wide dissemination of the cooperative ideas.

Only a thorough training can provide the necessary tools for all these tasks. The experiences made by the specialised cooperative unions with the hitherto executed training programmes will be of great benefit to future work being done in this field.

Werner Schiffgen

#### NORWAY

LIKE most industrialised countries, Norway is steadily increasing her assistance to developing nations. Most of this assistance is channelled through multilateral organisations, mainly the United Nations (65 %), and only 35 % through Norwegian or Scandinavian projects. Norway's bilateral assistance covers a large variety of activities, financial support, peace corps personnel, educational and hospital projects, and assistance within fishing

and agricultural projects.

Most of the assistance given bilaterally is done through the state body, the Norwegian Agency for International Development (NORAD).

Within our projects, we also provide a number of qualified experts. These do either work on Norwegian projects or they are integrated in the respective nations' own projects. Today, most of our experts are working in East Africa (Uganda, Kenya, Tanzania) and in Zambia and India, and we shall in the coming years continue to concentrate our efforts in these countries. NORAD also recruits experts for the United Nations projects, but this personnel is not trained in Norway.

The tasks of the experts are to use their knowledge and qualifications in their specific fields and thus assist the developing countries in their efforts to improve and develop their nations.

#### Number of Experts

In 1968, NORAD had 386 persons working in developing countries; 232 as

expert personnel and 154 as volunteers. Figure 1 shows how the number of bilateral personnel has increased since 1962 when NORAD was established.

According to our plans, the number of bilateral experts will increase at approximately the same rate in the coming year.

#### Where do the Experts work

Our bilateral experts mainly work in East Africa, Zambia and India. We also have a number of experts in other developing countries, but we try to concentrate our efforts in these areas. Table 1 shows in which countries NORAD's bilateral technical experts work and the number in each country.

Kenya .....	40
Tanzania .....	12
Uganda .....	5
Zambia .....	13
India .....	36
Korea .....	7
East African Community .....	20
University of East Africa .....	31
Nordic Tanganyika Project .....	21
Nordic Cooperative Project (Kenya) .....	16

#### Type of Work

Table 2 shows how NORAD's technical experts are distributed in the different professions.

	1964	1966	1968
Economic planning { ...	3	7	14
Public administration { ...			
Communications and energy .....	—	10	23
Industry .....	—	—	13
Commerce-tourism .....	—	4	5
Agriculture and fishery .....	32	65	83
Health service .....	31	23	13
Social Service .....	—	3	1
Education .....	8	34	66
Other .....	7	21	14
	81	167	232

#### Training of Technical Assistance Personnel

We take it for granted that the

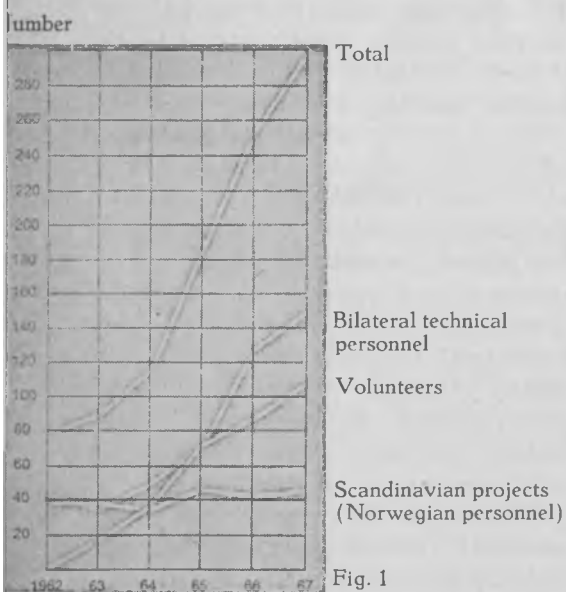


Fig. 1

experts are qualified in their respective fields and, so far, we have given them no supplementary education. The recruiting officers are very careful in selecting persons who have the necessary technical qualifications. The most important thing is a comprehensive language test in English, since, without the ability to communicate, the expert is useless. If the result of the test is not above a certain level, the expert is either rejected or he must be trained intensively in English.

After the expert has passed the language test and is accepted by NORAD and the developing country concerned, he is invited to attend a two-weeks' information course. This course is compulsory for the expert and his wife. If the latter is going to stay with the expert for two years in a developing country, we find it very useful and necessary that she also participates in the course.

The volunteers have an intensive course for 8 weeks, and their training is thus much more comprehensive.

### The Programme of the Information Course

In this course, the following information is given:

1. The history, organisation and the work of the Norwegian Agency for International Development.
2. General information about developing countries, such as definitions, economical problems, population explosion, food problems, family planning, race, culture, etc.
3. Specific information about the country concerned, as politics, economy, sociology, culture, etc.
4. Language: especially English for the use in the target country, and introduction to the local language.
5. Health questions and climate.

We also invite for informal talks Norwegians who had been working in the target country (experts with wives and volunteer personnel). In this way, we try to give information about practical problems, i.e., housing, clothing, food, education for children, etc.

As lecturers, we invite highly qualified persons from universities, ministries



Mr. S. Osho, Nigeria, informing Norwegians about his country



A NORAD expert, Mr. Nøstvik, lectures about town planning in Kenya



Instructions on husbandry in Kenya given by a NORAD expert, Mr. Bach-Gansmo



Instructions given by a NORAD expert, Mr. Slagsvold in Chemistry Laboratory at University of East Africa, Nairobi, Kenya



and other institutions in Norway, in particular those who have worked for a longer period in a developing country.

We have developed fruitful relations with the other Scandinavian countries, especially in the field of language training, and have established a body, called the Nordic Language Teachers' Workshop, which meets four times every year in order to exchange ideas and material. This Nordic cooperation will increase in the years to come.

What we are trying to do is to give

all the necessary and relevant facts about the developing countries in general, and about the target country in particular. On the other hand, it is very important to prepare the expert and his wife mentally to enable them to do their best in a new situation and in a country which is very different from their own. All this is very difficult to do in 14 days, but we are planning to extend our courses.

Norwegian Agency  
for International Development

## INGEBA

INTERNATIONALE GENOSSENSCHAFTSBANK A.G.  
BANQUE INTERNATIONALE COOPERATIVE S.A.  
INTERNATIONAL COOPERATIVE BANK CO. LTD.

H.-U. Mathias

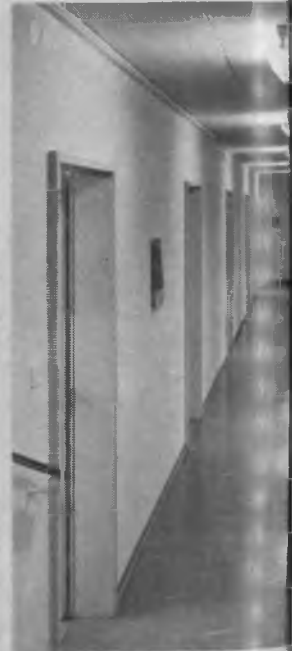
**T**HE International Cooperative Bank, with headquarters in Basle, Switzerland, was founded in November 1957 by various cooperative organisations as a cooperative federation with a share capital of Swiss Frchs. 1.3 million. At the beginning, its business activities were kept within very strict limits.

As a result of various initiatives and with the active collaboration of the International Cooperative Alliance, INGEBA was converted into, and registered as, a joint-stock company in March 1965.

The original shares were transformed into company shares, new institutions were admitted as shareholders and the capital was increased to Sw. Frchs. 10 million. In April 1967, the capital was raised to Sw. Frchs. 20 million and, in March 1969, to Sw. Frchs. 30 million.

On 30th April 1969, the following organisations were shareholders of INGEBA:

Andelsbanken A.m.b.A., Kopenhagen  
Arbejdernes Landsbank A/S, Kopenhagen  
Bank für Arbeit und Wirtschaft AG, Wien  
Bank für Gemeinwirtschaft AG, Frankfurt am Main  
Bank Hapoalim B.M., Tel-Aviv  
Banque Centrale des Coopératives, Paris  
Banque Coopérative, Paris  
Banque de l'Union des Coopérateurs Luxembourgeois S.A., Luxembourg  
Braunschweigische Staatsbank, Braunschweig  
Caisse Centrale de Crédit Coopératif, Paris





Confédération Générale des Sociétés  
Coopératives de Production, Paris  
Cooperative Wholesale Society Ltd.,  
Manchester  
COOP Italia, Milano  
COOP Lebensversicherungs-Genos-  
senschaft, Basel  
CO-OP Nederland, Rotterdam  
Deutsche Beamten-Versicherung,  
Wiesbaden  
Distributors Cooperative Credit  
Bank, Teheran  
Faellesforeningen for Danmarks  
Brugsforeninger, Albertslund  
Fincoop S.p.a., Roma  
Genossenschaftliche Zentralbank,  
Basel  
Grosseinkaufs-Gesellschaft Deut-  
scher Konsumgenossenschaften  
mbH, Hamburg  
Hamashbir Hamerkazi (Finances &  
Investments) Co. Ltd., Tel-Aviv  
Hollandse Koopmansbank Lippmann  
Rosenthal N.V., Amsterdam  
International Cooperative Alliance,  
London  
Investitions- und Handels-Bank Ak-  
tiengesellschaft, Frankfurt am Main  
Istituto di Credito delle Casse Rurali  
ed Artigiane, Roma  
Kooperativa Foerbundet, Stockholm  
Mauritius Cooperative Central Bank  
Ltd., Port Louis

Nationwide Mutual Insurance Com-  
pany, Columbus/Ohio  
Nationwide Mutual Fire Insurance  
Company, Columbus/Ohio  
Norges Kooperative Landsforening,  
Oslo  
Osuustukkukauppa, Helsinki  
Samband isl. samvinnufélaga, Reyk-  
javik  
Samvirkebanken A/S, Oslo  
Société Générale Coopérative,  
Bruxelles  
Société Générale des Coopératives  
de Consommation, Paris  
Suomen Osuuskappojen Keskus-  
kunta, Helsinki  
Verband schweiz. Konsumvereine  
(VSK), Basel  
Volksfürsorge Deutsche Sachver-  
sicherung Aktiengesellschaft, Ham-  
burg  
Volksfürsorge Lebensversicherung  
Aktiengesellschaft, Hamburg  
Zentralkasse der Konsumgenossen-  
schaften mbH, Wien

A number of other organisations are interested to become shareholders of INGEBA. The appropriate procedures are being worked out.

Since its conversion into a joint-stock company, INGEBA has made very good progress, as is shown in the following table:

	31. 3. 65	31. 12. 65	31. 12. 66	31. 12. 67	31. 12. 68	31. 3. 69
	Mill. Sfrs	Mill. Sfrs	Mill. Sfrs	Mill. Sfrs	Mill. Sfrs	Mill. Sfrs
Available Means .....	8.8	1.7	18.0	42.8	36.1	12.3
Debitors .....	3.4	63.7	172.9	188.2	282.4	325.2
Bills of Exchange .....	—	—	9.0	25.2	34.4	41.4
Securities .....	0.3	0.3	0.3	13.0	12.7	15.1
Other Assets .....	0.1	0.5	1.3	1.9	2.3	0.4
Outstanding Capital .....	—	—	—	5.0	—	8.0
Creditors .....	2.3	55.0	187.5	251.0	340.3	365.6
Other Liabilities .....	0.1	0.6	3.1	3.2	4.5	4.6
Share Capital .....	10.0	10.0	10.0	20.0	20.0	30.0
Reserves and Surplus .....	0.2	0.6	0.9	1.9	3.1	2.2
Balance .....	12.6	66.2	201.5	276.1	367.9	402.4

The shareholders received the following dividends:

1965	1966	1967	1968
4 %	5 %	5 %	6 %

The stockholders' share in the total deposits amounted to 64.38 per cent on 31st December 1968 compared with 86.45 per cent on 31st December 1966. Their share in the total loans was 18.32 per cent on 31st December 1968 compared with 15.45 per cent on 31st December 1966.

The object of the company is to fulfil the function of a merchant bank and to be at the disposal mainly of cooperatives as well as of cooperative unions and institutions, but also to serve all other branches of the economy for the building up, expansion and rationalisation of the commodity, production and distribution system.

The area of business operations extends to Switzerland and over all other countries of the world. On 31st December 1968, approximately 90 per cent of all business was international and was shared by about 30 countries in Europe and overseas.

INGEBA is a member of the International Cooperative Alliance and close collaboration is ensured by the fact that the I.C.A. is a shareholder of INGEBA and that the I.C.A. Banking

Committee has its premises in the same building as INGEBA.

By continuously extending the number and variety of its shareholders and by establishing direct contacts with other international and supranational institutions, INGEBA is endeavouring:

- (a) to contribute to the improvement of the relations between all cooperative organisations at the international level;
- (b) to cooperate in a necessary concentration of the various institutions with similar aims; and
- (c) to create the prerequisites for the growth of INGEBA into a Central Institute, for which there exists a real need in view of the developing international collaboration in the field of social economy.

The services of INGEBA in all its branches of banking are at the disposal of all organisations and, on request, it will gladly send them its business reports for 1966/1967/1968, which are published in German, French and English.



## NOTES ON STRUCTURAL CHANGES IN COOPERATIVES\*

### France

**I**N March of this year, a National Cooperative Group (Groupement National de la Coopération) was created by the central cooperative organisations of consumers, producers, low-rent housing, fisheries, credit and certain other cooperatives. The French Confederation of Agricultural Cooperatives participated in the founding meeting and will work closely with the group, but is not actually affiliated, because its formal representation at the regional level will be within the framework of the agricultural sector of the economy. It was planned that this new inter-cooperative structure should comprise a Central Bureau and bureaux in each of the 21 economic regions of the country.

The officers of the National Cooperative Group are the President: Mr. Marcel Degond, Member of the Economic and Social Council and President of the National Federation of Consumer Cooperatives (FNCC); the Vice-Presidents: Mr. Antoine Antoni, Member of the Economic and Social Council and Secretary General of the General Confederation of Cooperative Workers' Productive Societies (SCOP) and Mr. Léon Robert, President of the

National Federation of Low-Rent Housing Cooperatives (HLM); and the Treasurer: Mr. Pierre Lacour, President of the Confederation of Mutual Maritime Credit Organisations and President Director General of the Central Bank for Cooperative Credit.

The new organisation has been welcomed by the movement as an important development, since, for the first time, it brings together within one national framework the national and regional officials of the various branches of Cooperation for the purpose of joint definition of goals and joint implementation of policy decisions. A major objective will be to increase cooperative representation in regional assemblies as well as in the proposed Senate. Mr. Antoni stressed that this development "is not a movement in the direction of decentralisation, but is rather an affirmation of the regionalisation which is currently trying to achieve co-ordination within the national framework".

### Federal Republic of Germany

Steady progress is being made in implementing the new policy of centralised planning and co-ordination which was inaugurated with the creation at the beginning of 1968 of the new Federation of German Consumer Cooperatives (Bund deutscher Konsumgenossenschaften).

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\* For earlier reports, see this Review, Vol. 60, No. 5, 1967, p. 204; Vol. 61, Nos. 2 and 6, 1968, pp. 74 and 245.

The Federation, which comprises the 117 cooperative societies which agreed to join (accounting for 90 per cent of turnover and 2,400,000 members) and the GEG Wholesale Society together with its subsidiary enterprises, does not directly engage in business. Its function is to study, plan, co-ordinate and advise and to implement a uniform policy on such matters as the cooperative image, society concentration, purchasing, assortment, advertising and publicity, staff training and member education. The GEG has less autonomy than before, but retains management of its own operations. There is also an independent auditing union as required by law.

Seven retail society amalgamations took place between January and September 1968, and 500 shops were closed and replaced by 200 new shops. There are 171 retail societies (November 1968) and 6,422 shops (October 1968). Plans are being carried out for the creation of 29 modern regional warehouses to replace the present network of 110 society warehouses, and these will be jointly controlled by the GEG and the societies in the region.

Other features of the modernisation drive include a massive publicity campaign planned on a national scale and utilising the new COOP symbol and an increasing number of own-brands, as well as plans for building larger stores. The future shop network will include five categories, each with its appropriate assortment: small shops with a selling surface of 250 to 400 square metres; supermarkets (400 to 1,500 square metres); COOP centres (over 1,500 square metres); self-service discount stores (2,000 square

metres); and self-service discount department stores (6,000 square metres and over).

### **Netherlands**

A special Congress held in Amsterdam on the 20th and 21st March of this year rejected the proposal of an expert committee, put forward after two years of study, that the Dutch consumer cooperative movement should be reorganised into a new national society replacing the 18 regional societies and the central organisation and Wholesale Society CO-OP Nederland.

Subsequently, on March 26th, a working party was set up with the mandate to review the background information made available by the expert committee and to recommend changes designed to improve the federal structure of the consumer movement. The report of the working party is expected in October.

The rejected proposal would have organised the management structure of the new national organisation along specialised chain-store lines. It recommended that the top officials of the three main branches (food, bakeries, and non-food) should be members of the Board together with a marketing manager, a financial-economic expert, a general production manager and a chief executive as chairman. This full-time Board would be supervised by a supervisory council with 7 to 10 members, elected by the national members council, consisting of 150 to 200 members, which would be the final authority of the cooperative movement.

Two members of the expert committee dissented from its recommendations. They supported the present federal structure, arguing that present dif-

difficulties primarily result from management deficiencies rather than structural problems, and that total concentration might adversely affect member interest and control.

### **Poland**

The process of reconstituting the organisational structure of the consumer cooperative movement SPOLEM—a process which was planned, discussed and gradually implemented over a period of three years—is virtually completed.

The basic change has involved a decentralisation of certain major functions of the Union to the level of the province (voivodship) while, at the same time, concentrating at this level a number of activities previously carried out by the district sectors of SPOLEM which have now been dissolved.

As a result, the new regional (voivodship) cooperatives now provide a number of centralised services for local retail sections. These include direct purchasing of goods from industry, financial and book-keeping services, stock-taking, administration of training programmes, advertising, market analysis, investment planning and supervision, repair and building services, goods testing and technical supervision of catering establishments, bakeries, meat processing and soft-drink plants. However, a number of basic functions are still retained by local sections, for example, retail selling, purchasing from local wholesalers, production, social activities and member education.

SPOLEM officials feel that the structural reforms have already proved themselves in terms of a more regular

supply of goods to shops, larger assortments, particularly of clothes, shoes and textiles, and faster development and modernisation of the shop network.

### **Switzerland**

The trend towards increased concentration of the Swiss cooperative movement accelerated during 1968. The number of societies was reduced from 437 in 1967 to 405; the target is 35 to 40 societies in about five years' time. The number of supermarkets has increased from 114 to 145 and the number of self-service stores from 1,125 to 1,160.

There has also been a re-allocation of functions as between retail societies and the apex organisation VSK. The central organisation is now responsible for purchasing, production, planning the shop network, control of investments via the Central Cooperative Bank, and a uniform assortment policy which takes full account of changing consumer demands, while the societies devote themselves exclusively to selling. In cooperative advertising and publicity, it is proposed to replace the name *Swiss Union of Consumer Cooperatives* by *COOP Suisse*.

### **United Kingdom**

Last year was characterised as "the end of the beginning" in rebuilding the Cooperative Wholesale Society in a report recently published by the C.W.S. Board.

Profits more than doubled from £3.2 to £6.7 million in a dramatic reversal of a previously declining trend, and there was a significant increase in the cooperative share of the national grocery trade. A major contribution to the



improvement in profits was the reduction of costs and elimination of unprofitable productive units.

At the same time, however, capital investment in new factories and plants was authorised to the value of £8.2 million and, in the coming year, new authorisations are expected to be about £8.4 million. Developments in 1968 included the beginning of a new super-modern flour mill at Tilbury and the new mechanised food distribution centre at Birtley; and, in 1969, new investments will range from further modernisation of the bakery group to new facilities at the society's New Zealand freezing works.

Other facets of the on-going modernisation process include: rationalisation of the range of C.W.S. products; redesigning products and packaging; better quality control; a massive advertising programme with emphasis on a uniform trading symbol and promotion of selected goods at sizable price cuts; and securing better terms from suppliers for bulk orders channelled through the C.W.S. Also more than 700 retail society shops are currently being modernised in an "Operation Facelift", assisted by a C.W.S. team of designers and technologists and involving improvements ranging from simple painting and fitting of new

"CO-OP" signs to new uniforms for shop assistants and complete installation of shop fronts, and new floorings and fittings.

The C.W.S. is also exerting pressures on retail societies to ensure the ending of bad management practices. A number of societies have been taken over into direct C.W.S. control and efforts are being made to rationalise the national advisory services offered by both the C.W.S. and the Cooperative Union.

There has been a growing number of amalgamations and mergers of retail societies and hence a rise in the average size of society; and the drive towards the proposed 50 giant societies is being vigorously pursued. Moreover, the project for integration of the Cooperative Union with the two wholesale societies (C.W.S. and S.C.W.S.), repeatedly proposed over the years, appears more imminent than ever before. Such a proposal was debated at the Cooperative Congress in May and, although the S.C.W.S. Board has announced that it rejected the plan, the continuance of talks between the Central Executive of the Cooperative Union and the C.W.S. for the "integration", meaning merger, of the Cooperative Union with the C.W.S. was approved.

L.S.



## AFFILIATED ORGANISATIONS

- ALGERIA:** Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, 6 et 8, *rue du Cercle Militaire, Oran*; also at - 21, *rue Edgar Quinet, Algiers*, and 9, *rue Mathurin Régnier, 75 Paris 15*.
- ARGENTINA:** Federación Argentina de Cooperativas de Consumo, *Avda. Suárez 2034, Buenos Aires*.  
Intercoop, Editora Cooperativa Limitada, *Rivadavia 4426 (1er piso), Buenos Aires*.  
Asociación Argentina de Cooperativas y Mutualidades de Seguros, *Belgrano 530, 5 Piso, Buenos Aires*.  
Federación Argentina de Cooperativas de Credito Ltda., *Lavalle 2024, 8 Piso, Buenos Aires*.
- AUSTRALIA:** Cooperative Federation of Australia, *c/o. CWS of Queensland Limited Buildings, 50-54 Ferry Street, South Brisbane, Queensland*.
- AUSTRIA:** "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, *Theobaldgasse 19, Vienna VI*.  
Membership (1967): 476,200; turnover: retail trade: Sch. 4,646 millions (thereof consumers' societies: Sch. 3,895 millions; department stores: Sch. 713 millions; other retail trade: Sch. 38 millions); wholesale society (G.O.C.): Sch. 1,821 millions; own production: consumers' societies: Sch. 472 millions; G.O.C. and subsidiaries: Sch. 415 millions.  
Bank für Arbeit und Wirtschaft A.G. *Seitzergasse 2-4, Vienna I*.  
Zentralkasse der Konsumgenossenschaften, *Theobaldgasse 19, Vienna VI*.  
Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, *Bösendorferstrasse 7/11, Vienna I*.  
1967: Affiliated organisations: 313 (comprising 201 societies and 112 associations); membership: 130,286; dwellings administered: 288,157 (comprising 127,954 societies and 160,203 associations); balance at 1966: 33.8 milliard Sch. (divided as to societies Sch. 15.7, associations Sch. 18.1).  
Österreichischer Raiffeisenverband, *Seilergasse 16, Vienna I*.
- BELGIUM:** Société Générale Coopérative, 26-28 *rue Haute, Brussels 1*.  
Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 millions; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 millions.  
Société Coopérative d'Assurances "La Prévoyance Sociale", *P.S. Building, 151, rue Royale, Brussels 3*.  
Premiums (1966): Frs. 1,903 millions; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.  
Fédération Nationale des Coopératives Chrétiennes, 135, *rue de la Loi, Brussels 4*.  
(1967): 1,250 shops; turnover: Frs. 1,430 millions; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 millions; reserves: Frs. 1,300 millions.
- L'Economie Populaire, 30, rue des Champs, Ciney (Namur)*.  
Branches (1967): 460; membership: 88,000; turnover: Frs. 1,001,300,000; savings deposits: Frs. 490 millions; capital and reserves: Frs. 162 millions.  
L'Institut Provincial de Coopération Agricole, 42, *rue des Augustins, Liège*.  
OPHACO (Office des Pharmacies Coopératives de Belgique), 602, *Chaussée de Mons, Anderlecht-Brussels*.  
Union of 28 cooperative societies owning 360 pharmacies, 68 optical departments and counters, 7 drug stores, 14 wholesale depots. Turnover (1963): Frs. 1,250 millions. Surplus distributed to 400,000 members: Frs. 95 millions.
- BRAZIL:** Aliança Brasileira de Cooperativas (ABCOOP), *Rua General Jardim 645, 3º Andar, Sao Paulo*.  
Uniao Nacional das Associações de Cooperativas (UNASCO), *Avenue Franklin Roosevelt, 126-Conj. 608, Rio de Janeiro*.
- BULGARIA:** Central Cooperative Union, *Rue Rakovski 103, Sofia*.
- BURMA:** National Cooperative Council, 290-300, *Lewis Street (2nd Floor), Rangoon*.
- CANADA:** Cooperative Union of Canada, 111, *Sparks Street, Ottawa 4, Ont*.  
A federation of English-language cooperative organisations, organised in 1909.  
Conseil Canadien de la Coopération, 111, *Sparks Street, Ottawa 4, Ont*.
- CEYLON:** Cooperative Federation of Ceylon, *Cooperative House, 455, Galle Road, Colombo 3*.
- CHILE:** Federación Chilena de Cooperativas de Ahorro y Credito, Ltda., *Dieciocho 246, Clasificador 760, Santiago de Chile*.  
Cooperativa Sodimac Ltda., *Casilla 3110, Santiago de Chile*.
- COLOMBIA:** Cooperativa Familiar de Medellin, Ltda., *Calle 49, No. 52-49, Medellin*.
- CYPRUS:** Cooperative Central Bank Ltd., *P.O. Box 1447, Nicosia*.  
Cyprus Turkish Cooperative Central Bank Ltd., *P.O. Box 791, Nicosia*.  
Vine Products Cooperative Marketing Union Ltd., *P.O. Box 314, Limassol*.
- CZECHOSLOVAKIA:** Ustredni Rada Druzstev, *Tesnov 5, Prague I*.
- DENMARK:** De samvirkende danske Andelselskaber (Andelsudvalget), *H. C. Andersens Boulevard 42, Copenhagen V*.  
Representing 30 national organisations, comprising consumers' societies, agricultural production, marketing and purchase societies, other production and marketing societies, insurance societies, banking societies. Membership: 750,000 individual members. Turnover (1967/68): D.Kr. 15,273 millions.

- Det Kooperative Faellesforbund i Danmark, *Linnesgade 14, 1. sal, 1361 Copenhagen K.*  
Affiliated societies (1963): 634; total sales: D.Kr. 1,582 millions; employees: 12,500; comprising: consumers', workers', artisans', productive and housing societies etc.
- Faellesforeningen for Danmarks Brugsforeninger (FDB), *Roskildevej 65, Albertslund.*  
Affiliated societies (1965): 1,852; members: 716,000; turnover: 2,583 millions D.Kr.; wholesale turnover: 1,453 millions D.Kr.; own production: 405 millions D.Kr.
- DOMINICA: Dominica Credit Union League, *14, Turkey Lane, Roseau.*
- EIRE: Irish Agricultural Organisation Society Ltd., *The Plunkett House, 84 Merrion Square, Dublin 2.*  
National Organising and Advisory Body for Agricultural Cooperatives. Affiliated societies: 339; membership: 121,000; turnover (1964): £106 millions.  
Cooperative Development Society Ltd., *35 Lower Gardiner Street, Dublin.*
- FINLAND: Suomen Osuuskappojen Keskuskunta (S.O.K.), *Vilhonkatu 7, Helsinki 10.*  
Affiliated societies (1968): 298; members: 561,851; wholesale turnover: Fmk. 1,377 millions; own production of SOK: Fmk. 270 millions.  
Yleinen Osuuskappojen Liitto r.y. (Y.O.L.), *Vilhonkatu 7, Helsinki 10.*  
Affiliated societies (1968): 298; members: 561,851; turnover of societies: Fmk. 2,543 millions; total production of the affiliated societies: Fmk. 47 millions.  
Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 10740, Mikonkatu 17, Helsinki 10.*  
Affiliated societies (1968): 83; members: 582,159; turnover: Fmk. 1,852 millions; own production: Fmk. 310 millions.  
Osuustukkukauppa (O.T.K.), *P.O. Box 10120, Helsinki 10.*  
Affiliated societies (1968): 83; turnover: Fmk. 1,062 millions; own production: Fmk. 336 millions.  
Pellervo-Seura, Central Organisation of Farmers' Cooperatives, *Simonkatu 6, Helsinki K.*  
Affiliated organisations (1963): 10 central organisations; 1,102 societies.
- FRANCE: Fédération Nationale des Coopératives de Consommation, F.N.C.C., *89, rue la Boétie, 75 Paris VIII.*  
Affiliated societies (1964): 475; membership: 3,460,000; shops: 9,900; turnover: NF. 3,600 millions.  
Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI.*  
Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88, rue de Courcelles, 75 Paris VIII.*  
Confédération Générale des Sociétés Coopératives Ouvrières de Production, *88, rue de Courcelles, 75 Paris VIII.*  
Banque Coopérative des Sociétés Ouvrières de France, *88, rue de Courcelles, 75 Paris VIII.*
- Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, *129, Bd. St. Germain, 75 Paris VI.*  
Confédération Française de la Coopération Agricole, *18 Rue des Pyramides, 75 Paris 1er.*  
Caisse Nationale de Crédit Agricole, *91-93, Boulevard Pasteur, 75 Paris XV.*  
Fédération Nationale des Sociétés Coopératives d'Habitations à Loyer Modéré, *Foyer Coopératif, 17, rue Richelieu, 75 Paris 1er.*  
Confédération des Coopératives de Construction et d'Habitation, "L'Habitation", *3, ave. du Coq, 75 Paris 9e.*  
Confédération des Organismes de Crédit Maritime Mutuel, *18 bis, Avenue Hoche, 75 Paris VIII.*
- FEDERAL REPUBLIC OF GERMANY: Bund deutscher Konsumgenossenschaften G.m.b.H., *Besenbinderhof 43, (2) Hamburg 1.*  
Affiliated societies (June 1968): 124; membership (1967): 2,379,114; turnover (1967): D.M. 4,321,596,200 (thereof D.M. 78,862,700 for West-Berlin).  
Grosseinkaufs-Gesellschaft deutscher Konsumgenossenschaften m.b.H., *Besenbinderhof 43-52, (2) Hamburg 1.*  
Total turnover incl. subsidiaries (1967): D.M. 2,195,524,900.  
Gesamtverband gemeinnütziger Wohnungsunternehmen, *Breslauer Platz 4, (22c) Cologne.*  
Volksfürsorge Lebensversicherung Aktiengesellschaft, *An der Alster, (2) Hamburg 1.*  
Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft, *Steinstrasse 27, (2) Hamburg 1.*
- GHANA: The Alliance of Ghana Cooperatives Ltd., *Post Office Box 2068, Accra.*
- GREECE: Pan-Hellenic Confederation of Unions of Agricultural Cooperatives (S.E.S.), *56, El. Venizelou Street, Athens 142.*
- GUYANA: Guyana Cooperative Union Ltd., *Ministerial Buildings, High Street and Brickdam, Georgetown.*
- HAITI (W.I.): Caisse Populaire Dominique Savio, *57, Rue Rigaud, Pétiion-Ville.*
- HUNGARY: Federation of Hungarian Cooperative Societies, *Szabadság 14, Budapest V.*  
National Federation of Producers' Cooperatives (OKISZ), *Pesti Barnabás 6, Budapest V.*
- ICELAND: Samband Isl. Samvinnufélaga, *Reykjavik.*
- INDIA: National Cooperative Union of India, *72 Jorbagh, New Delhi 3.*  
National Agricultural Cooperative Marketing Federation Ltd., *D-44, NDSE Part II, New Delhi 16.*

- IRAN:** Sepah Consumers' Cooperative Society, Avenue Sevvom Esfand, Rue Artèche, Teheran.  
Credit and Housing Cooperative Society of Iran, 20-22 Shahabad Avenue, Teheran.  
Central Organisation for Rural Cooperatives of Iran, 357 Pahlavi Avenue, Teheran.
- ISRAEL:** General Cooperative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv.  
Affiliated societies and companies (1963): 1,855 in all branches.  
"Merkaz" Audit Union of the Cooperative Societies for Loans and Savings, 44, Rothschild Bd., P.O. Box 75, Tel-Aviv.  
"Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209, Tel-Aviv.
- ITALY:** Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, Rome.  
Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome.  
Associazione Generale delle Cooperative Italiane, Via delle Quattro Fontane 16, 00184 Rome.
- IVORY COAST:** Centre National de la Coopération et de la Mutualité Agricoles, B.P. 702, Abidjan.
- JAMAICA:** Jamaica Cooperative Union, Ltd., 14-16 Barry Street, Kingston, W.I.
- JAPAN:** Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Cooperative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo.  
Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Cooperatives), 5 1-chome Otemachi, Chiyoda-ku, Tokyo.  
Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Cooperative Associations), Sankaido Building no. 9-13, 1-chome, Akasaka, Minato-ku, Tokyo.
- JORDAN:** Jordan Cooperative Organisation, P.O.B. 1343, Amman.
- KENYA:** Kenya National Federation of Cooperatives Ltd., P.O.B. 9768, Nairobi.
- KOREA:** National Agricultural Cooperative Federation, 75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul.
- MALAYSIA:** Cooperative Union of Malaysia Ltd., 8, Holland Road, Kuala Lumpur.  
Sarawak Cooperative Central Bank Ltd., Kuching, Sarawak.
- MALTA:** Farmers' Central Cooperative Society Ltd., New Building, Middleman Street, Marsa.
- MAURITIUS:** Mauritius Cooperative Union, Cooperation House, Dumat Street, Port Louis.
- MEXICO:** Confederación de Cooperativas de la República Mexicana, C.C.L., Av. Cuauhtemoc 60, 5 Piso, Mexico 7, D.F.
- NETHERLANDS:** Coöperatieve Vereniging U.A., Centrale der Nederlandse Verbruikcoöperaties, "CO-OP Nederland", Postbus 6008, Vierhavensstraat 40, Rotterdam 7.  
Association of Enterprises on a Cooperative Basis, Bloemgracht 29, Amsterdam.
- NEW GUINEA:** Federation of Native Associations Ltd., P.O.B. 152, Port Moresby, Papua.
- NIGERIA:** Cooperative Union of Eastern Nigeria Ltd., Cooperative Bank Buildings, Milverton Ave., Aba.  
Cooperative Union of Western Nigeria Ltd., c/o Cooperative Buildings, New Court Rd., Ibadan.  
Lagos Cooperative Union Ltd., Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.  
Mid-Western Nigeria Cooperative Federation Ltd., c/o Ministry of Cooperative and Rural Development, Cooperative Societies Division, P.O.B. Benin City.
- NORWAY:** Norges Kooperative Landsforening, Revierstredet 2, Oslo 1.  
Affiliated societies (1967): 823; membership: 366,750; turnover of local societies: Kr. 2,559 millions; of N.K.L.: Kr. 830 millions.  
Norske Boligbyggelags Landsforbund (NBBL), Trondheimsveien 84-86, Oslo.
- PAKISTAN:** East Pakistan Cooperative Union, Ltd., 9/D-Motijheel Commercial Area, 8th floor, Dacca 2.  
West Pakistan Cooperative Union, 5, Court Street, P.O.B. 905, Lahore 1.  
Karachi Central Cooperative Bank Ltd., 14, Laxmi Building, Bunder Road, Karachi 2.  
Karachi Central Cooperative Consumers' Union, Iqbal Market and Cold Storage, Soldier Bazar, Karachi.  
Karachi Cooperative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5.  
Karachi Cooperative Union Ltd., Cooperative House, Shaheed-e-Millat Road, Karachi 5.  
Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., West Wharf Road, Karachi.  
Sind Baluchistan Provincial Cooperative Bank, Ltd., Provincial Cooperative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2.  
Provincial Fishermen's Cooperative Society Ltd., Iqbal Road, Patharghata, Post Box 27, Chittagong.
- PERU:** Cooperativa de Securos "INCA" Ltda. No. 181, Camilo Carrillo 225, Of. 602, Lima.
- PHILIPPINES:** Central Cooperative Exchange Inc., P.O.B. 1968, Manila.
- POLAND:** Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Kopernika 30, Warsaw.

- Central Union of Building and Housing Cooperatives, *Ul. Jasna 1, Warsaw*.  
 "Spolem" — Union of Consumer Cooperatives, *Grazyny 13, Warsaw*.  
 Central Union of Work Cooperatives, *Surawia 47, Warsaw*.
- ROUMANIA: Uniunea Centrala a Cooperativelor de Consum "Centrocoop", *Str. Brezoianu 31, Bucharest*.  
 Uniunea Centrala a Cooperativelor Mestesugaresti "Ucecom", *Bucharest*.
- SINGAPORE: Singapore Cooperative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.
- SWEDEN: Kooperativa Förbundet, *S-104 65 Stockholm 15*.  
 Affiliated retail societies (1968): 252; membership: 1,469,000; total turnover of distributive societies: Kr. 6,605 millions; total turnover of K.F.: Kr. 5,003 millions (Kr. 3,663 millions sales to affiliated societies); K.F.'s own production: Kr. 2,308 millions; total capital (shares, reserves and surplus) of K.F. and affiliated retail societies: Kr. 1,200 millions.  
 Hyresgästernas Sparkasse- och Byggnadsförningars Riksförbund (H.S.B.), *Fleminggatan 41, Fack, S-100 21 Stockholm 18*.  
 Affiliated Building Societies: 115; with individual members: 310,000; number of flats administered by local societies: 275,000; value of real estate: 12,500 millions Kr.  
 Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19028, S-104 32 Stockholm 19*.  
 Folksam Insurance Group, *Folksam Building, Stockholm 20*.  
 Sveriges Lantbruksförbund, *Klara Östra, Kyrkogata 12, Stockholm 1*.
- SWITZERLAND: Verband schweiz. Konsumvereine (V.S.K.), *Thiersteinerallee 14, CH 4002 Basle*.  
 Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700 millions; wholesale turnover: Frs. 1,100 millions.  
 Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), *Schaffhauserstrasse 6, Winterthur*.  
 Verband sozialer Baubetriebe, *c/o SBHV., Sihlpostfach, Zurich*.  
 Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle*.  
 COOP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.
- TANZANIA: Cooperative Union of Tanganyika Ltd., *National Cooperative Building, P.O. Box 2567, Dar-es-Salaam*.
- TUNISIA: El Ittihad, *37, rue de Cologne, Tunis*.
- UGANDA: Uganda Cooperative Alliance, *P.O.B. 2215, Kampala*.
- U.S.S.R.: Central Union of Consumers' Cooperative Societies of the U.S.S.R. and RSFSR, "Centrosoyus", *Tcherkassky per no. 15, Moscow*.  
 Consumers' societies (1967): 16,489; members: 55 millions; shops: 356,700.
- UNITED KINGDOM: Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS*.  
 Affiliated retail societies (1967): 625; membership: 12,955,706; share capital: £221,143,738; retail sales: £1,083,596,483.  
 Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES*.  
 Affiliated societies (1965): 746; sales: £487,859,688; Bank turnover: £9,764,603,821; reserve and insurance funds: £40,791,711; total assets: £300,463,985.  
 Co-operative Insurance Society, Ltd., *Miller Street, Manchester 4*.  
 Assets (1964): £369 millions.  
 Scottish Co-operative Wholesale Society Ltd., *Centenary House, 100, Morrison Street, Glasgow C. 5*.  
 Affiliated societies (1967): 153; sales: £89,008,059; reserves and insurance funds: £9,474,291; total resources: £23,139,384.  
 Co-operative Permanent Building Society, *New Oxford House, High Holborn, London, W.C. 1*.
- U.S.A.: Cooperative League of the U.S.A., *59, East Van Buren Street, Chicago, Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.*
- YUGOSLAVIA: Glavni Zadruzni Savez FNRI, *Terazije 23/VI, Belgrade*.
- ZAMBIA: Eastern Province Cooperative Marketing Assoc. Ltd., *P.O.B. 108, Fort Jameson*.

## INTERNATIONAL ORGANISATIONS

- Organization of the Cooperatives of America, *G.P.O. Box 4103, San Juan, Puerto Rico 00936*.
- Nordisk Andelsforbund (Scandinavia), *3 Axeltorv, Copenhagen V, Denmark*.
- International Cooperative Bank Co. Ltd., *Aeschenvorstadt 75, P.O.B. 711, CH 4002 Basle, Switzerland*.
- International Cooperative Petroleum Association, *11 West 42nd Street, New York, N.Y. 10036, U.S.A.*
- Sociedad Interamericana de Desarrollo de Financiamiento Cooperativo, *1012, 14th Street, N.W., Room 1401, Washington D.C., U.S.A.*

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## ASPECTS OF THE COOPERATIVE MOVEMENT IN THE FEDERAL REPUBLIC OF GERMANY

### I. ENTERPRISE CO-OP

by Werner Gebauer

#### Management Thinking and Business Policy

COOPERATIVE societies were originally formed as business enterprises to provide their members with daily necessities, more especially food and fuel. In the initial stages, their sphere of activity was very restricted owing to the lack of means of communication.

The price structure was dictated by private retail concerns in the neighbourhood; in other words, the consumers' stores were content to trade on a very small assortment. The surplus over at the end of the year was paid out to the members in proportion to the amount of their purchases with the cooperative, less deductions to meet the small outlay necessary to carry on retail trade in those days.

From a purely business point of view, the first essential was that the cooperatives should be run as business concerns in the same manner as private concerns, the more so at a time when industry, by and large, was beginning to adopt business management methods.

With closer contact between cooperatives and industrial workers, the societies—as the first retail trading concerns—might be in a position to transform their business structure into genuine entrepreneurial form. This process was facilitated by the two great pioneer achievements of the cooperative move-





ment: the introduction of a network of branches and the creation of a supra-regional apex organisation which before very long covered the whole of Germany. The GEG is the first large trading enterprise in Germany combining wholesaling and agency business as well as its own productive enterprises under one centralised policy, co-ordinating numerous vertical and horizontal enterprises. The consumers' cooperatives were thus the first to introduce the concept of a "combine" into the commercial field.

#### **Individual Enterprises and Group Enterprises**

Individual consumers' societies, nevertheless, kept their autonomy as business enterprises, even in relation to their apex organisation. Many had their own productive units and relied to some extent for their supplies on private traders in their area. The GEG was thus inhibited from expanding its own capacity to the extent required by the trend towards mass production to ensure profitable working. The Central Union, in which the consumers' cooperatives had already combined in 1903, was a purely advisory concern with the right to lay down lines of policy or directives. Only in cases where individual societies were unavoidably faced with the need to merge with other larger societies in the area could the ZdK offer advice, and, with financial aid from the GEG, gradually reduce the number of societies and at the same time improve their trading position.

In course of time, these measures, which arose in the first place out of necessity, hardened into a principle of entrepreneurial policy which could be recommended by both central organ-



Mr. O. Paulig, President of BdK

isations without giving rise to any difficulties of a business nature. It was foreseen that, by reducing the number of cooperatives through mergers to about 60, their viability and market potential would be enormously increased. On purely economic grounds, therefore, everything pointed to the need to combine the consumers' societies into larger units, thus conforming to the general trend towards concentration in the economy of the Federal Republic of Germany, more especially in the retail trade.

The fortunate circumstance that in the ZdK and the GEG there already existed joint apex and business organisations respectively, may have prompted the idea of introducing a new and universal trademark, CO-OP, to coin-

cide with the co-ordinated trading policy. Such a trademark would demonstrate the German Cooperative Movement's desire to start afresh by extending collaboration between all its different branches. By such means alone can the German consumers' cooperatives maintain their position as trading enterprises against the fierce group competition in the dynamic market conditions of today.

### **The Bund Deutscher Konsumgenossenschaften**

The prerequisite for this was that the consumers' societies, their business organisation and their ancillary enterprises having cooperative and/or community aims, should combine in a single large enterprise. This took place when the *Bund deutscher Konsumgenossenschaften (BdK)* was formed on 21st June 1967. According to the articles of association, the special function of the Bund is to plan and promote the societies and their associated enterprises and, in addition, to plan and co-ordinate operations connected with procuring and manufacturing goods, warehousing and distribution, shop network and stock management, propaganda and publicity, and finally, accountancy, finance and investment policy, staff management and training. Above all, however, the function of the Bund is to ensure that management policy and co-ordinating measures are such as to serve the overall interests of the members.

From the foregoing it will be evident that cooperative enterprise is evolving for itself a genuinely democratic system in which management and decision-making are deployed primarily in the interests of the community; in other words, the Bund can only exercise any

guiding control in so far as is necessary to strengthen the group of enterprises as a whole. Thus, the autonomy of the individual society is in no way undermined; on the contrary, it is more closely involved in the decisions of the Bund through organs created for this specific purpose.

The Board of the Bund consists of four chief officials and four deputies, two from the GEG management and two board chairmen of consumers' societies. At the head of the Board is the President. The federal organs of the Bund are: the Advisory Committee—a kind of Senate or Upper House—and the Congress of the Bund—the Cooperative Parliament—in which all consumers' societies are entitled to voting rights. In this way, an attempt is being made to preserve cooperative democracy by maintaining a balance between the autonomous consumers' cooperatives and their central management body.

At the time of its establishment, the Bund had a membership of 160 consumers' cooperatives. Only very few societies remained aloof, although, under German Cooperative Law, they still remained members of the original *Zentralverband deutscher Konsumgenossenschaften*, whose audit functions as well as the legal and taxation advisory service had been transferred to the newly formed Audit Union (*Revisionsverband deutscher Konsumgenossenschaften*).

### **National and Supra-national Cooperation**

The new trademark "CO-OP" was chosen as an expression of the fact that all the cooperative enterprises now grouped together within the Bund regarded themselves as ideologically bound to the cooperative movements in



Top: Headquarters of BdK  
Bottom: Modern Cooperative Supermarket

other countries and were anxious to maintain close trading and policy relations with them. The new sign "CO-OP" will therefore appear everywhere alongside the traditional sign "KONSUM", ultimately superseding it entirely. In adopting this sign, which has become an integral part of the cooperative movements in the Latin, Anglo-Saxon and even Slav countries, the German cooperatives express their solidarity with International Cooperation. In this connection, it should be recalled that it is no mere coincidence that the sign "CO-OP" goes back to the Latin concept "cooperatio" and is thus a reminder of the historical antecedents of the cooperative movement; for even the smallholders in the Roman latifundia, in fighting for their very existence, had resorted to self-help through cooperation in their attempts to free themselves from their landlords. For this glimpse into the sources of the cooperative movement we have to thank the Viennese historian, Alphons Dopsch, who refuted the thesis of Otto von Gierke according to which the movement is based historically on the Germanic "march" cooperatives of a later epoch. This thesis would, however, only uphold the common ownership attribute of cooperatives, not their basis in self-help.

Furthermore, the new sign is an indication that the cooperative group of enterprises identifies itself in every possible way with supra-national cooperative collaboration in production and trade. This implies collaboration by the BdK on the European level in the Community of National Organisations of Consumers' Cooperatives in the Common Market and by the GEG in EURO-COOP in Brussels and the Cooperative Wholesale Committee in

Copenhagen, both of which aim at expanding joint production and purchasing on world markets. The West European consumers' cooperatives and their business organisations have a joint retail turnover of more than DM 35 milliards, the highest share of the market among the retail trade combines competing in the ECE and EFTA countries. In addition, the two apex organisations of the cooperative group of enterprises operate on a world-wide scale through the authorities and the expert committees of the International Cooperative Alliance (ICA). This close participation in international trade has enabled the consumers' cooperatives to become an influential factor in liberalising foreign economic policy. They are one of the strongest advocates in political circles of West European economic integration. Furthermore, they are doing all they can to promote much closer economic and commercial ties with East European countries.

#### **Trading Policy and Consumer Information**

There is no disputing that the primary objective behind the reorganisation of the German Consumers' Cooperative Movement was to safeguard its standing as a trading concern and its ability to make itself felt "in a dynamic market"—to quote the preamble to the articles of association of the BdK. At the same time, these new measures to promote cooperative achievement were designed as an "efficient protection of the consumers' interests". In this connection, therefore, as also in clarifying the relationship between the directive function of head office and cooperative autonomy, the determining factor has been to maintain a balanced attitude; in other words, it is essential to maintain

a constant equilibrium between the interests of each and every cooperative society as a trading concern and its obligations as a consumer organisation.

Of course, underlying the reform of the German Cooperative Movement is also the idea that the highest economic return is the best advocate of the traditional concepts of promotion which today concern consumers and cooperators alike. Goethe's maxim: "Indem ihr siegt, lehrt ihr die andern streiten" (Even as you triumph, you are teaching your opponents to fight), comes to the same thing; that every new share of the market must immediately be paid for by increased effort to keep it. Such is the vicious circle in which cooperative societies operating in a capitalist market economy are inescapably caught up. Even the Swedish consumers' cooperatives at the peak of their business achievement, and in a political climate in which they have for long basked in the favour of government and parliament, are forced to seek ever fresh outlets.

This dilemma was fully appreciated by the creators of the BdK, and they have accordingly tried to avoid depriving the cooperatives of the power to develop their efficiency to the full in such a way that they would be left with nothing more to do but carry out the management policy laid down by the Bund. Thus, all branches of the cooperative group continued to be responsible for initiating business policy. Only in the event of a protest or a desire to opt out by the group does the Bund see fit to bring to bear the full weight of its powers of intervention.

Admitted, every profitable result of a retail trading concern benefits its customers, since, to achieve it, has called for special effort, either by way of price and quality or by service. For this

reason, the cooperative group of enterprises gives high priority to productivity in its policy. There are, however, other factors arising out of the traditional responsibility of cooperatives to help their members and, in the long run, the consumers. This could give rise to a situation of conflicting interests in which consumer information takes precedence over cooperative trading policy.

In the Federal Republic, this holds good as regards the fundamental cooperative attitude to retail price maintenance to which the cooperatives have been opposed from the outset. Although from time to time they were obliged to accept price-fixed goods from private manufacturers, the cooperatives have never practised price-fixing in respect of any goods of their own manufacture, expressing in this way their objection to the claim to manipulate prices made by private enterprise. The generally accepted price structure is only partly the result of supply and demand, the interplay between which has been permanently undermined by the scarcity market. It is much more probable that the universal notion of the "fair" price level has been insinuated into the consumer's mind—an easy matter, given modern publicity and tacit pricing agreements—even in cases where no price fixing has been resorted to. The consumer information carried out by the apex cooperative organisations, which other consumer's organisations, especially the working parties of the consumers' associations, have for a long time past supported on their own initiative, is the contemporary example of the traditional cooperative concept of help. In the view of the cooperative group of enterprises, this implies in practice a system of partnership with

the consumers. Years ago, this was foreshadowed in the slogan: "The Konsum is always on the side of the consumer." This genuinely cooperative principle has today permeated even the non-cooperative sections of the economy.

The question of membership poses a special problem for the cooperatives in the Federal Republic, since, following the limitation of dividend to 3 per cent, the German Cooperative Law offers members very little chance of any worthwhile advantage. In this connection, we might draw attention to campaigns such as the "Just for you" programme with its privilege package for members, offering reduced holiday travel, books, etc. In this way, the CO-OP Building and General Purposes Fund provides special privileges for members when they take out their fixed value shares.

Another problem facing the cooperatives in the future arises from the old claim to "free consumer choice". Freedom of choice implies in the first place that, in spending his money, the consumer should not be influenced or restricted in any way by the State or any other authority. Secondly, it also means that, when compiling their stock lists, the manufacturers must take into account the wishes and requirements of the consumers. Much doubt is, however,

arising in this connection, which is well-founded in the light of modern technology.

The need for mass production calls for high capital investment, and the enterprise must therefore be certain that there is a market for its new products. Consequently, it will try, by advertising and sales policy, to attract the consumers in their capacity as buyers; in other words, to manipulate demand. This is all the easier, the more the consumer has to spend above subsistence level. It is also in the interests of the enterprises to ascertain the consumer's idea of the kind of life he wants, with a view to adapting production. They will not, of course, be a completely free agent in this respect, if the consumer, for his part, has a clear and informed idea of what best meets his requirements. This means, however, that, in fixing standards, the all-too-readily influenced desires of the consumer—and that is all enterprises are concerned with—must be brought into line with what is best in the general interest. To find and to spread such standards would be to adapt the traditional principle of consumer cooperation of "housekeeping good sense" to our modern society with its widely differentiated range of consumption which can only be expressed through the following motto: "C'est le superflu qui est le nécessaire."



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## II. THE RAIFFEISEN MOVEMENT

### ITS GROWTH AND PRESENT POSITION

by Joseph Hönekopp

*Adviser on the Cooperative Movement  
and Literature to the German  
Raiffeisenverband*

**F**RIEDRICH Wilhelm Raiffeisen (1818-1888), the modest country mayor in the Westerwald, not far from Bonn on the Rhine, has given his name to what is today a world-wide organisation. The celebration of his 150th birthday in 1968 was the occasion for the foundation of an International Raiffeisen Union. This event took place in the small Westerwald village of Weyerbusch, where Raiffeisen was mayor and where, following the failure of the harvest in the exceptionally severe winter of 1846-47, there was famine.

With some of the better-off people, Raiffeisen established a "Bread Union" to cope with the need, and subsequently, with the Union's help, he procured agricultural necessities and raised credit. In this welfare union there was al-

ready an element of communal self-help, as Raiffeisen brought in the poor also. This was the first step on the road to cooperation, for from it, in Raiffeisen's own words, sprang the cooperative idea which eventually gave rise to the credit unions. It is important to recognise that, apart from the acute need of the moment, there existed a permanent state of poverty, because of the people's inability to obtain credit. In 1849, Raiffeisen formed a self-help union in the neighbouring village of Flammersfeld which started by buying cattle, but soon undertook to provide loans for all sorts of purposes. The cattle buying union was turned into a credit union with unlimited liability, the members giving a statutory undertaking to guarantee with their entire assets the money required for the credit union.

This was the second stage.

In 1854, the Welfare Union of Heddesdorf came into being, also to meet the people's need for money, but having in addition wider social purposes. In the course of the next ten years, it became evident that economic functions did not combine well with the diverse social welfare functions in one and the same union. Once again, the members consisted of better-off people not in need of loans, but rather in a position to hand out credit. The enthusiasm of the benefactors began to wane and the borrowers did not do their share of the work.

Raiffeisen was forced to recognise that, in the long run, only self-help pure and simple really worked. He dissolved the Welfare Union and, in 1864, formed in its place the Heddesdorf Credit Union in which, according to the rules, every borrower had to be a member. This was the third decisive stage towards cooperation in the modern sense, even though there was as yet no cooperative law: from the welfare organisation giving help from outside had arisen a communal self-help organisation—a cooperative society. The groundwork was thus laid for the later type of cooperative organisation, the local society.

In 1866, Raiffeisen gathered together his experience over the years into a book entitled: "Die Darlehnskassen-Vereine als Mittel zur Abhilfe der Noth der ländlichen Bevölkerung sowie auch der städtischen Handwerker und Arbeiter — Praktische Anleitung zur Bildung solcher Vereine, gestützt auf sechzehnjährige Erfahrung als Gründer derselben" (Credit Unions as a means of helping the rural population and urban artisans—practical instruc-

tions for the formation of such unions based on the founder's sixteen years' experience). Raiffeisen's book proves that the credit unions which he founded had reached a definite stage of development. When the cooperative law was subsequently introduced, the cooperatives were already there, but the law gave them legal substance and form. With the passing of the Cooperative Law of 27th March 1867, the last stage in the history of cooperation was reached.

The expansion of the cooperatives and the practical work entailed called for the stage by stage creation of an organisation. Raiffeisen turned the local credit societies into shareholders with unlimited liability of central banks (1872 and 1874), which in turn were shareholders in an apex bank (1874), which was wound up in 1876 by the Landwirtschaftliche Central Darlehnskasse für Deutschland A.G. Raiffeisen rounded off the three-stage structure of the cooperative organisation in 1877 with the Anwaltschaftsverband ländlicher Genossenschaften (Agency Union of Rural Cooperatives) which looked after the societies and supervised their trading operations.

A similar system developed with regard to goods assortment. There was a need for a supply of agricultural requisites on a communal basis which, as in credit business, called for advice and guidance and also necessitated the setting up of a centralised settlement organisation. Accordingly, in 1881, Raiffeisen founded the firm of "Raiffeisen & Cons." which acted as a central depot.

The Agency Union, the financial institutions and the goods depots were the forerunners of today's audit unions,



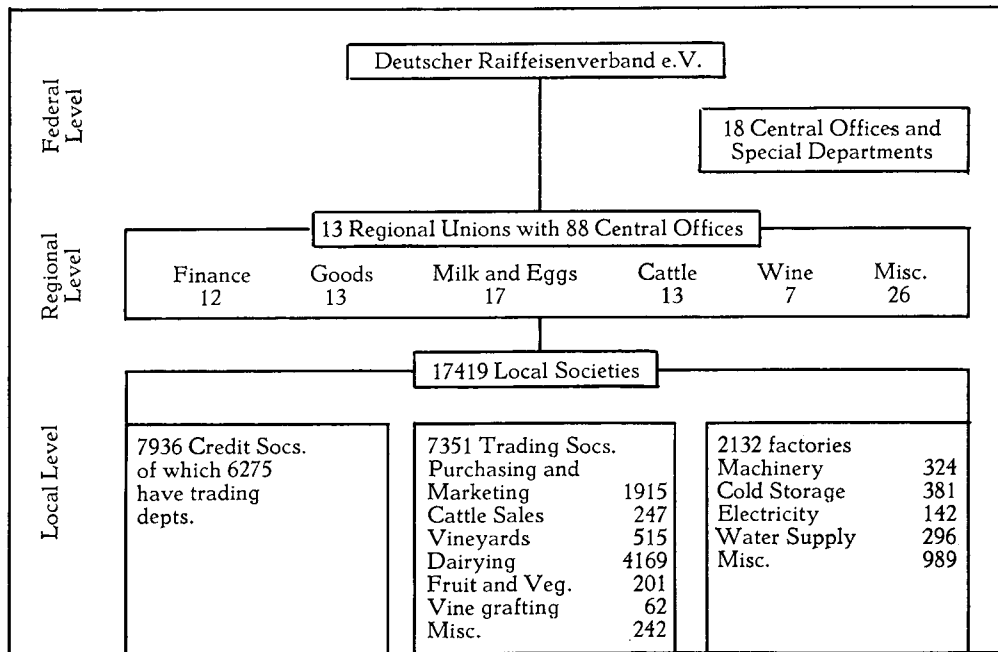
central banks and central depots. Autonomous regional unions came into being which in turn set up central banks and warehouses to serve their own areas. Later on, as new apex union, the "Generalverband der deutschen Raiffeisen-Genossenschaften e.V." grew out of the Agency Union.

Wilhelm Haas (1839-1913) formed his own large cooperative organisation, working in the beginning in conjunction with Raiffeisen, and then independently of him. In 1930, both unions were combined in Berlin in the "Reichsverband der deutschen landwirtschaftlichen Genossenschaften—Raiffeisen e.V.". In 1938, it had a membership of over 40,000 societies.

After the reconstruction following the Second World War, the Deutsche

Raiffeisenverband e.V., Bonn, was formed for West Germany on 18th November 1948. Its President today is the former Secretary of State, Dr.h.c. Theodor Sonnemann, and its Legal Adviser (Managing Director) Dr. Rolf Schubert.

The organisation and structure of the German Raiffeisenverband still follows today the three-tier structure created by Raiffeisen. At district level, the lowest tier, are the primary societies; at regional level, the middle tier, are the regional unions with their head offices, and at Federal level, the top tier, is the Deutsche Raiffeisenverband with its headquarters and its special departments. The following table shows the structure of the organisation:



Headquarters of Central Raiffeisen  
Organisation in Bonn



The most important functions of the Deutsche Raiffeisenverband are: to collect together and preserve the ideas and traditions of the cooperative movement, to promote and represent its interests, to give help and advice to affiliated unions and societies on all cooperative, legal and economic matters, to investigate affiliated business concerns and unions, to provide maintenance and support for training centres for cooperative inspectors and other officials. Finally, the Verband fosters relations with other organisations and institutions at home and abroad.

The authorities of the Deutsche Raiffeisenverband are: Board of Management, President's Office, Committee of Management and Members' General Meeting.

The Board of Management represents the Deutsche Raiffeisenverband in both judicial and extra-judicial matters; it has legal representative status.

The President's Office acts as a general governing body. Its function is to advise and decide on all matters of fundamental importance.

The task of the Committee of Management is to help the President's Of-

fice and advise it on all cooperative matters.

The Members' General Meeting deals with all business of the Deutsche Raiffeisenverband, other than that falling within the legal or statutory competence of other bodies. It meets at least once a year, if necessary in conjunction with the Congress of the Deutsche Raiffeisenverband representing the whole cooperative organisation.

The following details give some idea of the importance and achievements of the Raiffeisen movement. Local societies have an aggregate membership of 4,988,457, of which 3,400,000 are individual members. The whole Raiffeisen organisation employs about 218,000 people, of which 130,000 hold executive positions, 20,000 are assistants, 58,000 hold honorary positions and 1,000 are temporary employees.

At the end of 1968, there were 7,936 credit societies working in 13 regional unions, and 12 Raiffeisen Central Banks with, in all, 6,448 branch offices. The Raiffeisen Credit Movement has thus 14,396 branches in the Federal Republic. These offices deal with deposits of DM 28.6 milliards from organ-

isations other than banks, and credits of DM 20.4 milliards to organisations other than banks.

At the end of 1968, the Raiffeisen organisation showed a total balance of DM 44.9 milliards; turnover for the same year amounted to DM 28.3 milliards, of which the agricultural section accounted for 45.6 per cent. Since 1948, the Raiffeisen Movement has devoted DM 10.5 milliards to investment, the figure for 1968 being DM 500 millions.

Even during Raiffeisen's lifetime, the cooperatives spread far beyond the frontiers of their country of origin and attracted great attention. Since then, Raiffeisen's idea of self-help and com-

munity self-help has conquered the world, and for a hundred years now has been instrumental in helping to build up the economy of many a nation. Today, in 90 countries there are cooperatives of many kinds based exactly on Raiffeisen's ideas or on other similar lines. The German Raiffeisen Movement has thus, for many years past, fostered world-wide connections. In recent years, an international task of a special nature has devolved upon the Movement, namely the promotion of cooperative self-help in the developing countries; a task which the experience of 120 years enables it to fulfil in many ways.

### III. INDUSTRIAL COOPERATIVES

by A. Peter

THE function of Industrial Cooperatives is to enable members, particularly in the artisans' and craftsmen's trades, to manage their enterprises on their own responsibility. Their field is very wide and covers a great variety of economic activities requiring a highly differentiated structure. These cooperatives, together with the agricultural, consumers' and housing societies, have achieved a position of considerable importance in the economy of the Federal Republic of Germany.

The industrial cooperatives originated as middle-class self-help organisations at a time when the formation of large-scale industrial concerns

threatened the independence of the artisans and craftsmen. During the upheaval caused by the Industrial Revolution in the middle of the last century, Hermann Schulze-Delitzsch, one of the great social reformers and cooperative pioneers, started the first purchasing and credit cooperatives for artisans, and was successful in developing practical cooperative principles which made it possible to protect the competitive and economic existence of the artisans. In addition, Hermann Schulze-Delitzsch had a decisive influence on the development of German cooperative legislation which is valid for all types of cooperatives. Schulze-Delitzsch's achieve-

ments as founder and exponent were based on two maxims: the individual freedom of the members, which was only limited by the legal provisions governing cooperative joint enterprises; and the rejection of State aid, in which he perceived more danger than help for the cooperative movement.

In Germany, all attempts to establish workers' productive cooperatives on any large scale have proved abortive. Those few societies of this type as are working today are of very little importance.

### Organisational Structure

The Industrial Cooperative Movement is divided into two sections: purchasing societies of various artisanal and trading groups, and credit societies (People's Banks). At the end of 1967, the purchasing cooperatives had about 285,000 members, and the industrial

credit societies about 2.4 million members.

The apex organisation of the movement is the Deutsche Genossenschaftsverband (Schulze-Delitzsch) e.V., which represents 11 regional audit unions and 6 central vocational unions. There are 700 People's Banks with 6 central Banks, 840 artisanal purchasing cooperatives with 11 wholesales and 33 instalment finance banks, all combined in 11 regional audit unions. The transport cooperatives, bakers' cooperatives, post and railway employees' societies have their own central unions, as well as the two large wholesales of the foodstuffs retail traders (Edeka, Rewe), which also make use of the facilities offered by 4 marketing organisations.

The following table gives a survey of the extent and achievements of the industrial purchasing cooperatives and other trading societies (1967):

	Turnover in million DM	Membership
Retail Foodstuffs Purchasing Cooperatives	6,900	58,500
Food Trade Workers' Purchasing Cooperatives	1,680	67,100
Retail Non-food Purchasing Cooperatives	3,450	40,000
Artisanal Purchasing Cooperatives	620	46,500
Miscellaneous Trades Purchasing Cooperatives	2,195	14,200
Transport Cooperatives	245	15,300
Production, productive, distribution and other trades	310	44,000
	<u>15,400</u>	<u>285,600</u>

The 755 industrial credit societies, with a total of about 2.4 million members, consist of 700 credit societies (People's Banks) with about 1.5 million members, 16 railway, savings and loan banks with approximately 600,000 members, 21 postal savings and loan unions with about 320,000 members, and 18 other banks and credit cooperatives. The People's Banks together

show a trading balance of 20 milliard DM, their total turnover amounts to 400 milliard DM and deposits to 16 milliard DM. The picture of the cooperative banking system would be incomplete without mentioning the 35 hire purchase finance banks which grant hire purchase credit to the value of about 4.5 milliard DM yearly.

The secondary organisations of the

industrial credit societies consist of 5 central banks with a total trading balance of about 4.8 milliard DM. At the top of the three-tier credit cooperative structure in the Federal Republic is the Deutsche Genossenschaftskasse, the Central Cooperative Bank, which works in conjunction with the other sectors of the Cooperative Movement in the Federal Republic. The trading balance of the Deutsche Genossenschaftskasse amounted in 1967 to approximately 7.2 milliard DM. Two of the rural (Raiffeisen) and industrial credit cooperatives operate joint central institutions, the Deutsche Genossenschafts-Hypothekenbank and the Bausparkasse Schwäbisch Hall, both important organisations of their kind in the Federal Republic.

#### **Problems for Today and Tomorrow**

This short sketch of the numerical strength of the industrial purchasing cooperatives reveals nothing of the continuous structural changes which are taking place. The change in the competitive situation and the ever-increasing need to adapt and expand production by introducing economic and technical improvements continually present new problems for both members and societies. Member enterprises are for the most part small or medium-sized, and in order to ensure their efficient working, they must expand in new directions to raise their potential in finance, personnel and organisation.

By a continuous process of concentration, the industrial cooperatives are increasing their membership and turnover for each society, and although the number of societies continues to fall, the membership figure still continues to rise. Even today, new artisanal and

craftsmen's cooperatives are being formed which find themselves faced with growing large-scale competition in their particular fields.

The main objective of all trading, artisanal and service groups is to concentrate purchasing in the societies. Only by so doing are they able to plan their investment policy with a view to rationalising their premises and plant so as to reduce costs and make the whole cooperative production system more effective.

The cooperatives are concentrating increasingly on their affiliated enterprises and speeding up the change-over from industrial supply cooperatives to full service cooperatives. This process, which is most apparent in the food trade purchasing cooperatives, is the result of the realisation that the relations between cooperative and member enterprises can no longer be restricted to trading and the services directly connected with it. In addition to joint buying, the trading and artisanal purchasing societies must concentrate on management techniques, of which they, better than any single enterprise, are able to take advantage. The variety of services of member enterprises is continually expanding: business management, advertising, accountancy, the securing of sites, sales and stock advice, and indeed the whole range of planning which makes up the scope of the modern cooperative society. The general store is, of course, still the chief feature of cooperative activity. Although on the one hand, the cooperative member must accept a certain limitation of his economic independence, on the other hand, he will thus acquire new opportunities to improve his competitive position.

The problems of concentration play an important part in credit cooperative

affairs also. In competition with the savings banks and the large commercial banks, the people's banks are striving to extend the range of the services they can offer. Formerly, the emphasis lay on the provision of short- and medium-term loans, whereas today, on account of the increased investment by members, they are obliged to concentrate on longer and long-term loans. The own capital basis of the industrial enterprises has been greatly restricted by the reconstruction and levelling of economic structures of the post-war period. The availability of long-term credit for rationalisation and modernisation investment is entirely dependent upon the existence of genuine guarantees. Consequently, the decisive factor for the future of industrial cooperatives is no longer more readily available credit on improved terms, but sound credit guarantees.

Merger discussions have been going on for a long time between the apex unions of the industrial and rural cooperative movements, more especially regarding fusion of the cooperative credit organisations. The traditional division of tasks between the two credit organisations—Raiffeisen in the country, Schulze-Delitzsch in the towns—has been further broken down and obliterated by contemporary developments. It

is obvious, therefore, that far-reaching rationalisation could be better achieved by amalgamation of the wide network of branches and the production potential of both groups which would increase the movement's impact on the market.

### **A Look into the Future**

During the post-war period, much more than in earlier decades, the cooperatives have undoubtedly been instrumental in increasing the competitive power of the industrial classes. Their integration in an expanding and dynamic economy is continually giving rise to problems which must be resolved in the interests of the national economy. If small- and medium-sized industrial enterprises today have become more competitive-minded, that is thanks to their societies, which have had the double effect of strengthening the productive drive of the industrial classes and, at the same time, making the small and medium enterprises more aware of the opportunities offered by the market. They could not prevent the economic independence of the individual enterprise from becoming more and more closely bound up with the general economic process, nor has this been their intention for a long time past.

## IV. HOUSING COOPERATIVES

### THEIR GROWTH, STANDING AND PROBLEMS

by Wolfgang Ambrosius,  
*Director, Gesamtverband*

HOUSING Cooperatives first made their appearance in Germany about the middle of the last century. To give a more exact date is not possible, because not only was there no legislation governing cooperatives before the Prussian Law of 27th March 1867, but also because the application of the cooperative concept to housing was inextricably bound up with the whole complex of thought, effort and achievement which comprised what is today known as the "non-profit housing movement".

In this connection, a good example is the "Berliner gemeinnützige Baugesellschaft" (still in existence today as the "Alexandra-Stiftung") founded in 1848, which was based largely on the ideas of V. A. Huber, C. W. Hoffmann and G. S. Liedke. It was legally constituted as a joint stock company, although not quite within the meaning of the term today. The tenants of any one of the blocks erected by the company formed a tenants' cooperative which undertook management of the property, more especially maintenance, rent collection and administration of the house fund. The original intention was that the freehold should ultimately pass to the tenants' cooperative, and after pay-

ments spread over thirty years, the tenants would thus acquire part ownership.

This example also clearly reveals why housing cooperatives did not make an immediate impact when they were first started. Even at that time, house building called for relatively large capital investment which was beyond the resources of the economically weaker section of the population. Moreover, the uncontrolled hold of creditors, which was common at that time, made it very risky for members to resort to borrowing to any great extent; and among the lower-income groups there were seldom any people with business experience. Consequently, in housing matters, social welfare seemed the only available road to that form of self-help which was the essence of cooperation. The initiative had to come from the better-off sections of the population, as happened when the shares of the "Berliner gemeinnützige Baugesellschaft" were taken over. There were other similar occasions in the second half of the 19th century: the "Verein für das Wohl der arbeitenden Klassen" in Stuttgart, formed in 1866 by E. Pfeiffer, is an example which comes to mind.

Another characteristic of the "Berliner gemeinnützige Baugesellschaft"

should be mentioned. Its purpose was not solely to provide people of moderate means with salubrious housing at a fair price, but in addition, by encouraging the owners to keep their houses tidy and treat the premises well, to engender appreciation of the value of a secure home as the basis of family life. Above all, it tried to give the members of the housing community every possible moral support. This was achieved by a combination of materialistic and idealistic propaganda carried on by groups of people which is still—allowing for changes due to developments in social policy—a decisive factor in housing cooperatives, even since they have become true self-help organisations.

The oldest genuine housing cooperative in Germany is the "Häuserbau-Genossenschaft von Schiffszimmerern", founded in Hamburg in 1862, known today as the "Allgemeine deutsche Schiffszimmerer-Genossenschaft eGmbH", which, in its early days at least, was still largely dependent on social welfare (mainly that promoted by L. F. Balzer). At that time, the cooperative housing movement was beginning to show signs of progress. In 1868, an organisation was formed in Darmstadt and one in Breslau. Round about 1870, in the Berlin district, there was a "Bauverein vereinigter Beamten und Handwerker" in Britz and a "Verein zur Erbauung billiger Familien-Wohnungen und -Häuser in den Vororten Steglitz, Friedenau und Gross-Lichterfelde", both of which were short-lived. There must have been many such organisations at that time which did not last and of which nothing is now known. In 1871, there were 17 housing cooperatives. In 1872, the number had risen to 30 and, by 1873, to 52. Of these a number fell victim to the cri-

sis following the "Gründerjahre".

The Cooperative Law of 1st May 1889, which permitted limited liability, gave new impetus to all cooperative societies. In the same year, the Sickness and Old Age Insurance Law included the condition that the provincial insurance organisations should invest part of their assets in real estate and look upon housing cooperatives as a new source of finance. From then on, the cooperative housing movement was on the way to its present importance. By 1900, the number of registered housing societies had reached 385, by 1905, it was 641, by 1910, 1,056, and at the beginning of the 1914 war, the number had risen to 1,402. In the "Altreich", or an area comparable to it, the number had reached 2,704 by 1940.

This progress was greatly stimulated by two legal measures. In 1889, a measure providing for compulsory auditing in the cooperative movement was introduced and further reinforced in 1934, which laid the groundwork for strict organisation of specific types of cooperative societies and particularly those housing cooperatives controlled by the non-profit housing regulations of 1930 to which reference will be made later on. The lively discussion round about the turn of the century in the cooperative housing movement between the uncompromising advocates of the principle of common ownership and those who would also allow building for private ownership originally had a restrictive effect and has to all intents and purposes been abandoned.

Even before the turn of the century, housing cooperatives had been recognised as an important factor in social and housing policy by virtue of their achievements and the progressive outlook of their representatives. This is borne out



by ministerial decrees in which far-seeing officials had their say, and even more clearly by the attacks of their opponents. From among the 21 clauses of the House Owners' Associations of 1899, one which has become a classic should be cited: "The housing cooperatives favour the spread of socialist theories, aggravate class dissension, and, through the revolutionary elements which they engender, constitute a danger to throne and altar."

We are not here concerned with writing the history of housing cooperatives, but with describing their position today. The details given are as at 31st December 1967, as exact information is available for that date; and subsequent changes do not materially affect the overall picture. The figures refer to the Federal Territory (including West Berlin and the Saarland). Outside this area, housing cooperatives, as we understand them, no longer exist.

At the end of 1967, the housing economy included 1,486 cooperatives combined\* in ten audit unions in the Gesamtverband gemeinnütziger Wohnungsunternehmen e.V., the apex organisation in Cologne. At the end of 1960, the number was 1,665 and, in recent years, it has shown a slight decline. Some of the societies which withdrew were dissolved and disappeared after the liquidation was completed; and some merged with other societies. This was the beginning of the trend towards concentration which is the prevailing characteristic of economic life today. Small concerns find difficulty in carrying on their business successfully and, as far as cooperatives are con-

cerned, in fulfilling their obligations to their members. This situation forces the societies to collaborate in any way possible, as, for example, the amalgamation in 1968 of a group of five Hamburg societies into one working unit, which proposed to undertake large-scale municipal housing improvements. Such action is, however, only feasible for efficient organisations. The others are forced back in the long run on amalgamation, if they are to continue to meet their business obligations rather than opt out of the contest.

None of this is surprising, given economic conditions. What is much more surprising is that the housing cooperatives are taking such tentative steps towards concentration and collaboration among themselves, and often show little inclination to introduce organisational measures which would be of help in carrying on their business more effectively. In this connection, the achievements in house building must be taken into account. During 1967, the 1,486 cooperative societies erected between them a total of 29,866 dwellings, or an average of about 20 dwellings per society. In actual fact, however, by far the greater number was built by a comparatively small number of concerns, the output of the remainder being relatively small, or even none at all for years. On the other hand, the 639 firms belonging to the non-profit housing movement produced an average of approximately 137 completed dwellings in 1967.

It must be stressed, however, that such comparisons take no account of one special feature of the cooperative housing societies. Even from the beginning of the "Berliner gemeinnützige Baugesellschaft", the essential point was the interplay between the material

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\* With other types of non-profit housing organisations (joint stock, limited liability).

function and the social ideals characteristic of housing cooperatives. Even today, the human element is regarded as of equal importance to the business concern. This is even more true of other types of cooperatives concerned with the household rather than the business enterprise, since the concentration of families in houses and housing estates favours the formation of a stable community. The cooperatives attach as much importance to maintaining the homelike character of their dwellings and the amenities (children's playgrounds, nursery schools, sports grounds, etc.) as to increasing the available housing accommodation. They aim at steady development rather than leaps and bounds, and at arousing and maintaining the interest and participation of their members in the opportunities offered by the society.

For these reasons, the housing cooperatives have made only slow progress from a purely economic standpoint, and are lagging behind many other types of cooperative societies in their organisation. In the German cooperative movement even today, they remain very much the same as the original idea of a cooperative society. They look anything but up-to-date. But after all, what is up-to-date today? Do not all the striking changes in our society point to the growing trend towards stronger support, based on organisation, for the fundamental principle in political, sociological and economic discussion and decision? Even today, it is sometimes apparent in managerial discussions that the housing cooperatives offer a fertile field for such tendencies and that they would have a stimulating and strengthening effect on the societies. In fact, the housing cooperatives may well have some worthwhile suggestions to offer

which would demonstrate the advantages to society of the cooperative idea.

This in no way implies that economic factors should be neglected. They will make themselves felt in any case, and will demand further collaboration and concentration. They must accordingly be mastered. The following figures merit some consideration. At the end of 1967, the housing cooperatives had a total of 1,378,000 members owning assets to the value of some 1,050 Mill. DM; an average of about 762 DM per member, quite an appreciable amount for each individual holding. On the other hand, own capital required for the erection of an average dwelling (approximately 2½ rooms) is today not less than 6,000 DM, and often nearer 9,000 DM. Cooperative members are seldom in a position to find such amounts and would only be willing to pay them, if special advantages were offered which they could not find elsewhere. Thus, by operating large housing units, the cooperatives offer a practical means of raising the money which they can allocate to housing projects. The average number of dwellings per society is, however, only about 575 (total number about 855,000) and there are significant factors concerning distribution according to size. Ways and means are being sought to find new sources of capital for the housing cooperatives, possibly by introducing new forms of shareholding, but so far, without any practical results.

To take another figure: Over 80 per cent of the Board members of housing cooperatives act either in an honorary or part-time capacity. There is, indeed, a strong force of honorary (unpaid) members, a fact of which the housing cooperatives are justly proud. Unfortunately, however, to play an effective



One of 30-storey sky-scraper blocks of Baugenossenschaft Ideal in Berlin, designed by Walter Gropius, as part of a housing project comprising 17,000 flats for about 60,000 people to be erected and completed in 1971 by 10 non-profit housing enterprises

View of a terrace in the Garden City Estate, Mannheim, a cooperative project built in 1912



part in economic life today demands qualifications of executive standard. For the smaller societies, expenditure on staff of this calibre is not merely a burden; it would only be justified if they could foresee some possibilities of expansion, and this is not often the case. The future trend in urban redevelopment, for which small cooperatives are not suited, will be for house building to be concentrated in the hands of large enterprises.

Thus, the future road for housing cooperatives is more or less clear. Co-ordination and concentration must and will be extended. The task is to combine the essential character of these societies with existing economic circumstances.

The picture would, however, be incomplete without mention being made of two other factors known as non-profit housing and social housing.

The "Berliner gemeinnützige Baugesellschaft" and other enterprises established in the last century are now carried on as "non-profit" in the modern sense, more especially as regards the forgoing of profits, price structures and property agreements. The specific character of social action in relation to housing and the corresponding contribution by the State in the form of tax and rates concessions was first given statutory form in 1930. In 1940, the present non-profit housing law came into force and is still largely operative. Some 93 per cent of housing cooperatives are recognised as coming within the category of non-profit housing enterprises\* and are accordingly subject to rigorous obligations distinct from those embodied in cooperative legislation. On the other hand, such concessions as there are no longer have any meaning, since non-social enterprises

subject to the full rate of taxation can avail themselves of extensive concessions (special depreciations, etc.) which have been introduced to give impetus to house building, or, more specifically, building for other than non-profit housing purposes. Now, however, the principles embodied in the cooperative housing movement are covered in the widest possible way by the social system. Even so, in many respects, the present non-profit housing legislation puts difficulties in the way of cooperative business operations. The immutable axiom that rent shall cover cost makes it difficult to operate unsubsidised building, because there is little chance of providing against the risk of falling rent levels by taking advantage of a favourable situation in the housing market. It also militates against non-member business, since members cannot recoup any compensation or advantages over non-members other than the dividend on capital investment which is limited to 4 per cent. This poses problems which are as yet unsolved.

Official support for social housing by way of capital subsidy has to a certain degree resulted in over-subscription of the capital needs of the housing cooperatives, so that the subsequent reduction in official support and transfer to

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\* *Note:* All housing cooperatives in the ten regional audit unions belong to the Gesamtverband gemeinnütziger Wohnungsunternehmen, Cologne, which is their national organisation. In view of their similar aims and procedure, all other non-profit housing enterprises which are not in the legal sense cooperatives, also belong to this organisation. Thus, the Gesamtverband represents more than 2,100 housing enterprises owning over 3 million dwellings in the Federal Republic of Germany and West Berlin.

cost subsidy hit them all the harder. At the same time, owing to the gradual dwindling of the housing shortage, they were exposed to competition by landlords not concerned with social housing and by other social housing enterprises as a whole. By an intensive publicity campaign, the housing cooperatives are at present making every effort to arouse appreciation of the value of acquiring the right to occupy a cooperative dwelling by taking out shares in the society.

Present circumstances offer a good starting point for such a campaign. Public authority housing action has worked hand in hand with the housing short-

age to conceal the merits of non-profit housing and of cooperative housing in particular. Many people approach a cooperative merely because they are seeking a home, and, that being their sole objective, the cooperative means nothing more to them than any other kind of housing concern, at any rate in the initial stage. But what it means to have a stake in cooperative property, to share in its management, to be involved in a social community and enter into the spirit of it, both materially and idealistically, can only be realised in the passage of time. And today all the signs indicate that it will be realised.



## INTERNATIONAL TRADE AND AID THROUGH JAPAN-THAI PARTNERSHIP

by M. V. Madane

ONE of the finest examples of successful trade by cooperatives across national boundaries is at present in operation in the South-East Asian Region. While cooperatives in several countries have yet to find openings for trade with those in other countries, the Thai and the Japanese cooperatives have been able to build up, over a period of five years, a steady and mutually beneficial economic relationship which has great significance for future developments in this direction. The original contact established for importing Thai maize into Japan has now taken the shape of a comprehensive agreement covering both trade and technical assistance. While the cooperatives in Thailand are making every endeavour to increase production and collection of maize and building up its exports, the Japanese cooperatives are extending assistance for improving productivity and distributing agricultural inputs.

### **First Contact through Agricultural Conference**

It all began with the contact established between the Thai and the Japanese cooperators during the First Asian Agricultural Cooperative Con-

ference, held in Tokyo during 1962. The idea of a trade relationship between the two movements was mooted during the informal discussions at this Conference and this was followed up by the visits of several teams of Japanese experts to Thailand with a view to explore possibilities of maize export. The Bangkok Cooperative Salt Marketing Society in Thailand, which was already exporting salt and agricultural products to other countries, was then reorganised and converted into the present Bangkok Cooperative Farm Product Marketing Society (COPRODUCT). Representatives of COPRODUCT undertook responsibility for export of maize under the guidance of the officials of the Department of Cooperation in the Ministry of National Development in Thailand and from the Japanese side, the Central Union of Agricultural Cooperatives, the National Purchasing Federation of Agricultural Cooperative Associations (ZENKOREN), the National Marketing Federation of Agricultural Cooperative Associations (ZENHANREN), the Central Cooperative Bank for Agriculture and Forestry and UNICOOPJAPAN agreed to provide assistance to Thai coop-

eratives. During the Second Asian Agricultural Cooperative Conference, also held in Tokyo, an agreement was reached to establish a Joint Committee for the Promotion of Cooperative Trade between Thailand and Japan, and the first meeting of this Committee was held in Bangkok in 1965. Since then, the Joint Committee has held four sessions alternatively in Japan and Thailand. Both sides send teams consisting of representatives of the concerned

parties and discuss for two to three days almost all matters concerning trade and technical assistance relationship. Most of the time in the discussions is taken up by a detailed review of the performance in maize collection during the previous year and the possibilities of increased collection for the coming year. The Joint Committee then discusses the requirements of COPRODUCT for finance, for the supply of agricultural requisites and for the train-



The Joint Committee being addressed at its Tokyo session by Col. Surin Cholprasad, Registrar of Cooperative Societies in Thailand



Signing of agreement after a Joint Committee session

ing of trade personnel. A Memorandum is invariably drawn up and signed by both parties at the end of each session.

#### **Colombo Plan Expert from Japan**

While continuing its efforts in increasing productivity, the COPRODUCT is devoting considerable attention to the increase of the income of the farmers. For example, as a result of the recent export undertaken by COPRODUCT, one of the societies supplying maize for export has been able to increase the returns to the farmers from 800 Baht to 1,005 Baht per metric ton. The local cooperatives also benefit because of the huge transactions undertaken for export of their commodities. The Japanese Cooperative Movement provided to Thai cooperatives an expert in farm and marketing management through the Colombo Plan.

Finance has been one of the difficult problems faced by the Thai cooperatives in the collection of maize for export. The Ministry of National Development had advanced 2 million Bahts in 1963 for this purpose and has since been assisting COPRODUCT in obtaining purchasing funds. However, with the increase of export quantities, it is now difficult for COPRODUCT to obtain adequate finance. For collecting 60,000 metric tons of maize, about 15 million Bahts are required as capital from the cooperatives, and it has not been possible for them to raise this amount on their own. With a view to tide over this difficulty, the Japanese cooperatives provide the facility of a Packing Letter of Credit through which advances are obtained by COPRODUCT for payments to farmers for the collection of the maize.

#### **Joint Venture in Agricultural Chemicals**

The cooperatives in Thailand face a very severe competition from private traders who have a network of agents for collection of maize from the farmers. The flexibility in operating methods adopted by the private traders makes it difficult for COPRODUCT to compete. However, through the education of the members and through the supply of needed agricultural requisites, efforts are being made to convince the farmers of the benefits they can obtain through marketing cooperatives. As a result of an agreement reached between the Thai and the Japanese cooperators during a recent meeting, it has been decided to establish a joint venture for the manufacture of agricultural chemicals in Thailand. The chemical factory will be known as T. J. Chemicals Co. Limited and the total investments, excluding the price of the land, is likely to be around 5 million Bahts. The Thailand side will contribute 51 per cent of the shares, while the Japanese will have 49 per cent, and the operating capital will be provided from Thailand. The strength of the Board of Directors from each side will be equal and the agreement provides that one of the Thai Directors will be elected as a President. The factory which will be located near the Paknam Warehouse in Bangkok, will be able to supply agricultural chemicals to Thai Farmers through the Cooperative Wholesale Society of Thailand (CWST). The parties involved in the joint venture will be ZENKOREN and the CWST. It is expected that about 50 per cent of its production will be distributed through the CWST and the rest will be sold through other channels.



The maize exported to Japan is handled through the Paknam Warehouse at Bangkok harbour. Occasionally, the loading and unloading facilities owned by the Bangkok Drying and Silo Co. are used for the maize operations. The Joint Committee has been discussing for the last four years the question of establishing silo facilities for the loading and unloading of maize at Bangkok harbour and it is expected that the silo joint venture will take a concrete shape in due course. A Sub-Committee is at present seized with this problem. As silo needs huge investments, efforts may have to be made in obtaining necessary loans from external agencies.

#### Display Facilities at Bangkok

Another area in which very encouraging developments have taken place is the export by UNICOOPJAPAN of farm and household products for distribution among Thai farmers. The bulk of these consists of farm requisites, such as small tractors and other agricultural

machinery and equipment as well as some consumer articles. The COPRODUCT has built a show-room in Bangkok to display the goods imported from UNICOOPJAPAN. A mutuality of transactions has thus been established between the two cooperative movements through the Thai exports of maize and the Japanese exports of farm and household requisites.

Apart from the export of maize, efforts are also being made to discuss in the Joint Committee the possibilities of export of rice from Thailand to other countries, and the Hong Kong Branch of ZENHANREN has agreed to assist the Thai cooperatives in this transaction. Smaller quantities of other agricultural products, such as black matpe, kenef and sorghum, are also being exported through COPRODUCT.

#### Training in Japan

Both the Thai and the Japanese cooperators believe that it will not be possible for them to achieve success in their joint ventures unless simultaneous ef-

Maize being transported to the ship from the Paknam Warehouse at Bangkok harbour





Farm equipment and supplies in a show-room

forts are made for the education of farmers and the training of trade personnel. While the Thai cooperatives are endeavouring to educate the farmers, the Japanese cooperatives have provided facilities for the training of Thai personnel working for the export of maize. Almost every year, a batch of Thai cooperative personnel is sent for training at the Institute for the Development of Agricultural Cooperation in

Asia (IDACA) in Tokyo.

The I.C.A. Regional Office and Education Centre in New Delhi is watching the joint efforts of the two cooperative movements with great interest and has kept itself informed of the developments from time to time. The Joint Director in charge of Technical Assistance and Trade in the Regional Centre has also attended a few meetings of the Joint Committee.



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ROBERT OWEN

## THE ROBERT OWEN BI-CENTENARY IN 1971

**R**OBERT OWEN was born in the little Welsh town of Newtown on May 14th, 1771 and the second centenary of his birth will no doubt be marked by cooperators and trade unionists and socialists in many other countries as well as in Britain and the United States. He was the youngest but one in a family of seven, the son of a saddler and ironmonger. He left school at the age of ten to work for his brother William who was a saddler in London and, soon afterwards, for a large draper at Stamford in Lincolnshire. After working for a few months for another draper at the south end of old London Bridge, he came to Manchester in 1785 at the age of 14 to work for Mr. John Satterfield, a draper in St. Ann's Square.

Four years later, Robert Owen borrowed £100 from his brother William and went into partnership with a Mr. Ernest Jones making mules for spinning cotton and employing forty people. The partnership broke up and he found himself with three of the machines he had been making in Ancoats Lane, Manchester, producing fine yarn for muslin, employing three people and making a profit of about £6 a week.

Before he was twenty, however, he had accepted a post as manager to a Mr. Peter Drinkwater, a well-known manufacturer of fine yarn, employing

500 people. He was paid £300 a year, but within six months, he had been offered increases of £100 and then another £100, with the prospect of partnership after four years. It was while working for Mr. Drinkwater that he first developed the ideas of community in industry, which he later applied so successfully at New Lanark, as well as his ideas about the effect of environment on character. He left Mr. Drinkwater's employment in 1794 after the offer of partnership had been withdrawn.

### **The Chorlton Twist Company**

By this time, Robert Owen had established a considerable reputation in Manchester and was offered a partnership with one-third of the profits from Mr. Marsland, a well-known manufacturer, and later received a similar offer from a Mr. Moulson and a Mr. Scarth. But instead of accepting these offers, he went into partnership with the well-known and long established firms of Borrowdale and Atkinson in London and Bartons in Manchester to form the Chorlton Twist Company. Between 1795 and 1797, he was supervising the construction of a mill for the new company at Chorlton, insisting that it should produce cheap rather than fine yarns so as not to compete with Mr. Drinkwater. At that time, he was active in the Manchester Literary and

Philosophical Society and was briefly associated with Robert Fulton, the steamboat pioneer.

In 1797, he was on a business trip to Glasgow when he met a friend from Manchester who was accompanied by Miss Caroline Dale, the eldest daughter of David Dale, the Scottish industrialist and banker, who had built the New Lanark mills with Richard Arkwright in 1783 near the falls of the Clyde. Robert Owen was invited by Miss Dale to see the mills which, at that time, employed about a thousand people including children. They came from many parts of Scotland and had little sense of community, but David Dale had the reputation of being a good employer.

### **New Lanark**

When Robert Owen was twenty seven, he told David Dale that he wanted to buy the New Lanark mills and, after he had made a thorough inspection of them with his partners Mr. John Atkinson and Mr. John Barton, he offered Mr. Dale £60,000 payable over twenty years, an offer that was promptly accepted. Robert Owen's fortune then was £3,000, and under the agreement he was to be paid a salary of £1,000 for managing the mills plus one-ninth of the profits. He married Miss Dale at the end of September 1799 and, at the beginning of 1800, took over the management of the mills on behalf of the New Lanark Twist Company.

He soon made it clear that he was interested not only in the production of cotton yarn but also in making a great social experiment. In spite of religious differences, he quickly won the firm friendship of David Dale, who died in

1806, and carried his enlightened policies much further. He modernised the houses and provided coal and food at low prices and free medical services for the workers. He reduced working hours, abolished all kinds of punishment inside the factory and introduced incentives of various kinds. He gradually gained the support of the workers and won their complete confidence in 1806, when he kept everyone on full pay for four months at a cost of £7,000 while an American embargo on the export of cotton to Britain deprived the mill of its raw material.

In spite of these improvements, the New Lanark mills remained an essentially capitalist enterprise, even though Robert Owen was a good employer. For a time, he managed to persuade his partners that good wages and expenditure in the interests of the workers at New Lanark were good business and helped to increase productivity and profits. His partners were pleased with the prosperity of the mills, for the profits were £60,000 in eight years after payment of 5 per cent on capital, but they became suspicious in 1808 when he proposed to build a new school at a cost of £5,000—a project that was also opposed by the local Minister who disapproved of Robert Owen's ideas of religion. In 1809, he offered to buy out his partners, putting a value of £84,000 on the business, or £24,000 more than had been paid for it.

In order to buy out those who disagreed with him, he had to find new partners. His second partnership included Mr. John Atkinson, one of his original partners, and Mr. Dennistown and Mr. Campbell who were distant relations of his wife. Within four

years, however, the new partners became as dissatisfied as the previous ones with the amount he paid in wages and spent on education and welfare. They proposed a public auction of the mills and suggested that the business was worth £40,000.

### Robert Owen's Third Partnership

By the year 1813, his work at New Lanark had attracted considerable public attention and, when his second set of partners said that they wanted to end their partnership, he went off to London to find new partners who would understand what he was trying to do and who would be content with a return of 5 per cent on capital which was what he regarded as reasonable. His new partners were William Allen, a wealthy Quaker and a fellow of the Royal Society; John Foster, another Quaker; the very wealthy John Walker; Michael Gibbs, well known in the city and as a Churchman; Joseph Fox, a non-conformist; and Jeremy Bentham, the philosopher. They were willing to put up £120,000.

With such substantial backing, Robert Owen was in a strong position at the public auction which his old partners had forced upon him. They no longer valued the business at £40,000, but bid as much as £114,000. They were, however, unable to go higher and the mills were sold to Robert Owen and his new partners for £114,100. The price was probably not excessive, for the books showed that the profits of the business over the previous four years had amounted to £160,000 after paying five per cent on capital.

His first partners thus made a capital gain over nine years of 40 per cent, while his second partners made a

capital gain over four years of 35 per cent. Neither of these groups of business men had any real reason to complain. But a basic change in the character of the business was brought about by the terms of the third partnership, for the Deed of Partnership said that all profits made in the concern beyond five per cent a year on the capital invested should be laid aside for the benefit of the workers and of the community at large. Over a period of fifteen years, Robert Owen succeeded in showing at New Lanark that large-scale industrial production need not necessarily be organised on a capitalist basis. At a time when all the emphasis of official opinion was on individualism and the value of competition irrespective of social consequences, he insisted on the reality of community and showed that the fruits of industrial progress can be used for the welfare of the community instead of simply being added to the fortunes of the few.

Robert Owen was thus able to go ahead with his work of building a community at New Lanark without opposition from his partners. His Institute for the Formation of Character was built in 1816, and with his nursery and other schools, he won a national reputation as an educationalist. In 1813, he published the first two essays in *A New View of Society* and, in 1819, his *Report to the County of Lanark*, which is his most comprehensive statement of the case for establishing "Villages of Cooperation" with public funds as a way of dealing with the problem of unemployment. A Committee was formed to carry out Mr. Owen's "Plan". It had the Duke of Kent, Queen Victoria's father, as President and included the economist

Ricardo, but failed to raise sufficient funds. At the same time, Robert Owen was campaigning energetically to limit the hours worked in factories by children, and a law, which fell far short of what he wanted, was passed in 1819.

### **Orbiston and New Harmony**

Although Robert Owen's new partners were content with a modest return on capital, they were increasingly critical of his educational work at New Lanark, especially after he had made a public attack on religion in 1817. William Allen was particularly critical and strains increased until Robert Owen finally severed his connection with New Lanark in 1829. Between 1815 and 1825, more than 20,000 people visited New Lanark and many admired what had been achieved, but did not follow his example. A few did attempt to establish similar communities and the first of these, at Orbiston not far from New Lanark, failed after two years when its founder Abram Combe died in 1827.

Robert Owen himself bought an estate of 20,000 acres at New Harmony, Indiana, America, in 1825 for £30,000 to establish a community which had seven constitutions in two years before it broke up. Although the community disintegrated and cost Robert Owen a further £10,000 before he withdrew, the settlement and the schools continued. Robert Dale Owen, the eldest of his eight children, remained in America and later became a member of Congress.

The community established at Ralahine in County Clare, Ireland, in 1830 by Edward Craig was much more successful and was only ended three years later because the landowner who

had sponsored the experiment had to sell the estate to pay gambling debts. The community established at Queenwood near Tytherley in Hampshire in 1839, when Owen was 68, failed six years later partly because of expenditure on schools and other buildings that could not be sustained by farming.

### **Cooperative Societies and Trade Unions**

During the 1820's, Robert Owen wrote extensively in various journals and influenced many of the working people who, at that time, were forming cooperative societies and trade unions. Sometimes trading societies were established with the idea of later forming cooperative communities. There were cooperative societies in Britain before Owen ever went to New Lanark, such as the Oldham Cooperative Supply Company and the Govan Victualling Society. Even before Owen was born, the Fenwick Weavers' Store in Ayrshire was established in 1769. But the formation of cooperatives was greatly stimulated in the 1820's by his campaigning, and it has been estimated that there were over 400 societies in existence in 1832 at the time of the second Cooperative Congress.

Robert Owen was able at New Lanark to do very much as he liked, apart from the restrictions imposed by his partners. He reasoned with the two thousand or so other members of the community at New Lanark, but he had the last word. It was the application of the cooperative principle of a limited return on capital at New Lanark that captured the imagination of the working class rather than any experiment in industrial democracy. The cooperative societies formed in the 'twenties, how-



ever, were essentially democratic, as were also the villages of cooperation that he advocated and the communities with which he was associated. Many of the early cooperative societies were short lived but, in 1844, as the community at Queenwood was disintegrating, the Rochdale Pioneers, many of whom were Owenites, succeeded in establishing a trading cooperative society on a really firm basis, and cooperation has since spread around the world.

Robert Owen was also closely associated with the rise of trade unions in the early 1830's after the disappointments of the Reform Act. After Francis Place and others had succeeded in getting the Combination Laws repealed in 1824, trade unions made rapid progress in Britain until, in 1834, the Grand National Consolidated Trades Union, to which the Tolpuddle martyrs were affiliated, claimed more than a million members. Robert Owen sought to divert the energies of the unions from bargaining to the establishment of the new social order which he believed to be imminent. In 1834, the Grand National Consolidated collapsed and trade unionists had to build again from small beginnings.

### **Socialism**

Cooperatives and trade unions made progress in the nineteenth century, but the hope of establishing socialism by direct action faded. Many turned to Chartism and to the achievement of socialism through political power, either by revolution or by democratic process. In our own day, socialism has gained wide acceptance throughout the world, but some countries with governments claiming to be socialist seem uncertain about how to apply their ideas. So-

cialism is today associated with state ownership and intervention in the economy, but there are limitations to this approach and socialists today might be wise to look again at the cooperative ideas of Robert Owen and other socialist pioneers.

The antagonisms of industrial capitalism remain with us. There is much talk of participation and it would seem that Robert Owen's achievement at New Lanark has relevance to the problems of our own time. If socialists come to think more in terms of community and the future of the enterprise, they have as an example the cooperative productive societies which have had considerable success in a number of countries and derive directly from the ideas of Robert Owen and Charles Fourier.

A few other enterprises in our own time have been organised along the lines pioneered by Robert Owen at New Lanark. Among those in Britain are the Scott Bader Commonwealth in Northamptonshire and the Rowen Engineering Company of Glasgow which is called after Robert Owen and may take over part of his mills at New Lanark. The mills passed into the hands of the Walker family after Robert Owen had left and were in the present century used by the Gourrock Rope-work Company until 1968. Many of the houses and other buildings have in recent years been modernised through the efforts of a housing society, the New Lanark Association.

The Cooperative Union is to mark the second centenary of Robert Owen's birth with a special summer school at the Cooperative College and it may also be marked in other ways.

P.D.

## AFFILIATED ORGANISATIONS

- ALGERIA:** Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, 6 et 8, rue du Cercle Militaire, Oran; also at - 21, rue Edgar Quinet, Algiers, and 9, rue Mathurin Régnier, 75 Paris 15.
- ARGENTINA:** Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires.  
Intercoop, Editora Cooperativa Limitada, Rivadavia 4426 (1er piso), Buenos Aires.  
Asociación Argentina de Cooperativas y Mutualidades de Seguros, Belgrano 530, 5 Piso, Buenos Aires.  
Federación Argentina de Cooperativas de Credito Ltda., Lavalle 2024, 8 Piso, Buenos Aires.
- AUSTRALIA:** Cooperative Federation of Australia, c/o. CWS of Queensland Limited Buildings, 50-54 Ferry Street, South Brisbane, Queensland.
- AUSTRIA:** "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Membership (1967): 476,200; turnover: retail trade: Sch. 4,646 millions (thereof consumers' societies: Sch. 3,895 millions; department stores: Sch. 713 millions; other retail trade: Sch. 38 millions); wholesale society (G.O.C.): Sch. 1,821 millions; own production: consumers' societies: Sch. 472 millions; G.O.C. and subsidiaries: Sch. 415 millions.  
Bank für Arbeit und Wirtschaft A.G. Seitzergasse 2-4, Vienna I.  
Zentralkasse der Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, Vienna I.  
1967: Affiliated organisations: 313 (comprising 201 societies and 112 associations); membership: 130,286; dwellings administered: 288,157 (comprising 127,954 societies and 160,203 associations); balance at 1966: 33.8 milliard Sch. (divided as to societies Sch. 15.7, associations Sch. 18.1).  
Österreichischer Raiffeisenverband, Seilergasse 16, Vienna I.
- BELGIUM:** Société Générale Coopérative, 26-28 rue Haute, Brussels 1.  
Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 millions; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 millions.  
Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151, rue Royale, Brussels 3.  
Premiums (1966): Frs. 1,903 millions; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.  
Fédération Nationale des Coopératives Chrétiennes, 135, rue de la Loi, Brussels 4.  
(1967): 1,250 shops; turnover: Frs. 1,430 millions; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 millions; reserves: Frs. 1,300 millions.  
L'Economie Populaire, 30, rue des Champs, Ciney (Namur).  
Branches (1967): 460; membership: 88,000; turnover: Frs. 1,001,300,000; savings deposits: Frs. 490 millions; capital and reserves: Frs. 162 millions.  
L'Institut Provincial de Coopération Agricole, 42, rue des Augustins, Liège.  
OPHACO (Office des Pharmacies Coopératives de Belgique), 602, Chaussée de Mons, Anderlecht-Brussels.  
Union of 28 cooperative societies owning 360 pharmacies, 68 optical departments and counters, 7 drug stores, 14 wholesale depots. Turnover (1963): Frs. 1,250 millions. Surplus distributed to 400,000 members: Frs. 95 millions.
- BRAZIL:** Aliança Brasileira de Cooperativas (ABCOOP), Rua General Jardim 645, 3º Andar, Sao Paulo.  
Uniao Nacional das Associações de Cooperativas (UNASCO), Avenue Franklin Roosevelt, 126-Conj. 608, Rio de Janeiro.
- BULGARIA:** Central Cooperative Union, Rue Rakovski 103, Sofia.
- BURMA:** National Cooperative Council, 290-300, Lewis Street (2nd Floor), Rangoon.
- CANADA:** Cooperative Union of Canada, 111, Sparks Street, Ottawa 4, Ont.  
A federation of English-language cooperative organisations, organised in 1909.  
Conseil Canadien de la Coopération, 111, Sparks Street, Ottawa 4, Ont.
- CEYLON:** Cooperative Federation of Ceylon, Cooperative House, 455, Galle Road, Colombo 3.
- CHILE:** Federación Chilena de Cooperativas de Ahorro y Credito, Ltda., Dieciocho 246, Clasificador 760, Santiago de Chile.  
Cooperativa Sodimac Ltda., Casilla 3110, Santiago de Chile.
- COLOMBIA:** Cooperativa Familiar de Medellin, Ltda., Calle 49, No. 52-49, Medellin.
- CYPRUS:** Cooperative Central Bank Ltd., P.O. Box 1447, Nicosia.  
Cyprus Turkish Cooperative Central Bank Ltd., P.O. Box 791, Nicosia.  
Vine Products Cooperative Marketing Union Ltd., P.O. Box 314, Limassol.
- CZECHOSLOVAKIA:** Ustredni Rada Druzstev, Tesnov 5, Prague I.
- DENMARK:** De samvirkende danske Andelselskaber (Andelsudvalget), H. C. Andersens Boulevard 42, Copenhagen V.  
Representing 30 national organisations, comprising: consumers' societies, agricultural production, marketing and purchase societies, other production and marketing societies, insurance societies, banking societies. Membership: 750,000 individual members. Turnover (1967/68): D.Kr. 15,273 millions.

Det Kooperative Faellesforbund i Danmark, *Linnesgade 14, 1. sal, 1361 Copenhagen K.* Affiliated societies (1963): 634; total sales: D.Kr. 1,582 millions; employees: 12,500; comprising: consumers', workers', artisans', productive and housing societies etc.

Faellesforeningen for Danmarks Brugsforeninger (FDB), *Roskildevvej 65, Albertslund.* Affiliated societies (1965): 1,852; members: 716,000; turnover: 2,583 millions D.Kr.; wholesale turnover: 1,453 millions D.Kr.; own production: 405 millions D.Kr.

DOMINICA: Dominica Credit Union League, *14, Turkey Lane, Roseau.*

EIRE: Irish Agricultural Organisation Society Ltd., *The Plunkett House, 84 Merrion Square, Dublin 2.*

National Organising and Advisory Body for Agricultural Cooperatives. Affiliated societies: 333; membership 127,000; turnover (1967): £152 millions.

Cooperative Development Society Ltd., *35 Lower Gardiner Street, Dublin.*

FINLAND: Suomen Osuuskappojen Keskuskunta (S.O.K.), *Vilhonkatu 7, Helsinki 10.*

Affiliated societies (1968): 298; members: 561,851; wholesale turnover: Fmk. 1,377 millions; own production of SOK: Fmk. 270 millions.

Yleinen Osuuskappojen Liitto r.y. (Y.O.L.), *Vilhonkatu 7, Helsinki 10.*

Affiliated societies (1968): 298; members: 561,851; turnover of societies: Fmk. 2,543 millions; total production of the affiliated societies: Fmk. 47 millions.

Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 10740, Mikonkatu 17, Helsinki 10.*

Affiliated societies (1968): 83; members: 582,159; turnover: Fmk. 1,852 millions; own production: Fmk. 310 millions.

Osuustukkukauppa (O.T.K.), *P.O. Box 10120, Helsinki 10.*

Affiliated societies (1968): 83; turnover: Fmk. 1,062 millions; own production: Fmk. 336 millions.

Pellervo-Seura, Central Organisation of Farmers' Cooperatives, *Simonkatu 6, Helsinki K.* Affiliated organisations (1963): 10 central organisations; 1,102 societies.

FRANCE: Fédération Nationale des Coopératives de Consommation, F.N.C.C., *89, rue la Boétie, 75 Paris VIII.*

Affiliated societies (1964): 475; membership: 3,460,000; shops: 9,900; turnover: NF. 3,600 millions.

Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI.*

Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88, rue de Courcelles, 75 Paris VIII.*

Confédération Générale des Sociétés Coopératives Ouvrières de Production, *88, rue de Courcelles, 75 Paris VIII.*

Banque Coopérative des Sociétés Ouvrières de France, *88, rue de Courcelles, 75 Paris VIII.*

Confédération Nationale de la Coopération, de la Mutualité et du Crédit Agricoles, *129, Bd. St. Germain, 75 Paris VI.*

Confédération Française de la Coopération Agricole, *18 Rue des Pyramides, 75 Paris 1er.*

Caisse Nationale de Crédit Agricole, *91-93, Boulevard Pasteur, 75 Paris XV.*

Fédération Nationale des Sociétés Coopératives d'Habitations à Loyer Modéré, *Foyer Coopératif, 17, rue Richelieu, 75 Paris 1er.*

Confédération des Coopératives de Construction et d'Habitation, "L'Habitation", *3, ave. du Coq, 75 Paris 9e.*

Confédération des Organismes de Crédit Maritime Mutuel, *18 bis, Avenue Hoche, 75 Paris VIII.*

FEDERAL REPUBLIC OF GERMANY: Bund deutscher Konsumgenossenschaften G.m.b.H., *Besenbinderhof 43, (2) Hamburg 1.*

Affiliated societies (June 1968): 124; membership (1967): 2,379,114; turnover (1967): D.M. 4,321,596,200 (thereof D.M. 78,862,700 for West-Berlin).

Grosseinkaufs-Gesellschaft deutscher Konsumgenossenschaften m.b.H., *Besenbinderhof 43-52, (2) Hamburg 1.*

Total turnover incl. subsidiaries (1967): D.M. 2,195,524,900.

Gesamtverband gemeinnütziger Wohnungsunternehmen, *Breslauer Platz 4, (22c) Cologne.*

Volksfürsorge Lebensversicherung Aktiengesellschaft, *An der Alster, (2) Hamburg 1.*

Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft, *Steinstrasse 27, (2) Hamburg 1.*

GHANA: The Alliance of Ghana Cooperatives Ltd., *Post Office Box 2068, Accra.*

GREECE: Pan-Hellenic Confederation of Unions of Agricultural Cooperatives (S.E.S.), *56, El. Venizelou Street, Athens 142.*

GUYANA: Guyana Cooperative Union Ltd., *Ministerial Buildings, High Street and Brickdam, Georgetown.*

HAITI (W.I.): Caisse Populaire Dominique Savio, *57, Rue Rigaud, Pétion-Ville.*

HUNGARY: Federation of Hungarian Cooperative Societies, *Szabadság 14, Budapest V.*

National Federation of Producers' Cooperatives (OKISZ), *Pesti Barnabás 6, Budapest V.*

ICELAND: Samband Isl. Samvinnufelaga, *Reykjavik.*

INDIA: National Cooperative Union of India, *72 Jorbagh, New Delhi 3.*

National Agricultural Cooperative Marketing Federation Ltd., *D-44, NDSE Part II, New Delhi 16.*

- IRAN:** Sepah Consumers' Cooperative Society, Avenue Sevom Esfand, Rue Artèche, Teheran.  
 Credit and Housing Cooperative Society of Iran, 20-22 Shahabad Avenue, Teheran.  
 Central Organisation for Rural Cooperatives of Iran, 357 Pahlavi Avenue, Teheran.
- ISRAEL:** General Cooperative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv.  
 Affiliated societies and companies (1963): 1,855 in all branches.  
 "Merkaz" Audit Union of the Cooperative Societies for Loans and Savings, 44, Rothschild Bd., P.O. Box 75, Tel-Aviv.  
 "Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209, Tel-Aviv.
- ITALY:** Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, Rome.  
 Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome.  
 Associazione Generale delle Cooperative Italiane, Via delle Quattro Fontane 16, 00184 Rome.
- JAMAICA:** Jamaica Cooperative Union, Ltd., 14-16 Barry Street, Kingston, W.I.
- JAPAN:** Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Cooperative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo.  
 Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Cooperatives), 5 1-chome Otemachi, Chiyoda-ku, Tokyo.  
 Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Cooperative Associations), Sankaido Building no. 9-13, 1-chome, Akasaka, Minato-ku, Tokyo.
- JORDAN:** Jordan Cooperative Organisation, P.O.B. 1343, Amman.
- KENYA:** Kenya National Federation of Cooperatives Ltd., P.O.B. 9768, Nairobi.
- KOREA:** National Agricultural Cooperative Federation, 75, 1st Street, Chung-Jong-Ro, So-daemun-ku, Seoul.
- MALAYSIA:** Cooperative Union of Malaysia Ltd., 8, Holland Road, Kuala Lumpur.  
 Sarawak Cooperative Central Bank Ltd., Kuching, Sarawak.
- MALTA:** Farmers' Central Cooperative Society Ltd., New Building, Middleman Street, Marsa.
- MAURITIUS:** Mauritius Cooperative Union, Cooperation House, Dumat Street, Port Louis.
- MEXICO:** Confederación de Cooperativas de la República Mexicana, C.C.L., Av. Cuauhtemoc 60, 5 Piso, Mexico 7, D.F.
- NETHERLANDS:** Coöperatieve Vereniging U.A., Centrale der Nederlandse Verbruikcoöperaties, "CO-OP Nederland", Postbus 6008, Vierhavensstraat 40, Rotterdam 7.  
 Association of Enterprises on a Cooperative Basis, Bloemgracht 29, Amsterdam.
- NEW GUINEA:** Federation of Native Associations Ltd., P.O.B. 152, Port Moresby, Papua.
- NIGERIA:** Cooperative Union of Eastern Nigeria Ltd., Cooperative Bank Buildings, Milverton Ave., Aba.  
 Cooperative Union of Western Nigeria Ltd., c/o Cooperative Buildings, New Court Rd., Ibadan.  
 Lagos Cooperative Union Ltd., Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.  
 Mid-Western Nigeria Cooperative Federation Ltd., c/o Ministry of Cooperative and Rural Development, Cooperative Societies Division, P.O.B. Benin City.
- NORWAY:** Norges Kooperatieve Landsforening, Revierstredet 2, Oslo 1.  
 Affiliated societies (1967): 823; membership: 366,750; turnover of local societies: Kr. 2,559 millions; of N.K.L.: Kr. 830 millions.  
 Norske Boligbyggelags Landsforbund (NBBL), Trondheimsveien 84-86, Oslo.
- PAKISTAN:** East Pakistan Cooperative Union, Ltd., 9/D-Motijheel Commercial Area, 8th floor, Dacca 2.  
 West Pakistan Cooperative Union, 5, Court Street, P.O.B. 905, Lahore 1.  
 Karachi Central Cooperative Bank Ltd., 14, Laxmi Building, Bunder Road, Karachi 2.  
 Karachi Central Cooperative Consumers' Union, Iqbal Market and Cold Storage, Soldier Bazar, Karachi.  
 Karachi Cooperative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5.  
 Karachi Cooperative Union Ltd., Cooperative House, Shaheed-e-Millat Road, Karachi 5.  
 Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., West Wharf Road, Karachi.  
 Sind Baluchistan Provincial Cooperative Bank, Ltd., Provincial Cooperative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2.  
 Provincial Fishermen's Cooperative Society Ltd., Iqbal Road, Patharghata, Post Box 27, Chittagong.
- PERU:** Cooperativa de Securos "INCA" Ltda. No. 181, Camilo Carrillo 225, Of. 602, Lima.
- PHILIPPINES:** Central Cooperative Exchange Inc., P.O.B. 1968, Manila.
- POLAND:** Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Kopernika 30, Warsaw.

- Central Union of Building and Housing Cooperatives, *Ul. Jasna 1, Warsaw.*  
 "Spolem" — Union of Consumer Cooperatives, *Grazyny 13, Warsaw.*  
 Central Union of Work Cooperatives, *Surawia 47, Warsaw.*
- ROUMANIA:** Uniunea Centrala a Cooperativelor de Consum "Centrocoop", *Str. Brezoianu 31, Bucharest.*  
 Uniunea Centrala a Cooperativelor Mestesugaresti "Ucecom", *Bucharest.*
- SINGAPORE:** Singapore Cooperative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1.*
- SWEDEN:** Kooperativa Förbundet, *S-104 65 Stockholm 15.*  
 Affiliated retail societies (1968): 252; membership: 1,469,000; total turnover of distributive societies: Kr. 6,605 millions; total turnover of K.F.: Kr. 5,003 millions (Kr. 3,663 millions sales to affiliated societies); K.F.'s own production: Kr. 2,308 millions; total capital (shares, reserves and surplus) of K.F. and affiliated retail societies: Kr. 1,200 millions.  
 Hyresgästernas Sparkasse- och Byggnadsföreningars Riksförbund (H.S.B.), *Fleminggatan 41, Fack, S-100 21 Stockholm 18.*  
 Affiliated Building Societies: 115; with individual members: 310,000; number of flats administered by local societies: 275,000; value of real estate: 12,500 millions Kr.  
 Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19028, S-104 32 Stockholm 19.*  
 Folksam Insurance Group, *Folksam Building, Stockholm 20.*  
 Sveriges Lantbruksförbund, *Klara Östra, Kyrkogata 12, Stockholm 1.*  
 Kooperativa Kvinnogillesförbundet, *S-104 65 Stockholm 15.*
- SWITZERLAND:** Coop Schweiz, *Thiersteinerallee 14, CH 4002 Basle.*  
 Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700 millions; wholesale turnover: Frs. 1,100 millions.  
 Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), *Schaffhauserstrasse 6, Winterthur.*  
 Verband sozialer Baubetriebe, *c/o SBHV., Sihlpfach, Zurich.*  
 Genossenschaftliche Zentralbank, *Aeschenplatz 3, CH 4002 Basle.*  
 COOP Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle.*
- TANZANIA:** Cooperative Union of Tanganyika Ltd., *National Cooperative Building, P.O. Box 2567, Dar-es-Salaam.*
- TUNISIA:** El Ittihad, *37, rue de Cologne, Tunis.*
- UGANDA:** Uganda Cooperative Alliance, *P.O.B. 2215, Kampala.*
- U.S.S.R.:** Central Union of Consumers' Cooperative Societies of the U.S.S.R. and RSFSR, "Centrosoyus", *Tcherkassky per no. 15, Moscow.*  
 Consumers' societies (1967): 16,489; members: 55 millions; shops: 356,700.
- UNITED KINGDOM:** Co-operative Union Ltd., *Holyoake House, Hanover Street, Manchester M60 0AS.*  
 Affiliated retail societies (1967): 625; membership: 12,955,706; share capital: £221,143,738; retail sales: £1,083,596,483.  
 Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES.*  
 Affiliated societies (1965): 746; sales: £487,859,688; Bank turnover: £9,764,603,821; reserve and insurance funds: £40,791,711; total assets: £300,463,985.  
 Co-operative Insurance Society, Ltd., *Miller Street, Manchester 4.*  
 Assets (1964): £369 millions.  
 Scottish Co-operative Wholesale Society Ltd., *Centenary House, 100, Morrison Street, Glasgow C. 5.*  
 Affiliated societies (1967): 153; sales: £89,008,059; reserves and insurance funds: £9,474,291; total resources: £23,139,384.  
 Co-operative Permanent Building Society, *New Oxford House, High Holborn, London, W.C. 1.*
- U.S.A.:** Cooperative League of the U.S.A., *59, East Van Buren Street, Chicago, Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.*
- YUGOSLAVIA:** Glavni Zadruzni Savez FNRI, *Terazije 23/VI, Belgrade.*
- ZAMBIA:** Eastern Province Cooperative Marketing Assoc. Ltd., *P.O.B. 108, Chipata.*

## INTERNATIONAL ORGANISATIONS

- Organization of the Cooperatives of America, *G.P.O. Box 4103, San Juan, Puerto Rico 00936.*
- Nordisk Andelsforbund (Scandinavia), *3 Axeltorv, Copenhagen V, Denmark.*
- International Cooperative Bank Co. Ltd., *Aeschenvorstadt 75, P.O.B. 711, CH 4002 Basle, Switzerland.*
- International Cooperative Petroleum Association, *11 West 42nd Street, New York, N.Y. 10036, U.S.A.*
- Sociedad Interamericana de Desarrollo de Financiamiento Cooperativo, *1012, 14th Street, N.W., Room 1401, Washington D.C., U.S.A.*





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# WORLD-WIDE TRAINING OF COOPERATIVE EXPERTS\*

## Part II.

### CANADA

THROUGH their country's programme of assistance to the developing countries, the people of Canada are participating in one of the greatest experiments in world history, an experiment that involves a contribution by all donor countries and agencies of some eleven billion dollars worth of resources a year. This commitment is based on a belief expressed by a former Canadian Cabinet Minister when he said "that the world has no place for neutrals or bystanders in this war on want. We are all involved. We shall all suffer if the war is not won."

Canada contributes aid on a bilateral basis, on a multilateral basis and through the efforts of voluntary agencies. The first of these forms of assistance is responsive in nature. The receiving countries assess their own priorities and put forward requests for assistance. The Canadian International Development Agency (formerly the External Aid Office) evaluates the requests, mobilises resources to meet them, and works out, on a bilateral basis, the means of implementing the programme. The goal for the early

1970's is to devote 1 per cent of the gross national product to these endeavours which take many forms.

Through its multilateral aid activities, Canada is a major contributor to the family of the United Nations agencies, the International Development Association, the International Bank for Reconstruction and Development, and the Asian Development Bank. Some aid is in the form of outright grants and the remainder in advances for loans. The Government maintains an active liaison with these agencies, exchanges information, provides training facilities for UN Fellows, and supplies a recruitment service for the Specialised Agencies' technical assistance programme.

The third, and for the purposes of this article, the most pertinent form of aid is provided by and through a variety of voluntary agencies. In the year 1966-67, some \$34,000,000 was contributed in this manner and as many as 6,500 Canadians were engaged abroad in some form of development activity. Among this latter group have been 21 cooperative experts who have concerned themselves with organisational problems, the training of cooperators, instruction in teaching methods, the production of training aids, and research.

The group programmes have been

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\* For Part I, see this Review, Vol 62, No. 4, 1969, p. 174.



designed to provide training in managerial skills in order to organise, administer and promote cooperative endeavours. They include such specialised subjects as rural leadership, agricultural marketing, credit union management and fisheries cooperatives.

As part of this programme for cooperatives, an ever growing number of trainees in a variety of fields has been brought to Canada since the early 1950's. In the 1960's, group training programmes were started with the number of participants reaching 150 to 175 a year. In carrying out this training activity, the Government has engaged the services of the Memramcook Institute (near Moncton, N.B.), CUNA, Memorial University (St. John's, Nfld.), the University of Manitoba, the Coady International Institute, the Western Cooperative College, and L'Institut Coopératif Desjardins. The remainder of this article will outline the involvement of the last three of these institutions in the overall activity.

#### **Coady International Institute**

The Coady International Institute has grown out of the world famous movement of adult education and cooperative promotion started by the St. Francis Xavier University Extension Department in 1930. Dr. Moses M. Coady, its dynamic founder, and his devoted colleagues set out to bring the University to the people as a means of helping them to improve their economic and social circumstances brought so low by the depression of those years. They established a study club in almost every community in the Maritime provinces as the fulcrum of an educational lever intended to raise the general status of the people.

As the years passed and the St.

Francis Xavier programme became known throughout Canada and abroad, a growing number of students came to Antigonish to study the methods used so successfully. It became one of Dr. Coady's keenest desires to build on the campus an International House to accommodate students from overseas. This hope was not realised in his lifetime, but three months after his death in 1959, the governors of the University established the Coady International Institute to train men and women for work abroad. The first class of 23 students from 12 countries was enrolled in the autumn of 1960. Since then, the nationals of over 60 countries have come to rural Antigonish to study at Coady.

The backbone of the Institute's training is found in the Social Leadership Course designed for men and women who are actively engaged in community development work and allied fields. It is of particular value to students from abroad who wish to apply the philosophy, principles and techniques of the "Antigonish Way" to the economic and social conditions of their own countries. The course lasts eight months, a part of which, depending on the particular interests or needs of the students, consists of field work under the supervision of the Institute's staff. This is supplemented by discussion with leaders experienced in the practical aspects of cooperative marketing, merchandising and wholesaling, fisheries, credit union operations, and educational organisation and techniques. Students also hear lectures by leaders in agriculture, welfare, labour unions and community development. The greater part of the year is spent in regular, full-time attendance at the University. During this period, the students spend approx-



First Coady International Institute Residence and temporary classroom — auditorium and audio-visual training room (left), and second Residence Building

Table model of communications media built by Coady students as tools for field-workers in training cooperators



imately 25 hours a week in classroom lectures, workshops, discussion groups, seminars and library work.

The course content falls into four categories: The Antigonish Movement, Adult Education, Economic Cooperation, and the Social Sciences.

#### 1. *The Antigonish Movement*

The history, principles, philosophy and application of the Movement, which is viewed as a process of adult education, are taught. Studies of case histories are made to show the Movement's effectiveness in developing the social and economic potential of communities in many parts of the world.

#### 2. *Adult Education*

The principles of adult education, planning and conducting meetings, the use of the press, radio and television for educational purposes and the use of small libraries are all studied in detail. Students are directly involved in group work methods such as seminars, group discussions and special interest workshops.

#### 3. *Economic Cooperation*

The historic Rochdale Principles are studied together with the principles, practices, organisation and operation of each major type of cooperative: the credit union, consumer, producer, housing, service cooperatives, and marketing are studied. Lectures are given in management, accounting procedures, and credit union book-keeping. Special emphasis is placed on the needs of the developing countries.

#### 4. *Social Sciences*

The fundamentals of economics, sociology and political science are presented. Land use and conservation, agricultural production and other problems related to food and agriculture are examined. Instruction is given in com-

munity development, methods of assessing the problems and resources of a community and in the elements of applied social and cultural anthropology, group dynamics and community leadership. The fundamentals of nutrition, sanitation and hygiene are also covered.

Requirements for admission to the Course vary according to the age, experience and qualifications of the applicant. All prospective students must present satisfactory evidence that they possess the qualities of character, ability and industry necessary for responsible social leadership. Deficiencies in background or experience may be corrected through additional classroom or field work. Special consideration is given to applicants from abroad. Students are expected to exemplify a sense of social responsibility and a willingness to cooperate with the group and the teaching staff. They should be prepared to operate equipment, lead discussion groups and participate helpfully in other ways.

Examinations are held periodically throughout the course. All students are also required to prepare a final paper presenting the methods by which they propose to apply what they have learnt to the economic and social conditions of their own communities. The granting of the Diploma in Social Leadership is not automatic on fulfilment of requirements such as attendance at classes, completion of the final essay and other assignments. Such factors as stability, suitability for leadership, knowledge and understanding of the philosophy of the Antigonish Movement, and personal attitudes are also evaluated.

#### **Western Cooperative College**

The Western Cooperative College grew out of various educational programmes, such as annual directors' con-

ferences and one-week training classes for elected officials and employees, carried out by the wheat pools, credit union leagues and consumer wholesales in the prairie provinces. First known as the Cooperative Institute, it was organised in October 1955. In 1959, it was incorporated and the name changed to Western Cooperative College. After three years in rented down-town premises, the College moved into its own modern residential centre on the outskirts of Saskatoon.

The member-owners of the College include 32 cooperative and credit union organisations in Western Canada and the Atlantic provinces. The objectives of the College are:

- to develop and conduct training programmes and courses for people interested in cooperatives;
- to establish and carry out scholarship and research programmes relating to cooperatives;
- to provide consultative services for cooperatives;
- to develop a cultural centre for cooperatives;
- to establish and maintain a library.

Attendance during 1968 totalled 2,500, with Eskimo, Indian and overseas students accounting for about one-quarter of the "course-weeks" of training. The 42 overseas trainees came from 23 countries. Total attendance since 1955 has reached 14,940. Courses for overseas students offered by the Western Cooperative College are one in agricultural marketing and one in cooperative education.

#### *Agricultural Marketing*

This course, which lasts seven weeks and whose enrolment is limited to 25

students, is intended to develop an understanding of management concepts and to increase management skills. It should increase sensitivity to, and awareness of the employees in, an organisation. The student should learn to apply the management functions more effectively to his own jobs and to give guidance to people who are managing cooperatives that are under his supervision. The emphasis is on application of management concepts to the situation in which the student works in his own country. Subjects studied during the course include:

- (a) Cooperative organisation with particular application to agricultural cooperatives;
- (b) principles and techniques in the training of adults;
- (c) what a supervisor should know and be able to do;
- (d) management functions and procedures and the methods of applying these in an organisation;
- (e) the role of the board of directors and the manager in achieving the objectives of the cooperative.

Specific topics for study include communication techniques, human relations, employee relations, employee productivity and planning and control in an organisation. This session at the College is followed by a course of six weeks at the University of Manitoba, Winnipeg, offering intensive concentration on the concepts, principles and economics of agricultural marketing. The subject areas covered are marketing and economic development, marketing methods and institutions, agricultural policy development, and business administration. Field trips to various marketing cooperatives are an important part of the training process.

### *Cooperative Education*

The training offered in this twelve-week course is designed to develop understanding of modern concepts and techniques for the teaching of adults and to acquire skill in their application to typical situations in the student's home environment. Attention is paid to increasing the student's knowledge of subject areas in which he will teach on his return. Such areas include credit unions, merchandising, management, and supervision of cooperatives. Specific subjects for intensive study are:

- (a) cooperative philosophy, organisation and methods;
- (b) leadership concepts and their application in the community;
- (c) steps in planning educational programmes;
- (d) communication principles and methods;
- (e) principles of adult teaching and their application in planning education and training activities;
- (f) democratic group processes, such as inter-personal communication and human relations;
- (g) basic principles of supervision, management, credit unions and merchandising with a view to developing training programmes in these areas;
- (h) community analysis;
- (i) role and responsibilities of the individual engaged in the education and training of adults.

Instruction in this course is carried out not only by the lecture method but also by seminar and workshop techniques which help develop an understanding of the learning process and the role of the instructor in this process.

Candidates for this course in cooperative education should be full-time instructors in the cooperative field and

people engaged in the training of members, elected officials, or employees of cooperatives as a major part of their work. A prerequisite is that students be sufficiently trained and experienced in cooperative subjects to qualify them as instructors.

### **L'Institut Coopératif Desjardins**

Most recently established of the three educational institutions under consideration is L'Institut Coopératif Desjardins which is beautifully situated on the south bank of the St. Lawrence near Levis. Founded in 1963 by the Desjardins sector of the cooperative movement in Quebec province, the Institute initiated activities orientated towards concern for people and their social environment rather than for principles and techniques. The concepts entertained by its founders encompassed much more than the mere teaching of economic cooperation. Its structure, free atmosphere, involvement in the wider community and its pedagogical approach which influence all its programmes, all combined to stress dialogue, the exchange of ideas and the opening up of new horizons of thought and experience.

The educational philosophy of the Institute is centred on the group and the world of reality. The teacher or the resource person is regarded as a contributing leader whose role is to arrange the task, encourage reflection, open up avenues of knowledge and bring enlightenment. Rather than offering training programmes of its own to other organisations, it preferred to serve as a residential centre for adult education which inspired and assisted many groups of all types to develop their own training programmes. Its facilities were offered first to the

caisses populaires Desjardins and the cooperative movement generally, and then to various movements and associations (e.g. trade unions and farm groups), governmental agencies and business enterprises. In this way, the Institut Desjardins hoped to contribute to a training activity made necessary by basic social change in the province and to encourage wide, enlightened participation in community development programmes.

One of the regulations governing the activities of the Institute reads as follows: "Finally, concerned by the economic and social problems that face the developing countries and convinced that real cooperative education can assist in solving these problems, the directors of the Desjardins Mouvement are determined that L'Institut Desjardins should become a centre of economic and social training for the benefit of trainees from the developing countries." From 1964 to 1967, the Institute sought to realise this objective by working with the Canadian University Service Overseas in the training of its volunteer workers and in carrying out four cooperative training courses for students from Asia, the West Indies and Africa. In addition, a great many visitors from abroad spent some time at the Institute to become acquainted with its set-up and to study its teaching methods. In all these activities, the cooperatives at every level assisted by supplying information and welcoming the students on their premises.

As a result of these encouraging and mutually beneficial experiences, the Institut Desjardins decided late in 1967 to intensify its involvement in the developing countries and prepared a five-year programme of cooperation with French-speaking Africa. This

proposed blue-print was researched and tested for its relevance and validity during 1968 and presented to the governing body of the Institute and the Quebec cooperative movement generally. The research programme consisted of consultations between the director and a member of the Board of Directors of the Institute and interested international organisations (I.C.A., ILO, UNESCO, etc.) and development experts; a trip to French-speaking Africa; and consultations among the cooperatives making up the Desjardins Movement. Among the recommendations flowing from the study conducted last year were the following:

- that the cooperative projects already undertaken with the developing countries be continued;
- that these activities be planned for three years ahead, i.e., from 1969 to 1971;
- that they be concentrated chiefly in French-speaking Africa;
- that they be orientated towards the training of middle management;
- that they be integrated with the training programmes of existing agencies in Cameroon, Upper Volta, Senegal and Tunisia;
- that the Institute carry out, in the next few years, a research project in Latin America similar to the one completed in Africa in 1968;
- that the Institute work closely in these undertakings with the *caisse populaire* and cooperative movements in Quebec, with the appropriate governmental department in that province, and with the Canadian International Development Agency.

With special reference to cooperation between the Institut Desjardins and

the agencies in Africa, is was recommended that:

the Institute concentrate at first on supporting their training programmes by exchanging documentation, finding financial assistance for students from these countries, attempting to recruit individuals from Quebec to work for a year or two with the African training organisations;

the Institute organise short training courses of a few months' duration in Quebec;

the Institute serve as a welcoming agency for African students wishing to spend a year or more in Quebec completing their training.

#### **Some Recommendations**

During the year 1968, representatives of the various cooperative training agencies formulated a number of recommendations to C.I.D.A. for the strengthening of the whole programme. These proposals grew out of their experience of the past twenty years and especially out of a report made to the Agency by Mr. Olaf Turnbull, a member of the instructional staff at the Western Cooperative College, following a study tour of South-East Asia and Europe. Of the eighteen recommendations put forward, the following are of particular relevance here:

#### *Concerning: Policy and Objectives*

That training objectives be established through the planning process.

That target goals be set by area, country, and personnel level of students through the planning process.

#### *Concerning: Programme*

That the present training pro-

gramme be expanded to include the research function, the Canadian training function, and the overseas applications (follow-up) function.

That agriculturally based and related projects be given high priority for training programmes.

That a Canadian Overseas Training Council representative of C.I.D.A. and the training institutions be established.

#### *Concerning: Students*

That high priority be given to students who are technologists, supervisors, and top managers.

That personnel from cooperatives of a significant size be given high priority.

That high priority continue to be given to training cooperative officers, auditors, inspectors and other officials of departments of cooperation.

That in selection for training priority be given to students coming from non-governmental agencies which are acceptable agents for community development and social leadership.

That priority be given to staff of cooperative colleges and other training institutions which do training in adult education, community development and social leadership.

Breen Melvin

## **FINLAND**

**I**N the Finnish society, technical assistance to developing countries has to some extent changed direction during the two decades since the Second World War. Finland had to develop

many sectors of its economic life very rapidly to be able to fulfil many of the obligations imposed by the armistice in 1944. Within ten years, the techniques of production in many different sectors had been adapted to modern standards.

At the beginning of the 'sixties, economic conditions had improved to such an extent that people in different occupations and in government offices started pleading for technical assistance to developing countries, where the economic conditions were considerably poorer than in Finland. Very soon, these initiatives led to official activities in technical assistance and, since 1961, certain amounts of economic means were ear-marked for technical assistance in the annual budget of the State. The amounts are small, specially if compared with those given for technical assistance by wealthier and bigger nations, but also seen as a portion of the total GNP, the state support to technical assistance is relatively small.

The cooperative movement has played an important role in the development of the Finnish economic life as initiator of many kinds of productive enterprises and as creator of economic wealth. It was therefore considered important to show the people in the developing countries how the Finnish cooperative movement worked and how it grew from its very meager beginning. During the 'sixties, the period of technical assistance in Finland, efforts of cooperating in this field led to certain results which are reported in this article.

#### **Management of Finnish Technical Assistance**

In March 1965, the Bureau of Technical Assistance was founded in conjunction with the Political Department of the Ministry for Foreign Affairs.

From then on, the greater part of the multilateral and bilateral government development assistance had been concentrated in this office. According to the statutes, the Bureau deals with matters that concern the international technical assistance which Finland gives and the practical realisation of the programmes. Among other things, it is also the task of the Bureau to draw up financial plans for the multilateral aid, to follow them up and to take part in some of the activities of the administrative bodies. As to the bilateral and Nordic technical assistance, the Bureau takes charge of the planning and preparatory work as well as the realisation of the programmes. Its staff takes part in the administration of the Nordic technical assistance programmes of Finland and prepares its part of the meetings of the governmental committee dealing with the aid programmes of the Nordic countries.

#### **Multilateral Technical Assistance**

Finland gives multilateral assistance through the United Nations, its Agencies and some other international organisations. In 1967, the multilateral assistance was divided between nine different programmes and, in 1968, the number of programmes was unchanged, although their nature had changed to some extent.

Finland participates in the technical assistance activities of the United Nations and its Agencies in three ways. By giving annually voluntary financial support to these organisations, it shares the costs of their programmes; these contributions are included in the budget and are endorsed by the Diet every year. It arranges for experts in different fields for the staffs of the UN Agencies, paying the expenses in Finland



arising from the recruiting. In some cases, it also pays their salaries and other expenses. The Bureau of Technical Assistance also finds study and training sites for the fellows of the UN and its Agencies in Finland.

#### **Bilateral Technical Assistance**

The bilateral development aid given by Finland is technical assistance and especially teaching and training activities are being carried out. As in the case of multilateral aid, the aim of the bilateral assistance is to reach an as high as possible efficiency by concentrating on only a few programmes. Thus, for example, the long experience of the Finns in special fields, such as the utilisation of forests and cooperation, is fully exploited.

The bilateral aid comprises teaching and training programmes, transfers of machines and tools, sending experts to developing countries, inviting scholars to Finland, and arranging courses and seminars for citizens of developing countries. In recent years, there has been a tendency to give greater possibilities to Finnish people to participate in the development projects. Vacancies in international organisations have been offered to young educated persons, and Finland has paid their salaries. A volunteer service for young people trained in different fields has been created. The participation of Finland in the joint Nordic projects is also considered as bilateral aid.

#### **Joint Nordic Assistance Programme**

The joint Nordic development assistance was started by the Nordic Council in 1960, when the Governments of Norway, Sweden, Finland and Denmark were requested to take joint measures in giving development assist-

ance. Since the spring of 1961, a Nordic Ministers' Committee was working together with the Nordic Council whose most important task was to confirm the principles of the joint development assistance activities and to deal with contracts and budgets. The close collaboration between the Finnish officials and those of the other Nordic countries involved in the joint project in co-ordinating their activities and administrative matters is already traditional. Their joint action in recruiting and placing of scholars, in arranging courses, and in the volunteer service is of particular importance.

At this time, two Nordic projects have been launched, in the administration, financing and execution of which Finland is participating. These are the Nordic Tanganyika Centre in Tanzania and the Nordic Kenyan Cooperative Project.

From July 1st, 1968, the administration of all joint Nordic development projects has been executed by a Board, which is responsible to the Committee of Ministers for Co-ordination of the Nordic development aid. The Board consists of two ordinary members from each of the Nordic countries and one alternate member. The leading official of the development assistance body of every Nordic country is a legitimate member of the Board and its practical administration of reimbursement has been entrusted to one of the development assistance bodies in some of the Nordic countries, e.g., part of the administrative duties of the Tanganyika project is taken care of by the Swedish Development Assistance Administration (SIDA) and the Kenya project is administered by the Secretariat for Development Assistance of the Danish Ministry of Foreign Affairs.



Mr. B. Pedersen, Denmark (right), passing on duties to Mr. P. R. Ronn, Finland, in sugar-cane field in Kisumu District. Mr. A. Ochieng, District Cooperative Officer, is looking on

Mr. D. Johansson, Cooperative Adviser to the Nordic Kenyan Project and his counterpart, Mr. L. Nyamancha, in front of the Agricultural School in Kakamega



### **Nordic Project for Cooperation in Kenya**

The Kenyan cooperative project, which has been going on for already more than two years, was enlarged in 1967, when the number of Nordic experts in Kenya was increased to fifty. These experts work as advisers in the Kenyan Ministry for Cooperation, as teachers at the Cooperative School in Nairobi, and as instructors in cooperatives in the country-side. The number of Finnish cooperative experts in Kenya in January 1969 was 18.

The cooperative project is spread over five years and the governments of the Nordic countries are aiding Kenya in promoting cooperation and the organisation of training. Kenya has more than one thousand cooperatives which are mainly marketing agricultural products and are given the possibility of making use of Nordic experts' advice. In addition, officials of the cooperatives can participate in courses held at the Nairobi Cooperative Institute. A new building for this Institute is going to be constructed by the Nordic countries together with the Kenyan Government.

## First International Seminar for Cooperative Development

### I. Background

#### (a) *General statements*

The first International Seminar for Cooperative Development, held from July 24th to November 4th, 1967 by the Bureau for Technical Assistance together with the Finnish Cooperative Central Organisations and the Cooperative Institute of the University of Helsinki, was an experiment to establish a working form which was new even to Finnish existing practice. The initiative for arranging such a seminar was based on a request from Tunisian officials to Finland to help training their young cooperators in business management. They thought in the first place of officials working in consumers' and credit cooperatives.

#### (b) *Preparation*

The Bureau of Technical Assistance set up a working group, in which the Cooperative Institute of the Helsinki University and the cooperative organisations Pellervo-Seura (Central Organisation of Farmers' Cooperatives), Osuuskassojen Keskus Oy (Central Organisation of Credit Societies), Suomen Osuuskappojen Keskuskunta (Finnish Cooperative Wholesale Association) and Kulutusosuuskuntien Keskusliitto (Central Organisation of Consumers' Cooperatives), as well as some cooperative experts were represented, and whose task it was to study the possibilities of an activity as the above suggested one. The group agreed to the proposition and drew up a preliminary programme for the seminar, which included general information about Finland, guidance into the theory of cooperation and teaching of cooperative management, which was

the main item. As forms of training, the experts suggested study visits, group work, exercises and discussions. A field training period of two weeks was also suggested to familiarise the trainees with the practical side of life. The purpose of this general seminar was, on the one hand, to give a survey of cooperation in our country and, on the other hand, to show the participants business management solutions in Finland.

Mr. Sakari Kiuru, MSc, was appointed as Director of the seminar. The main preparations, including negotiations with cooperative organisations about lecturers, the reservation of localities, etc. were made before the middle of May, when the Bureau of Technical Assistance sent a proposal of the Finnish representatives for participation to the Governments of Tunisia, Tanzania, Uganda and Ethiopia. Kenya was considered as a recruiting land of the second order because of the great Nordic cooperative project in operation there.

#### (c) *Selection of participants*

The final composition of the seminar included nine students from Tunisia, five from Tanzania, three from Uganda, two from Ethiopia and one from Kenya; the last was chosen when Tanzania had cancelled its 6th candidate. There were 17 men and three women participants. About half of them had finished grammar school, others high school and two were university graduates. Most of the students had gained practical experience as department managers or managers in different cooperatives, and some were working in cooperative ministries. The average age of the participants was 28 years, the youngest was 21 and the oldest 41.



Excursion of participants in the first International Seminar to cooperative store Tuki at Karkkila, S. W. Finland

## II. Seminar at Work

### (a) *General statements*

The seminar was held in Kauniainen, outside Helsinki. Regarding the study hours, it can be stated that the tentative total number of 440 hours of study was exceeded by 45 hours, thus the actual hours of study ran to 485. For the preliminary study, 30 hours were reserved, but 50 hours were used; 70 hours were taken up with general cooperation study, as planned; 130 hours were dedicated to business management, in spite of the fact that the study plan had scheduled only 100 hours for this item. The time for the group work was cut down from 100 hours to 50, and the other programmes, such as films, self-study, interviews, etc., took 185 instead of the scheduled 140 hours. In spite of this, the group working system dominated the seminar, as it was used in teaching and during the field study period. During the latter, held in three places, namely,

Jyväskylä, Salo and Janakkala, the knowledge acquired from lectures, books and other sources was deepened.

The field training period began on October 1st and ended on October 14th. The last study period of the seminar took place at Tuusula, near Helsinki, from October 15th to November 4th. During this time, the participants drew up their reports. They had chosen the items themselves and gathered the material mainly during the field training period. This second study period was also used for summary lectures and discussions about the seminar which, together with the questions given to the participants, formed a very good basis for evaluating the results of the seminar. The judgement of the participants by the teachers was given in certificates which were presented on November 3rd at the closing ceremony. In addition to the above brief outline, activities included various hobbies, for which a student council—elected for

one month at a time—was responsible.

The seminar was honoured by the visits of the Tunisian Minister for Foreign Affairs, Mr. Habib Bourgiba Jr., on August 21st, and the Second Deputy President of Tanzania, Mr. R. Kawawa, on September 13th. The notice which the press and to some extent also radio and television gave the seminar, signified that its work and, at the same time, the technical development assistance activity on the whole got publicity, which helped the organisation of the study visits.

*(b) Participants*

When we take into account that the participants came from many countries and were, as to training, profession, language and ideology, rather a heterogeneous group, it must be stated that the collaboration amongst the seminarists was good. The greater part of the participants understood that also international relations were studied here. Perhaps all frictions could, however, have been avoided, if the knowledge of English had been better. The language problems arose mainly from the Tunisians, for whom English was the third language, while the East Africans had been educated in that language.

### **Second International Cooperative Seminar**

The Bureau for Technical Assistance arranged its second International Seminar on Cooperation from July 28th to October 31st, 1968. Already in April, the Deputy Director of the Workers' Academy, Mrs. Urpu Vihavainen, was elected Director of the Seminar.

*(a) Selection of participants*

The Bureau for Technical Assistance sent invitations for participation in the seminar to the governments and coop-

erative organisations of Tunisia, Tanzania, Kenya, Uganda and Ethiopia. The final selection was made at the end of June, and invitations were sent to 5 participants in Tunisia and Tanzania, 4 in Kenya and Uganda and 2 in Ethiopia.

*(b) Programme*

The programme was similar to that of the first seminar. However, as the time was shorter, some hours were reduced. The lecturers were, with some exceptions, the same.

*(c) Schedule of the seminar*

*1. First period (8 weeks)*

During the first 8 weeks, lectures were given the greatest emphasis. These were usually followed by a lively discussion. Many of the lecturers used or distributed informative material.

The group work scheduled was not all carried out. However, the reports of the participants about their own countries were drawn up jointly by the different nationality groups; the planning of visits to cooperatives in three villages, which was prepared by Mr. Mäkinen, one of the teachers, was done as group work, mostly in the evenings during two weeks. These hours are not to be seen in the schedule, as are not the free discussions of the participants, which were very useful. During two afternoons, another group work was discussed. There were on an average two *study tours* a week, which was less than during the first seminar. These study tours meant a welcome change and offered fresh ideas.

*2. Field study period (3 weeks)*

This period was appreciated by the participants. The problems which until then had been theoretical, came close to everyone in practice. The groups were also smaller, consisting of only seven persons. Some of the participants,



Second International Seminar at work

who seemed to be timid and passive during the lectures, showed new interest in the field. Therefore, it is very important to have different instruction forms during a seminar.

### 3. Final period (2, 5 weeks)

During this time, the participants wrote reports on the basis of their experiences during the field study, and these reports were read and discussed with experts in the different fields. In this way, the reports were known to all participants and gained importance as teaching material.

### Continuation of Training

The participants in the seminar should try to keep in contact with each other, mainly by letters. The most up-to-date material will be sent out from the Bureau of Technical Assistance keeping in mind what is useful in the different countries. Such intentions need a fixed organisation. Another useful form

of continued training would also be to invite some of the most able scholars to Finland in intervals of a few years.

### Summary of the Programme of the Second Seminar on Cooperation

	hours planned	used
I. Information -	30	
On Finland		25
On the participants' home countries		15
II. Cooperation general	50	25
Finnish		20
Films		5
III. Management of cooperatives marketing agricultural products and supplies	90	50
IV. Group work and reports	80	90
V. Field training	90	90

	hours planned	used
VI. Visits	50	
to cooperatives		40
to other places		20
VII. Guidance to studies, discussions, News, opening and closing sessions	30	40
Total:	420	420

There are big differences in the cooperative movements in different parts of the world. There are, however, great similarities too, and these ought to be taken into account. The cooperators in Finland are in many respects proud of their movement, even if it is at variance in its different branches and political wings. The people in the movement have seen the strength and the wealth in it and have tried to make the best possible use of it by imparting experiences to people who may need them.

For a country in meager economic conditions, like Finland, the export of know-how is almost the only way to produce proper technical assistance. But in Finland it is, at the same time, considered one of the best ways. Economic support may fail, but skill of any kind will prevail. What is considered a success in our country is hoped to lead to similar successes in countries trying to attain a reasonable level of their economy already in the early and difficult stages of their independence.

Johan Lindberg

#### SWITZERLAND

*The following article is an extract of an address on "The Training for Inter-*

*mediate Management in Developing Countries" given by Mr. Ch. H. Barbier at the European Conference of CECIOS (European Centre of the Scientific Organisation's International Committee) in Rome in October 1962. Although it deals with the beginning stages of the Swiss training project for Dahomey, the article, in its original form, is considered factually valid for reproduction in this series.*

*Edit.*

THE "Patenschaft" or sponsorship system is not as yet very widely used as a method of cadre training, though Maurice Domergue and others are of the opinion that it offers great possibilities for expansion, a point of view with which we are in complete agreement. With its undoubted fundamental and methodical advantages, the system replaces technical aid by "mutual self-help" which, allowing for differences in technical skill in certain respects, would obviously engender a sense of equality between people. Maurice Domergue cites the example of a well-known experiment carried out by the Netherlands Post Office which sponsored the reorganisation of the postal service in Turkey. The first phase of this project consisted in sending experts to investigate the position and draw up plans for future procedure. The second phase involved exchange of personnel of all grades between the two postal authorities, so that the "Patentkind" or beneficiary could report to the sponsor as to how the whole project was progressing once the main solution to the problems had been found. As far as the instructional teams are concerned, they receive theoretical and practical training to enable them to carry out their work more efficiently.

The most important result is, however, that, in addition to receiving friendly help in their jobs, they are also given a welcome in their private and social lives. Man is a complete entity and cannot be considered in relation to his calling alone; the more so as *homo oeconomicus* has with good reason been criticised as being narrow-minded, impersonal and in every way lacking in imagination, criticisms which could very well be applied to *homo faber* likewise.

For its part, the sponsoring country carried out in Turkey the functions of an expert and adviser. In this connection, every effort was made to supply adviser personnel in all grades of employment. If this also led to contacts apart from their work between the Dutch and Turkish workmates, the result would be beneficial to both parties. Indeed, every fruitful sponsorship project leads ultimately to such reciprocal exchange relationships.

In his commentary, Maurice Domergue mentioned the following advantages of the system: uniformity of outlook and method, continuity of ideas and purpose, formation of lasting contacts which ultimately result in work of long-term or even permanent value out of what was in the first place only a short term project.

Numerous examples could be cited of this type of sponsorship project: exchange of doctors and nursing staff between hospitals; exchange of teaching staff between the Physics Institute of Grenoble and that of Tananarive, etc.

Today, however, the system has been extended in a very special way which goes much further than the examples mentioned above. Whether or not it sets an example, we should like to bring it to the reader's notice. We refer to the Sponsorship Project of the Swiss

Cooperative Union, VSK (now Coop Schweiz) to create a workable and progressive cooperative movement in Dahomey.

#### A Unique Patenschaft Project

The driving force behind the Swiss cooperative movement's project in aid of Dahomey was not primarily money, but organisation and human sympathy. Of course, a minimum of capital was needed as well to start cooperatives in any developing country and supply the necessary equipment for them. In its Five Year Plan, the VSK estimated that one million francs per year would be sufficient. Part of this sum would be raised from the 760,000 member families of the various societies affiliated to the VSK who were asked to subscribe one hundredth part of the dividend due to them over five years; the rest of the money would be raised from the 20,000 employees in the societies who, it was anticipated, would donate one hour's wages every three months to the project. In this way, a fund of 750,000 francs from dividends and 250,000 francs from wage contributions would be available.

This voluntary action immediately produced two results:

A greater response to the project in Switzerland itself where, in an effort to bring home the necessity to make some sacrifice to something like half the population, the organisers carried on a ceaseless advertising and public relations campaign;

a great response in Dahomey where it was realised that for once money had no strings attached to it, and it was possible for a whole people—and a white people at



that—to take to another people, so to speak, like brothers.

To describe the training of cadres for the already existing and the new cooperatives in Dahomey would require a long report, a large part of which would be taken up with the very special psychological climate surrounding the project. To understand this required close contact with many ministries, contact with the people through the radio and press, reports by already trained cadres, tours of the country by teachers, agronomists, organisers, book-keepers, ethnologists, film people, photographers, etc. Obviously, the cost of administration and organisation of the project had to be taken over by the VSK, so that the donors could always be sure that every franc donated represented a franc spent to establish a cooperative in Dahomey.

Briefly, the Plan aimed first of all at establishing agricultural producers' cooperatives, the formation of consumers' societies being postponed until later on. Alongside the agricultural societies would be school cooperatives, societies for women and, if necessary, fishery societies. The ultimate aim was to raise the economic and cultural standards of the population, and to prove that, in five years, a developing country could improve its position to a considerable degree by voluntary, democratic and cooperative means.

The teams for the agricultural cooperatives, supervisors and mechanics were chosen jointly by the Ministry of Agriculture—which, in this connection, appointed a former student of the Collège coopératif de Paris who was head of "Action rurale"—and the rector of the VSK Cooperative School. Sixty young people already employed in ag-

riculture from all over the country, more especially from sectors envisaged for the first societies, were chosen. They were given tests which, in the judgement of Swiss experts, revealed considerably greater natural gifts over Europeans of comparable standing.

The sixty candidates were then invited to take part in a fortnight's preparatory seminar in Porto-Novo under the aegis of UNESCO, the I.C.A., the Government of Dahomey and the VSK.

During this seminar, the candidates gained a clear idea first and foremost of the full implications of the whole project and the part they were intended to play in it. Those who were to receive further training in Switzerland were told that, during the six months, they would have to work very hard indeed, be up by 5 o'clock every morning and work the whole day in the fields. They were also told that they belonged to the land and would have to return to it, and that, in making their decision to work to build agricultural cooperatives, they must renounce once and for all an appointment as a civil servant or any other lucrative career; but they were also told that as advisers to the village authorities and in positions of trust in the cooperatives, their contribution, although modest in the initial stages, would do much to improve the food situation and general living standards of the village population.

At the time when the afore-said was written, there were three teams of young workers from Dahomey working under these severe conditions in three of VSK's agricultural enterprises. Later on, once the proposed Mechanised Agricultural Training Centre of the Schweiz. Stiftung für technische Ent-

wicklungshilfe\* has begun working in Dahomey, the transitional teams of the cooperative aid project will no longer be trained in Switzerland, but in their own country.

Ch. H. Barbier

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\* This Centre was established in May 1963.

### UNITED KINGDOM

TO outline such achievement as we have made in the training of cooperative experts, I propose to ask myself three or four questions about it and make the answers as honestly as I can. If such honesty is to be the order of the day, I had better begin with it—and acknowledge that our survey of what we should do and our programme for doing it have not proceeded with such orderly sequence. The dialogue between needs in the developing countries and provisions which we might make in the British Cooperative College has not proceeded in that tidy schematic form. But it will still be useful to follow the pattern even if it falsifies history to some extent.

*First of all, what resources do we have at Stanford Hall (Loughborough) that are relevant for this kind of training?*

There is the setting of the College into which the "trainees" come: about 120 places in the reasonable privacy and comfort of Stanford Hall and within its broad 300 acres—places which overseas participants share with British students in management, in secretaryship and accountancy and in a course for a Diploma in Political, Economic and Social Studies awarded by the University of Nottingham. Then there is the resource of financial provi-

sion to enable overseas participants to come to the College. The fees are held at a level considerably below cost and that subsidy represents a substantial contribution by the British Cooperative Movement. The British Government, however, through its programme of technical assistance is by far the main supporter and the great majority of our overseas participants are dependent on it. And we can say that without diminishing our gratitude to the various international agencies which also make smooth the way for some students to come and join us.

Then there is the third resource and by far the most decisive one: the quality of the experience we can make available here and the effectiveness we can achieve in communicating it. We draw of course on whatever is relevant in the experience of the consumer movement. We have good and productive relations with the British agricultural movement and see these developing even more effectively. We have the experience of the permanent staff of the College who have served in the developing countries. We have the contribution of visiting specialists who may bring for exposition and analysis the results of their work in Africa or Asia or may come from departments of agricultural economics in neighbouring colleges and universities. We have—and would like to have more of—the contribution of cooperative teachers from the developing countries coming into the College to undertake the double task of research into some area of British experience and also of teaching from their own resources of experience abroad. And, finally, we have the experience which the students themselves bring—in any year from about 25 different countries—and a good



Stanford Hall, the Cooperative College at Loughborough

deal of our task is to analyse, codify and project the knowledge and skill they possess. From these various areas we have to try and build up the content and communication which, as I say, is our most important claim to be of service: the physical fabric, the equipment and so on of a training institution are useful but secondary.

*Next we have the question: how have we organised these resources so far?*

We have established at the College an International Cooperative Training Centre, carving out and identifying this area of our work quite distinctly. It has the benefit of an Advisory Council which draws its membership not only from the Cooperative Union but also from the agricultural cooperative movement, from neighbouring universities, from the Ministry of Overseas Development and from individuals of special interest and experience. Within its scope, apart from the study tours and programmes arranged for individuals and groups coming in quite heavy

traffic to Stanford Hall, our main provisions are along two lines:

1. Medium-length courses of 8 to 12 weeks, of which in the last three years, for example, there have been six covering store management, supermarket management, methods of cooperative and adult education, etc. These have drawn participants from Africa, Asia and Latin America.

2. Sessional courses lasting from October until June. Since 1947, we have received in such courses 626 participants from 56 different countries. They now attract about forty participants each year and lead to two awards. A Certificate in Cooperation Overseas is awarded by the College itself; and, since 1968, a Diploma in Cooperative Development is awarded by the Loughborough University of Technology. The standard of entry to this is high: a first degree is normally required, though equivalent qualification or experience will be accepted. The curriculum covers economics and eco-

nomics of development; organisation and management and management accounting and statistics; a comparative survey of cooperative institutions and cooperation and the State.

*The third question is: what are the needs, continuing or changing, which we have to keep constantly in mind if we are to shape our response effectively in the future?*

This self-discipline of seeing that what is provided matches what is needed has to be constantly exercised. We have, therefore, to look over the cooperative scene and identify the guide-lines we can find there. Certainly, the need for accelerated cooperative development in various countries not only remains great but is at least as urgent as ever. If cooperative societies do not meet the test of "producing the goods", then there will be increasing and intelligible pressure for the countries and their governments to turn to other forms of organisation. Then we have to acknowledge that in the developing countries government policies and programmes are still the main determinant of the pace and direction of cooperative progress. From this many different implications can be derived: for example, in relation to education and training, this must mean that the provision for the policy-makers of cooperative development should include understanding of the general economic and social policies of the community which provide the context for cooperative advancement. Or again, there is the question: if initiative and influence lie so much with governments, but if the desire is to develop the power of cooperative institutions for democratic self-development, would it not be a special task for the developed movements to analyse their history and experience to see

what they can contribute towards fulfilling that desire?

There is the certainty that the developing countries are now showing cooperative institutions of a considerably complex and sophisticated kind. This does not mean that the simpler forms have ceased to exist, but that in many areas there are now also very large and complicated institutions—in marketing, financial arrangements, processing, distribution of consumer articles, etc. This again has many implications: for example, if education and training are to match this trend, then they will have to include attention to quite sophisticated business techniques and skills which large-scale operations require. And, finally, we can note the development—nationally or regionally—of training centres and colleges in the developing countries which inevitably will take up some of the obligations which used to fall to colleges and centres elsewhere, including Stanford Hall.

*Finally, there is the question of a response to such changes: what should we do to meet these continuing or new conditions?*

The process of challenge and response, of demand and adaptation continues constantly but possibly at different paces in different times. Stanford Hall, too, already responded quite substantially in many ways to the conditions I have outlined: for example, the curriculum for the Loughborough University Diploma took explicitly into account the increasing complexity of cooperative organisation, the power of government policies and therefore the need for cooperative policy-makers to understand general economic and social processes and the consequences of the establishment of training centres in the



College Presentation Day, 1964. High Commissioner for Tanganyika (Tanzania), and ex-College student, with a College student from Ghana. Mr. Abbotts and Mr. Marshall, College Principal, in attendance.



College Presentation Day, 1965. Certificate given to student from the Cameroun Republic

developing countries. Nevertheless, we have to consider what more we should do and, looking over the horizon, I would expect that our future lines of change will run as follows:

1. There will be increasing concentration on more advanced levels of work. In this we shall be following the trend, for example, of universities where, some years ago, a very heavy undergraduate population came from the developing countries; now there is much more concentration by these universities on provisions for post-graduate students and for research workers. Within our microcosm we shall reflect, I expect, something of the same pattern.

2. Our provisions will become more diversified and include more specialist courses. In particular, this will be achieved through more medium-length courses—a span for which responsible cooperative officials are more likely to be spared. It will be important in such courses to deal with the economic and business problems of cooperative development, but not to limit them to such matters. There will remain a need and a desire for the encouragement of democratic direction and involvement in cooperative movements in the developing countries and we shall have to

see if we can make provisions relevant to that. For these medium-length courses we shall consider whether any could and should be conducted partly at Stanford Hall and partly in one of the developing countries.

3. There will be more joint action between Stanford Hall and institutions in other countries engaged in provisions of a similar kind. This may begin, for example, by receiving here some of the participants in the courses at the Swedish Cooperative Centre and by sending for a study tour to Sweden at least some of our participants.

4. There will be more research, I hope, into problems that could be of assistance to Cooperation in the developing countries. Again, this need not be undertaken alone: there are the institutes and centres for development studies already associated with various universities. The interest could usefully begin with a survey of the research already undertaken, which would also be a help in identifying what more is needed.

So runs the catechism and some of the answers to it. I suppose a fair conclusion is: we have already done something and there is much more still to do.

R. L. Marshall

#### Erratum

In the article "A Practical Vision" in this Review, No. 4, 1969, p. 162, line 7, the figure 10,000 (television sets) should read 10,000,000.

Edit.

## COOPERATIVE BANKING IN WESTERN NIGERIA YESTERDAY, TODAY AND TOMORROW

by Oladele Adeyeye

ESSENTIALLY, Cooperation in the modern business concept is the sum-total of the people's achievement through self-effort. Yet, in most of the developing countries, the organisation has been seen as the entire creature of the government. It is not difficult to account for this view, since most of the information readily available to the public in respect of the new nations have invariably emanated from government sources which tend to glorify government achievements often to the neglect of the people's contribution. But just how long such an attitude can endure will depend on what new light is thrown on the various activities of the movements. Right now, these countries are coming to realise more than ever that properly founded and rightly guided, few, if any, socio-economic institutions hold better promises for rural development than Cooperation. Therefore, in a bid to go all out the cooperative way, local cooperatives are being increasingly subjected to searching questions, especially in some of our

universities and cooperative schools.

In the following brief account, some of the current historical findings are used to focus attention on the cooperative Bank of Western Nigeria Ltd.—generally acclaimed the people's Bank and the backbone of the Western Nigeria Cooperative Movement—as the Bank's history has revealed that Cooperation in the developing countries may not all be gifts from governments anxious to promote the welfare of the people, but may sometimes represent, as in other lands, the result of the people's spontaneous desire to satisfy a deeply felt need through self-effort. Moreover, the picture may have some lesson for other cooperatives elsewhere, particularly for those still struggling to find their feet.



What then, one may ask, were the origins, the development, the present capacity, the possibilities, and the limitations of the Bank?

### Origin and Development

It is interesting to see how the pioneers, most of them poor farmers, so early came to realise that one of the surest ways to better living was through Cooperation, although they apparently knew nothing about modern orthodox Cooperation and did not use the term "cooperative". In a predominantly agricultural economy, not only dominated by the big firms but also foreign controlled, the farmers could hardly expect equitable prices for their produce. It was therefore not surprising that the first move at cooperative formation originated among farmers, three hundred of whom gathered at Agege, near Lagos, on 5th July 1907 to pool their resources together and work out what they called their "economic salvation".<sup>1</sup> The Agege Union was planned as the nucleus of a West African-wide organisation to be owned and managed by the farmers for marketing their produce. Side by side with the marketing organisation was to be a "people's Bank", with two main offices in Lagos and Accra and another in London, to serve the members' needs. Individual holdings in both were to be on equal basis to avoid domination by any one member; management was to be essentially democratic and all profits were to be ploughed back into the business to strengthen their finances.<sup>2</sup>

<sup>1</sup> Report of the interview between J. K. Coker and R. E. Dennett, Provincial Forest Officer, and Henry, Director of Agriculture, 16 June 1909, COKER PAPERS (National Archives Headquarters, Ibadan).

<sup>2</sup> Coker Papers, *op. cit.*

Sadly, however, although the marketing arm succeeded in organising branches in many parts of Nigeria and Ghana and thus paved the way for the establishment of the West African Cooperative Producers Ltd. later, the Bank never got off the planning stage. The money set apart for its funding was expropriated by some members and the idea of a "people's Bank" had to be temporarily shelved.<sup>3</sup>

Though the banking attempt had been a failure it none the less had some significance. It was an expression of the people's desire to establish a central financing agency owned and directed by them, not just with the intention of making profits for the members but with profits as a means to a greater end, better living for all. The cardinal point was self-help which is fundamental to all modern cooperatives.

This was the spirit that spurred a Ghanaian farmer-business man, Tete-Ansa, to found, in conjunction with a number of other West Africans, the Industrial and Commercial Bank, registered in Lagos on 13 July 1928, to finance the operations of the West African Cooperative Producers Ltd.<sup>4</sup>

Again, it was a failure. In spite of the initial popularity of the Bank, its finances were never enough to bear its burden and, at the end of the second year of operation, a net loss of £7,759 was recorded, while paid-up share capital went down from £10,023 to £7,125.<sup>5</sup> Coupled with lack of suffi-

<sup>3</sup> *Ibid.*

<sup>4</sup> Tete-Ansa, W., *Africa At Work*, New York, 1930, p. 81.

<sup>5</sup> Hopkins, A. G., Economic Aspects of Political Movements in Nigeria and the Gold Coast, 1918-1939, *Journal of African History*, VII, 1 (1966), p. 141.



cient capital was the hostility of the existing Banks, all foreign. These Banks detested competition and did all they could to thwart the efforts of the new Bank. Ironically, two of the Banks which are today among the Co-Bank's best allies, were then its bitterest enemies.<sup>6</sup>

Other equally abortive attempts followed in subsequent years and, in 1938, efforts were strongly revived once more for "a Communal Bank for the Cooperative Movement".<sup>7</sup> The contention was that the primary aim of all true cooperatives was to improve the conditions of the people and overcome economic and other problems by joint action and that this idea could find no better medium for manifestation than through a cooperative Bank, controlled and maintained by the members for the common good of all. Such a Bank, it was further argued, would call for intensified and persistent efforts on the part of the members to encourage thrift and also save needed interests for further development schemes.<sup>8</sup> As in the past, nothing came out of it.

In the end, the people had to wait for the assumption of political power by fellow Nigerians before they could have a Co-Bank. This was not before 1953. And it was at the people's own initiative, although it was then plain that no popular government could continue to ignore the crying need for a Co-Bank. The Cooperative Thrift and Loans Societies alone had at this time about £250,000 more than enough for

its immediate needs, while the marketing sector was badly in need of loans for its marketing operations.<sup>9</sup> A central financing agency to co-ordinate the finances of the various arms of the movement was thus a must.

In another determined effort, funds available within the movement were mobilised in 1952. Thereafter, looking round for more capital, the movement approached the Cocoa Marketing Board through the Government for assistance from the Board's accumulated surpluses. Fortunately, realising that the marketing cooperatives had, for years back, contributed about 15 per cent of the Board's produce which made the surpluses possible, an outright grant of £1,000,000 was willingly made in answer to the movement's call.<sup>10</sup> This indisputably represented a landmark in the Nigerian cooperative history, but to give the impression, as popularly held, that the history of cooperative banking effort did not begin until the Government gave the idea a stir and that the Bank was entirely of government's creation, is half the truth. 1952 was evidently implicit in 1938, no less than in 1928, and even in 1907. And for the grant, if arithmetical proportion is applied, it becomes clear that the £1,000,000 represents under one-seventh of the cooperative share in the Board's business. There is no intention whatever to under-estimate the Government's contribution through its agency, the Board, a story that would most probably have been different under the colonial ré-

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<sup>6</sup> The *Lagos Daily News* of 23 Oct. 1931 vividly reveals the hostility between the Bank and its expatriate counter-parts and their contribution to its final death.

<sup>7</sup> *West African Pilot*, 10 Aug. 1938.

<sup>8</sup> *West African Pilot*, 10 August 1938.

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<sup>9</sup> *Government Policy Paper On Cooperatives*, Ibadan, 1952, Section VI.

<sup>10</sup> Osunmakinwa, M. A., *The Cooperative Bank of Western Nigeria*, Ibadan, undated and mimeographed, p. 1.

gime. All that is being done is an attempt to put the picture in the right perspective. Rather than a government venture, it should be seen as the people's enterprise to which the Government was invited to discharge its rightful duty, which it did; no more.

However, when the Bank was formally inaugurated on 23 April 1953, it was a big step forward, a milestone, indeed, a turning-point in the movement's difficult history. Today, sixteen years after registration, to what extent is the Bank justifying the high hopes of its founders?

### Evaluation

Judged by any standard, the Bank has grown into a big business. As far back as 1964, it was already the third largest in the indigenous banking sector, and the largest in terms of the number of small savers not only in Western Nigeria but throughout the Federation.<sup>11</sup>

To the cooperators to whom it owes the primary obligation, it has lived up to expectations. First on the list of its beneficiaries is the marketing arm of the movement to which it has granted successively since 1961 loans to the tune of not less than £4,000,000 annually.<sup>12</sup> Next is the Cooperative Consumers' Association, which it has successfully financed with loans, to which end the Association has always enjoyed overdraft facilities up to £500,000, including £250,000 interest free.

Admittedly, the Bank's attention was initially concentrated on produce marketing and consumers' trade. This was

to break the monopoly of the foreign firms in these fields. But as from 1958, consideration was also given to agricultural credit, an item which has since been claiming about £80,000 of the Bank's expenditure annually.<sup>13</sup> Here, the Bank's contribution deserves special mention, for agricultural credit is a very risky venture which most Banks would scarcely undertake. It is also noteworthy that the Bank's modest example has brought the need to the Government's notice, for which purpose it set up an Agricultural Credit Corporation in 1964 to supplement the Bank's efforts.

In fine, one can safely generalise that no arm of the movement has been neglected by the Bank. It is the live-wire of the fishermen's cooperatives, the Cooperative Printing Press, the industrial cooperatives and the artisanal cooperatives, to which it usually makes direct loans. And, lastly, the credit sector: for the societies in this group, apart from playing the role of the Clearing House, the Bank helps to channel their surpluses into profitable enterprises, acts as custodian for large sums required at short call and guarantees sure loans whenever necessary.<sup>14</sup>

In its own small measure, the Bank has carried its ideology of "Life more abundant through co-op banking" far beyond the confines of the cooperative movement. Recently, in compliance with the Federal Government's banking ordinance, it was incorporated as a

<sup>11</sup> Cooperative Federation of Nigeria. *National Cooperative Statistics*. Lagos, 1964, p. 4.

<sup>12</sup> Annual Reports of the Bank for the relevant years.

<sup>13</sup> *Ibid.*

<sup>14</sup> The author's M. A. (Ibadan) thesis on "The Western Nigeria Cooperative Movement, 1935—64", yet unpublished, contains useful information about the various sectors of the movement up to 1967.

commercial Bank. Until then, membership was officially limited to cooperative societies. Since then, in its dual position as a cooperative-commercial Bank, it has been thrown open to all, an advantage being utilised more and more by people from all walks of life, cooperators and non-cooperators, farmers, petty traders, market women, business tycoons, artisans, civil servants, university lecturers and professors.

The traditional view is that government generosity more than anything else has so far accounted for the Bank's exceptional success. But even if the thesis of government creation holds, which is doubtful, how does one explain the failure of certain other cooperatives to which the Government has been no less generous? Surely, other explanations must be found for the outstanding success of the Bank, which also well reflects on the general outlook of the movement as a whole. One secret now coming to the open is the yet unbeatable efficiency of its management. It has been demonstrated beyond doubts that the principle of democratic control made possible by enlightened membership, coupled with devoted service from employees who are themselves dedicated cooperators, could work miracles for the institution. At local, divisional and central levels, this quality has vindicated the cooperative cause. The Bank has not only achieved self-control for itself, it has been in the forefront in making truly meaningful the principle of democratic control for the entire movement throughout Nigeria in general and in Western Nigeria in particular. In the 1965 episode, when the Government wanted to curtail the independent status of the movement by passing a new

law to convert it into a quasi-government corporation, it was the Bank that led the other arms of the movement to take court action against the Government and to pursue the issue until the obnoxious law was abrogated.

Judging from the overall performances of the Bank, one cannot help sharing the popular view that it has, to a great extent, admirably fulfilled the purposes of its existence.

However, though it is now looked upon as a pride for the whole of Africa, many people are at the same time painfully aware that it is not exactly what it ought to be.

One of its greatest problems is its peculiar lending policy, by which it does not insist on material security before loans are granted—such loans being allowed purely on absolute reliance on the characters of the borrowers, if individuals, and on the history of the organisations and the probable viability of the projects contemplated, if societies. Obviously, this is in the interest of most of the members, who, because of their poverty, cannot easily produce material security before borrowing. But this system does not make for the rapid expansion of the Bank's business. In this connection, Chief Onagoruwa, the General Manager of the Bank, confirmed that, in a single instance, such a practice once involved the Bank in a loss of £100,000.<sup>15</sup> This, perhaps, is a field where the Bank should, for the sake of sound business, watch the other players on the field and play the game as they do, not in any special cooperative way, i.e., while not making profits the end

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<sup>15</sup> Onagoruwa, G. A., *Mobilisation of Local Savings*. Paper read at the I.C.F.T.U. Conference at Kampala in 1964, p. 10.

of all but a means to services, due attention could be paid to the best ways of making the services possible.

If adherence to ideology has worked to the detriment of the movement in one way to the extent of necessitating a re-thinking, there is yet another example where continued adherence to principle should be advocated unreservedly in view of the Bank's experience. In this case, the principle involved is that of political "neutrality" or "freedom" or "independence" which has been found worth cherishing at all costs. Dogged adherence to this principle has enabled the Bank to lend its support, without actually committing itself, to any progressive political party during the civilian régimes, although it happened at times that the party in power in its ruthless application of "those who are not with us are against us" became unfriendly. It was the refusal of the Directors of the Bank to identify themselves with the ruling political party in Western Nigeria in 1965 that led to the repudiation of the Government's earlier pledge to use the Bank as the agency through which the Government was to channel agricultural credit to the cooperative farmers.

It is good that the Bank is experiencing these difficulties in its attempt to operate as a cooperative under principles now more than 100 years old and in a completely new situation. One can only hope that the Bank's experience may further strengthen the case for a review of the principles already receiving the attention of many cooperators all over the world.<sup>16</sup> Such a

subjection to critical self-examination is, and should be, in itself most welcome. It is an evidence of maturity and will go a long way to disprove the charge that Cooperation is ever conservative.

### **The Future**

The study has shown the immense possibilities of the Bank. There is clamour for more branches everywhere and with the continued development of Nigeria, especially after the cessation of hostilities, banking business will definitely continue to grow, and the Co-Bank is sure to be an important part of that growth. Vast opportunities still abound particularly in the rural areas, where few commercial Banks presently operate. Having rightly encouraged thrift through organisations, such as the small Cooperative Thrift and Credit Societies and the Cooperative Loans and Savings Societies in the localities, the Bank has a duty to come to the aid of these societies to properly channel and disburse their funds. True, the additional initial establishment and running costs required for such new branches may be a deterrent. But if the Bank is to continue to sustain the movement and initiate as well as execute further development programmes, it must accept the challenge. The necessary capital has to be found, and nowhere but within the movement.

Should the experience of the Cooperative Bank of Western Nigeria be anything to go by, a case has here been established for the impregnable position of a Co-Bank in a virile cooperative set-up. The history of Cooperation in Western Nigeria (and in the former Eastern Region before the present civil war) also makes this a sine qua non for Mid-Western Nigeria, the six

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<sup>16</sup> See Volume 60, No. 6, November 1967 issue of *International Cooperative Alliance, Review of International Cooperation* on the topic.

states of Northern Nigeria, and one may add, Lagos, now being inadequately served by the Western Nigeria Cooperative Bank. It is also not without any message for cooperators in other lands, particularly brother-cooperators in the new developing nations. Where-

ver such Banks face threats from the commercial Banks already well entrenched, it may be well for the governments to come to their aid morally and possibly financially, if necessary, with a view to supporting them to make them absolutely self-supporting.

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## TECHNOLOGY, SOCIAL DEVELOPMENT, AND COOPERATIVES IN LATIN AMERICA: THEIR PART IN AGRARIAN REFORM

by Mario Yuri

### General Remarks

ONE of the many aspects of agrarian reform that have not been sufficiently discussed is the role of the various organisations of beneficiaries on which it should be based. Among the most important of these are cooperatives.

Agrarian reform, however it is defined, wherever it is carried out, and whatever the pace of the programme, must be thought of basically as "rural development" in the simplest sense of the term—that is, increasing production and productivity so as to raise income and improve standards of living in the agricultural sector.

For agrarian reform to be effective—that is, for it to have the desired impact—it must involve a large number of people and a sizable area of land. Consequently, it must have an adequate institutional framework, not merely an expansion of the machinery that existed before the reform, but rather a new set

of mechanisms capable of meeting the demands imposed by the changing conditions. The absence of such a framework may cause serious bottlenecks or slow down the process.

The people affected by the reform are, or should be, drawn from the rural masses. But we have to recognise that, at the start, despite their inestimable intrinsic worth, they lack the managerial training, the skills, the organisational base, the economic strength and, in short, the general readiness to be fully incorporated into the production process. Still, these are the people who must be dealt with, for it would be absurd if a process that cannot wait were subject to a long and costly period of prior training at a time (at least in the beginning, which is the most difficult phase) when there are no means of providing it.

Fortunately, modern methods provide opportunities for at least attenuating the problem and offsetting its

effects, if not of solving it entirely. The purpose of this paper is to discuss these methods in so far as they bear on the needs for technological progress and social development of rural workers involved in agrarian reform and, at the same time, to try to define the role of cooperatives in the reform.

At first glance, there may not appear to be any relationship between these questions that would justify dealing with the two at once, but in fact there is. In my contacts with land settlement and agrarian reform programmes in Latin America, I have come to see that no clear idea exists of the role that should be assumed by cooperatives; they often get involved in technological and social development activities that, in my opinion, are outside their scope and divert them from their real goals.

### **Technological Development**

The importance to agriculture of making the latest techniques available to farmers is self-evident. This is particularly important in agrarian reform because the rural workers, as I have said, are untrained and because, with a few exceptions, the properties affected are those that are being least efficiently farmed.

Since the land itself is often of the best, it is imperative to make it yield the maximum possible output consonant with proper land use. Frequently, simple changes—in routine cultivation practices, the use of low-cost farm implements, and so forth—that cost almost nothing in terms of money have surprising effects on the increase of crop yields.

These simple devices, together with the more general schemes related to planning for the property as a whole,

budgeting, mechanisation, and so on, make up the over-all technical assistance programme, which is administered through agricultural extension—that specialised branch of agronomy that undoubtedly bears the major share of the burden in agrarian reform.

The extension team should act as an intermediary between the research services and specialists on the one hand and the farmers whom it advises on the other. Otherwise—that is, if each specialist attempts to become his own vehicle for the transmission of information—the farmer will end up in a state of confusion.

Technical assistance has to have unity, it has to be planned, and it has to be practical. It should be based on recommendations that the farmer can follow and that will be beneficial in the long run to him and to the area where he works. Only if the extension group establishes itself permanently in the neighbourhood will it know enough about local conditions to provide effective technical assistance.

### **Social Development**

Agrarian reform will be of trivial importance unless it is used to contribute to the social development of the rural population.

The living conditions of these people are only too well known. I need not dwell on the high infant mortality rates, illiteracy, alcoholism, and other causes of their low productivity. Not only must these problems be overcome; in addition, the people have to be made aware of their worth as human beings and of the place in the national community to which they have a right, and specifically, their skills and energies must be developed and channelled towards finding their own solutions to

the problems they consider most urgent. This is not "social welfare" in the old paternal sense; it is the modern community development approach. The following definition of this concept was proposed to the XIth International Conference of Social Work, held in August 1962 in Brazil:<sup>1</sup>

Community development is a conscious and deliberate effort to help communities recognise their needs and take on increasingly greater responsibility for the solution of their problems by strengthening their capabilities, so that they can participate fully in the life of nations.

This result is achieved through the establishment of services in the community and through the effective use of resources by means of rational organisation and full community participation in activities aimed at improving the economic, social and cultural conditions of the people.

The primary responsibility for community development rests with the government, although the initiative may come from the communities themselves, from non-governmental groups, or from individuals.

Within this context, community organisation is a set of techniques for mobilising and facilitating the use of resources for the advancement of the community.

Clearly, according to this definition, we cannot consider the social develop-

ment of the rural population simply in terms of school construction or lecture series and educational films. It is a process of profound change that touches the entire family. Though stimulated from outside and guided by an external multi-disciplinary effort, it is brought about by the active participation of the individual persons concerned.

The importance of community development techniques lies primarily in the fact that they are directed towards the needs and problems felt by the community rather than those perceived by outsiders. Moreover, they encourage self-help and involvement on the part of the people themselves, thus breaking through the inertia of hard-core population sectors bound by tradition and fanaticism.

### Cooperatives

Having expressed a few ideas on technological and social development vis-à-vis agrarian reform, I shall try now to define exactly what part I think cooperatives should play, first in the context of the reform and then in relation to the technological and social questions I have mentioned.

I have said that agrarian reform must be regarded as a process of rural development. In this development, economic institutions must play a leading role because, difficult though it may be for us to acknowledge this, the attainment of our social goals is going to depend on the economic results we produce. It is not my intention to claim more importance for the economic aspects than for the social ones, much less to build a wall between the two. On the contrary, I consider them indissolubly united. Without economic progress, social progress will be very limited; conversely, economic progress is point-

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<sup>1</sup> Cited in Caroline F. Ware, *Temas sobre organización y desarrollo de la comunidad; documentos de discusión para la orientación de profesionales*, Washington, D.C., Unión Panamericana, 1964. (Documentos técnicos, UP/Ser.H/VII.20.9.)

less unless it is accompanied by social progress. The two do not necessarily have to be pursued in the same way, but, in some cases, the effort can be combined.

Assuming these premises to be valid, it can be stated forthwith that the cooperative, in its role as an instrument for the economic advancement of rural peoples, is one of the basic tools of agrarian reform. It is the most suitable form of enterprise for serving the many needs of the production process—a process that becomes more complex every day as conditions in the market also become more complex. Clearly, these enterprises must be economically strong and operationally efficient if they are to compete with the other kinds of capitalistic organisations that now dominate the sector. They should be “multi-propose” cooperatives that work for the farmer on all matters outside his property line, leaving him free to concentrate on his primary task—that of making the land productive.

Though it is impossible to fix arbitrarily an ideal size—amount of capitalisation, number of members, or volume of operations—for a cooperative, it may be said that such a size has been reached when the members are able to obtain the services they need under conditions similar to, or better than, other kinds of enterprises can offer them.

It should be kept in mind that the cooperative system is still evolving. Its doctrinary bases are being carefully reviewed, and the old theories that characterised cooperatives as little more than fraternal organisations or mutual-aid societies should gradually be discarded. Of course, their most important characteristics have not changed; they continue to operate on a non-profit

basis and they have maintained their democratic essence. But they have come a long way from being social agencies.

#### **“Business-orientated” Cooperatives**

“Business-orientated” cooperatives, as we might call them, have not abandoned social action; they still engage in it, but as a side-line, to the extent that their resources permit. Thus, the more solid the cooperative, the broader the scope of its social activities.

Only the very large societies are in a position to provide hospitals, schools, summer camps, scholarships, welfare assistance, and other such benefits. It has been argued that the cooperatives of this size and strength lose their direct social ties to which the purists attach so much importance, and that the practice of democracy becomes somewhat restricted. This is not altogether true: the social tie is maintained where it counts the most—at the community level—and the lower levels exercise their rights through directly elected representatives. But what is more relevant than this question is that benefits of the kind I have mentioned be provided, and they are valuable ones.

Individual participation, which also concerns the purists, should be encouraged in the community. Group decisions should be reached in this way and transmitted, together with those of the other groups, to the higher authority. This is not a federation, but rather a centrally administered cooperative with branches or agencies wherever its operations justify them. Representation should be proportionate, based on whatever limited number of persons is thought to make possible an efficient management.



### “Good Samaritan” Cooperatives

The opposite of the “business-orientated” cooperative would be what I shall call the “Good Samaritan” cooperative—an organisation conceived basically for the purpose of effecting social development. It is deliberately kept small so that close social contact can be maintained, that democracy can be exercised more “directly” and that individual members can participate more actively. Its services are limited of course, because it is economically feeble. It is intended to serve as the basis for a federation that would operate on a scale comparable to that of the “business-orientated” cooperative.

But it is hardly conceivable that the banding together of several weak societies will make for one strong one. What will actually happen is that the various structures, including the two most important ones, the financial and the administrative, will become weaker as they get more complicated. The financial structure will be weakened by the dispersion of resources to cover the operations of two kinds of entities, one of which is further broken down into numerous insignificant units. And the administrative structure, for its part, will be faced with an inability to hire competent managers, because operations are too limited and income consequently too low; with a shortage of leaders, because the people involved in agrarian reform are unprepared and cannot be trained overnight; and with a need

for multiple controls to supervise the many units.

Thus, saddling cooperatives with objectives that I regard as inappropriate hampers them in their true function as economic bulwark of the reform by making it impossible for them to provide, all the services they should provide. The government is then obliged to make up the difference, with the result that resources are mis-spent.

To summarise the role of cooperatives as an economic instrument, I should say that, first of all, it must supply all the elements necessary for attaining increases in production and productivity, and that these increases must be translated into real economic benefits which are essential to social development.

It serves no purpose for an agricultural extension service to recommend new practices unless farmers have access to the goods and services necessary for adopting them. Likewise, increases in productivity are of no avail if prices are depressed because of an excessive or disorganised supply. By the same token, home economics training and health education will be wasted if the means to improve the home are not available.

Cooperatives, in short, should take the place of the local entrepreneur who exploits the farmer by charging him high prices, by buying from him at low prices and keeping him in debt. Weak cooperatives will not achieve this goal.

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# AGRICULTURAL COOPERATIVE MARKETING IN INDIA

by M. R. K. Reddy

**T**HE Cooperative Movement in India, by implementing the Cooperative Credit Societies Act, has registered noticeable progress in recent years in rural areas due to marketing of crops. Its impact on the Indian economy is more clearly brought out in the report of the All-India Rural Credit Survey Committee. In India, where agriculture alone contributes nearly 50 per cent of the total national income, 70 per cent of the people depend on agriculture. Hence the marketing of agricultural produce has become an important factor in the economic set-up of the country.

The art of distribution is more difficult than the art of production. In the words of the Marketing Committee at the United Nations Conference on Food and Agriculture, held in 1945 at Quebec, "Marketing is the crux of the whole food and agricultural problem. It would be useless to increase the output of the food and it would equally be futile to set up optimum standards of nutrition unless means could be found for more food from the producer to the consumer at a price, which represents a fair remuneration to the producer and is within the consumer's ability to pay." To solve this distribution problem of agricultural produce, regulated markets and cooperative mar-

kets are developed.

## Need for Cooperative Marketing

The need for cooperative marketing arises from a variety of factors in India. These are in the first place that this is purely an agricultural country and more than 70 per cent of the people depend on agriculture and, with the defects and malpractices in the existing system of agricultural marketing, the farmers are not getting good prices for their surplus produce. The money-lender and the money-lender-cum-trader are extracting the means of the poor farmers. Describing the powerful position of the trader-cum-money-lender, the All-India Rural Credit Survey Committee remarked that "often enough the cultivator's position is that of having to bargain, if he can, with some one who commands the money, commands the credit, commands the market and commands the transport". The only remedy is to organise a cooperative marketing society under these circumstances. In this context, the Royal Commission on Agriculture in India (1928) rightly remarked that "until the agriculturist realises that, as a seller of produce, he must study the art of sale either as an individual or through a combination of other producers, it is inevitable that he should come off second best in the

contest with the highly specialised knowledge and the vastly superior resources of those who purchase his produce". To organise a farmers' cooperative society is essential.

### **Cooperative Marketing**

In the words of Bakken and Schaars, "A cooperative sales association is a voluntary association established by its member patrons to market farm products collectively for their direct benefit. It is governed according to democratic principles and the savings are apportioned to the members on the basis of their patronage, as owners, operators and contributors of the commodities handled are the direct beneficiaries of the savings that may accrue." The cooperative marketing society is purely a voluntary association of the farmers, formed by themselves, to market their produce through their own societies in order to fetch higher prices out of their surplus produce.

Many years ago, Henry Wolff, an eminent British cooperator and the then President of the I.C.A., emphatically maintained that cooperative marketing is a task whose accomplishment will be the yardstick for ultimately judging the success of agricultural cooperation.

### **Pattern of Organisation**

In India, the pattern of organisation is a two-tier and three-tier system: the primary marketing society at the base in the wholesale mandi (market) centres, the central marketing societies at the district level (only in some states) and the apex marketing society at the state level. There is also a National Agricultural Cooperative Marketing Federation in New Delhi. The M. L. Danwala Committee on Cooperative Marketing (1964) recommended that the future

pattern of organisation of marketing cooperatives should be a two-tier system, with the apex society at the state level, primary marketing society at mandi level, and branches of the apex marketing society at district or regional level. As of 30th June 1967, apart from the National Agricultural Cooperative Marketing Federation, there are 20 state level marketing federations, 173 district marketing societies and 3,259 primary marketing societies in India.

### **Membership**

As of 30th June 1966, the membership of the primary, central and apex marketing societies is 2,239,010, 110,197 and 21,165 respectively. The membership of the National Agricultural Cooperative Marketing Federation is 23.

### **Financial Position**

The total paid-up share capital of primary marketing societies, central marketing societies and apex marketing societies as of 30th June 1967 is 186,900,000, 24,200,000 and 52,690,000 Rupees respectively, and the share capital of the National Agricultural Cooperative Marketing Federation is 1,518,000 Rupees. The working capital of the primary marketing societies, central marketing societies, apex marketing societies and the National Cooperative Marketing Federation in the year 1966-67 is 1,261,200,000, 463,200,000, 1,198,200,000 and 15,800,000 Rupees respectively.

### **Marketing Operations**

Marketing societies at various levels are marketing agricultural produce. The value of agricultural produce marketed by cooperatives between the

years 1960—61 and 1966—67 is shown in the following table:

Year	Value of agricultural produce marketed by cooperatives (in Rupees)
1960—61	1,786,500,000
1961—62	1,746,900,000
1962—63	1,598,600,000
1963—64	2,267,400,000
1964—65	3,004,000,000
1965—66	3,604,100,000
1966—67	3,381,000,000

It will be seen from the above table that the value of agricultural produce marketed by cooperatives in the year 1966—67 is 3,381,000,000 Rupees as against 3,604,100,000 Rupees during the previous year. The decline is mainly due to adverse drought conditions affecting the sugar cane.

The following table shows the value of food grains marketed by cooperatives between 1964—65 and 1966—67.

Year	Value of food grains marketed by cooperatives (in Rupees)
1964—65	944,300,000
1965—66	1,367,500,000
1966—67	1,475,500,000

The above table shows that the value of food grains marketed by cooperatives is more satisfactory. The trade in food grains may increase in the years to come.

### Processing

Processing is one of the most important prerequisites of marketing. Sub-

sequent to the harvest and before consumption, every agricultural produce is subjected to one or more forms. Nearly 50 per cent of the surplus produce reaches the consumer in the original form. Marketing and processing should be linked together to process the members' produce and fetch higher prices for them. At the end of June 1967, the total number of cooperative agricultural processing units is 1,547, namely, 778 rice mills, 263 cotton pressing, 76 sugar factories and other types.

### Storage

There have been about 17,476 godowns constructed at the end of the year 1966—67, of which 3,281 are marketing societies godowns and 14,195 rural godowns. The storage capacity is 2,420,000 tonnes. Financial assistance has been sanctioned to cooperative societies by the Government for the construction of godowns to the extent of 75 per cent of the cost of the godowns as loan and 25 per cent as subsidy.

### Linking of Cooperative Credit with Cooperative Marketing

The linking of cooperative credit with cooperative marketing is a sine qua non for the expansion of cooperative credit. The linking of credit to the marketing ensures the recovery of production credit from the cultivators and also proper utilisation of that credit for agricultural production. As early as in 1935, the Madras Government introduced a system of controlled credit in the Salem district with a view to linking cooperative credit with cooperative marketing. The three committees, namely, the Cooperative Planning Committee (1946), the All-India Rural Credit Survey Committee (1952) and

the Committee on Cooperative Credit, have strongly recommended that there should be a close link between cooperative credit and marketing.

The following table shows the affiliation of credit societies to marketing societies between 1961—62 and 1966—67.

Year	Total No. of credit societies	No. of societies affiliated to marketing societies	Percentage of affiliation
1961—62	215,000	90,000	41
1962—63	211,000	102,000	47
1963—64	211,000	121,000	57
1964—65	210,000	128,000	61
1965—66	197,000	140,000	71
1966—67	176,000	130,000	74

It will be seen from the above table that the progress of affiliation is satisfactory. In the year 1961—62, it was only 41 per cent, but within 5 years, it increased to 74 per cent. It is expected that, in the coming five-year plan, almost all the credit societies will be affiliated to marketing societies.

#### **Training in Cooperative Marketing**

In accordance with the recommendations of the Rural Credit Survey Committee (1952), the Working Group on Cooperative Development and other committees have conducted training at various centres. As of 31st December 1964, 3,528 candidates had taken training in cooperative marketing.

#### **Handicaps for Development**

The agricultural marketing cooperatives are not as well developed as those in other countries because the farmers in India have not recognised their importance. Most of them are illiterate

and sell their produce to the nearest trader or money-lender-cum-trader. With the assistance of the Government, the movement has been expanding day by day, but the farmers are still in the same position. Despite the efforts of the Government, it is true that cooperative marketing has not made much impact. For the efficient working of marketing cooperatives it is imperative that members should feel that these are their own institutions and they should sell their produce through their societies.

#### **Conclusion**

The past three five-year plans were of great importance to the development of various types of cooperatives, but little attention was given to the progress of cooperative marketing. The coming fourth five-year plan will therefore place much more emphasis on marketing societies to help their further development and expansion.

## COOPERATIVE INTEGRATION

COOPERATIVE integration was the theme of the 1969 Inter-Co-op Conference, organised by the I.C.A. Committee on Retail Distribution in collaboration with Kooperativa Förbundet, and held in Stockholm at the beginning of May. At the Conference, nine Swedish cooperators spoke of the development of the Domus chain of Cooperative Department Stores in Sweden over the previous thirteen years, of the centralisation of buying through the wholesale society and of the increasingly close collaboration between the retail societies and the wholesale society.

The Conference was opened by Mr. Kaj Nielsen, Chairman of the Committee on Retail Distribution. In his address of welcome, Dr. Bonow, President of the International Cooperative Alliance, recalled the discussions on structural changes at the Helsinki meeting of its Central Committee in 1965 and at its 23rd Congress in Vienna in 1966. It was proving necessary all over Europe for retail cooperative societies to amalgamate in order to compete more effectively with private traders; and the need to take advantage of the economies of scale was leading cooperative movements to act more and more like single organisations, that is leading to cooperative integration.

Mr. H. Hjalmarson, the Chief Executive of Kooperativa Förbundet, gave the Conference a general survey of the progress of cooperative integration in

Sweden, placing special emphasis on centralised buying which had made possible not only important economies of scale but also more skilled buying and a significant improvement in quality. As a result, Kooperativa Förbundet had been able to guarantee the replacement of any article or the refunding of money without question, and had achieved a steady increase in its share of the market.

### Domus Department Stores

After the Conference had heard statements on the latest position in other countries, it turned its attention to the details of developments in Sweden. Mr. Karl-Erik Persson, Head of the Retail Division of KF and a member of the Board, told the Conference that, when the Domus Department Stores Association was founded in 1956, the Swedish consumers' cooperative movement had only five department stores, that, by May 1969, a further 141 had been built and that 60 more will probably open by 1975.

He said that one hundred and nine of the 146 Swedish cooperative department stores were in town centres and a further 24 in urban areas. Only thirteen were out of town stores designed primarily for motorists, and two of these were the big OBS discount houses north and south of Stockholm. The 28 biggest stores stocked a range of 60,000 articles and the smaller ones from 15,000 to 40,000; and there were

also three specialised furnishing stores. Most of the Domus stores were self-service for food, with self-selection for most non-foods, and food sales had been increasing as a proportion of total sales.

### **Planning**

Mr. Sigvard Persson of the Retail Planning Department of KF spoke about the planning of a Domus store, choosing as an example the large store at Eskilstuna, which was visited by the delegates on the day after the Conference. In planning the Domus department stores, the Swedish cooperative movement had carefully analysed trends in population, consumption, retail trading and in cooperative development over a period of years and made forecasts up to the year 2000. The development of communities with more than 1,000 inhabitants had been analysed, and the rate of urbanisation was found to be accelerating.

Mr. Gunnar Savas, Chief Architect of KFAI, Kooperativa Förbundet's Architectural and Engineering Office, insisted that it was necessary to plan department stores so as to be *adaptable* to changing circumstances. In a witty talk, he gave many vivid illustrations of the kind of problems encountered in developing a chain of department stores, emphasising flexibility and simplicity. Building stores near town centres raised problems of great complexity that had to be solved in close consultation with town planning authorities. It was essential to make adequate provision for parking and to choose a site where expansion would be possible at a later date if it proved necessary. Mr. Karl-Erik Persson said that one mistake had been not to buy enough land; a second mistake had been not

to have enough courage to build stores big enough, and a third to underestimate the proportion of food likely to be sold in department stores.

Mr. Savas made it clear that it was desirable to have a store on one or two floors only, though this was not always possible in town centres, underground parking space was expensive. The cost of building had to be balanced against the cost of maintenance, and the final decision rested with the people who operated the store.

### **System A**

Mr. L. O. Rylander, Chief Architect of the Interiors Department of KFAI, described KF's own "System A" shop-fitting components specially made in aluminium and glass to KF specifications. Here again, flexibility was the important thing. Large stores with two floors and few pillars could be easily adapted to changing needs and the whole layout modified as necessary. Food was heavy and often on the ground floor where mosaic floors were easy to clean, and some stores had special KFAI ventilated ceilings.

A new two-belt check-out system had been developed by the KF-owned Hugin Company and was fitted in most stores; buildings needed to be cheap and standardised, but societies could use their imagination in distinctive interior decoration. It was clear that the Domus stores owed much of their success to the centralisation of architectural services with KFAI, where an immense amount of technical know-how and experience had been accumulated.

### **Organisation**

Mr. D. Sjodin of the Organisation Service Section of KF's Retail Operations spoke of the administration and

structure of large and small Domus Stores. In large stores, there were often five sales departments: foods, ladies and childrens' wear, mens' wear, piece goods and soft furnishings and furniture and hardware. Assistants under the departmental Manager were responsible for selling, stock control and shelf filling. There was also an advertising Manager with assistants responsible for display, window dressing and signs, and a stock management department responsible for the arrival, checking and storing of goods. There were services, for instance, for alterations of garments, and restaurants are to be found in most large Domus stores. As much office work as possible was done at the head office of the retail society rather than at department store level.

Mr. Sven Johanssen, Head of the Department Store Section of KF's Retail Operations, spoke of organisation, assortment, planning and price policy. The department processed and analysed trading results by group and by store sales development, stock development, rate of stock turnover, sales per square metre of shelf space and price reductions per merchandise group. KF buyers recommended prices for all articles and many were price labelled centrally. Prices and margins were fixed by cost analysis and every effort was made to ensure that cooperative prices were no higher than those of competing private traders. Store managers and local societies could adjust prices if they wished.

Departmental Councils were formed for each merchandise group and met from two to four times a year. Store managers, buyers and representatives of the Retail Operations Department discussed assortment policy, price policy and many other matters. Buyers

had considerable discretion in the details of assortment.

### **Central Buying**

Mr. John Sallborg, Head of KF's Wholesale Division and a Board member, spoke of the centralisation of buying and stock control. He said that KF used to have sales offices all over Sweden, from which retail societies bought supplies, but that buying had now been almost wholly concentrated in the hands of KF so that the managers of retail societies could concentrate on selling. Regional warehouses had been established in the 'fifties, and a national assortment policy worked out in the 'sixties. Central buying meant that buying was on a larger scale and at lower prices; highly skilled buyers worked closely with KF's test laboratories and fashion consultants and were able to insist on detailed specifications and higher quality. As a result, cooperative stores in Sweden were able to guarantee their customers their money back without question if they were dissatisfied with anything they had bought. Kooperativa Förbundet had four main buying departments: for ladies and childrens' clothing, for men's clothing, for furnishings, and for hardware; and there were also sections for piece goods and haberdashery and sanitary ware.

### **Stock Control**

Mr. Karl Andersson, Head of KF's Department for Systems Development and Administrative Rationalisation, spoke of stock control by computer. The computers were needed, he said, to get the right quantity of goods of the right quality in the right place at the right time. One important question was



when to order goods required and in what quantity.

Buyers wanted to buy on a large scale because they were thereby able to buy more cheaply. Sellers wanted to hold large stocks because there was then less risk of any article being out of stock. But stock control managers wanted to keep stocks as low as possible because stocks occupy valuable storage space. They might deteriorate in store, and, in any case, it costs money to store them. Computers were used by stock controllers to balance the advantages of buying on a large scale and holding stocks sufficient to meet fluctuations in demand against the advantages of keeping stocks as low as possible. They enabled stores to order the quantities required at such intervals as would reduce distribution costs to a minimum.

There were in KF buying departments, buying sections and more specialised buying groups. Orders were placed periodically at 4, 6, 8 and 12 weeks' intervals: for example, ladies stockings, the first product to be bought centrally in 1960, at four-weekly intervals. To ensure an even flow of orders, the stores were divided into four districts sending orders in different weeks.

An assortment of about 170,000 articles, was distributed through six central and 17 regional warehouses to 146 department stores, 150 supermarkets and about 300 other shops. This meant about 6,000 invoices a day and 60,000,000 transactions a year. KF used the IBM system of inventory control, known as B.O.F., standing for the Swedish words for Ordering from Warehouse, Ordering from Supplier and Invoicing. The B.O.F. system automatically produced "order blanks" for shops and stores at four, six, eight and

twelve weeks' intervals. It had been started in October 1968 and covered half the non-food items by April 1969. Some suppliers delivered directly to shops and some were paid automatically. With fashion goods, repeat orders were exceptional but trends in demand were made clear by the return of special "Kimball" labels to the Central Data Office.

Another stock control system, known as R.D.F.—Regional: Distribution: Sales Account—was used on a limited scale. Data collected from the cash register formed the basis of the automatic replenishment of goods. A third system, known as R.D.B.—Regional: Distribution: Order Point—was a development of the SLIM method and was being used experimentally by ten stores.

### Trading Results

The results of the Domus stores under the centralised buying system with stock control by computers were given by Mr. Karl-Erik Persson. Wage costs were less than 10 per cent of turnover both in 1967 and in 1968 in spite of wage increases; and rent averaged 3.2 per cent of turnover. Net surpluses averaged 5.1 per cent of turnover in 1967 and 5.3 per cent in 1968. As 1 per cent of turnover was ploughed back in 1968 and as 1.8 per cent went to cover the cost of central administration, societies had 2.5 per cent of turnover left as a surplus for dividends on purchases or patronage refunds.

The cooperative share of retail trade in Sweden had increased from 18.1 per cent in 1967 to 19 per cent in 1968; and 77 per cent of the increase in sales had come from department stores. The sales of cooperative department stores had been 18.5 per cent higher in 1968 than in 1967 and comprised 42 per cent

of all cooperative sales. Sales per worker per year had increased from 69,000 Swedish kroner per year in 1955 to 114,000 Swedish kroner in 1968. The financial strength of retail cooperatives in Sweden made it possible for them to finance a large part of the cost of the Domus Department Stores.

The Conference ended with a survey of cooperative integration by Mr.

D. H. Reynolds of the Cooperative Wholesale Society of England. It was generally agreed that, though conditions varied from one European country to another, the detailed account that was given of the Swedish experience was of great value to the cooperative movements of other countries.

P.D.

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"CONGRESS IN BRIEF" (a summary of the Proceedings, including Resolutions, of the 24th I.C.A. CONGRESS in HAMBURG, from 1st to 4th September 1969) will be published in this REVIEW's regular issue no. 1, 1970.

## BOOK REVIEWS

### A BOOK BY W. P. WATKINS: THE INTERNATIONAL COOPERATIVE MOVEMENT

*You do not have to read what I say about this book: it is quite insignificant when compared to the book itself, for this is a book which must be read!*

Ch. H. B.

It would be desirable that on the occasion of the 75th anniversary of the I.C.A. next year, the work by W. P. Watkins which has just appeared in a German version, *The International Cooperative Movement*<sup>1</sup> should be published in English, as well as being translated and published in other languages. I am not thinking so much of the other official languages of the I.C.A., French and Russian, but of Italian, Spanish, Dutch, Czech and Polish. And this list is far from exhaustive.

W. P. Watkins has no equal today in his knowledge of the international cooperative movement. And it is great good luck for us that he has taken it upon himself to provide us with such a valuable compendium on international cooperation. It requires a great deal of knowledge—I am even tempted to say: one must know everything there is to know on the subject—to be able to cover so many facts and

so many ideas within the confines of such a small volume.

This is the work of a man of culture and of style. You will find nothing in this book which smacks of the rudimentary conceptions of so-called historians who bludgeon you with dates and facts without purpose. The author combines the talents of a sociologist, an economist, a politician and a philosopher, qualified to seek out causes and to provide you with the cooperative movement's *de natura rerum*. Culture without pedantry, without ponderousness. Everything about the style denotes fluidity; thought is not a hindrance to facts, and the facts give thought no idle moments.

The work is divided into three parts.

The first deals with the origins of the cooperative movement; its development in the different countries of Europe, and internationally; its expansion (to our eyes, subsequent, yet what do we know of this aspect since it is impossible to say precisely when and where the cooperative movement began?); and finally its "integration", and how it has become international in size, structure and in thought.

Reading the first part gave me the distinct impression that my knowledge of cooperative matters was both limited and insufficient. Nothing which I know to be important in our story has been left out; indeed, I found a multitude of facts which were new to me, and many subjects for thought which had never before crossed my mind. It is as though the author's centres of interest<sup>2</sup> were of a variety

<sup>1</sup>) William Pascoe Watkins, *Die Internationale Genossenschaftsbewegung* (Ihr Wachstum, ihre Struktur und ihre zukünftigen Möglichkeiten); Veröffentlichungen der Deutschen Genossenschaftskasse, Vol. 5; 214 pages. Frankfurt-am-Main 1969; translated from English by Erwin Hasselmann.

For footnote 2, see p. 294.

and multiplicity unknown to other writers, which make these all appear virtually "one-book men", and such men are to be feared, as philosophers have said. The role of the men involved, their personalities and their ideas, the opposing conceptions on cooperation, evident among cooperators from the beginning, the national characteristics of the various movements and the weight each of these exercised in the Alliance itself, the role of the international institutions (Georges Fauquet, for example, who made the ILO's Cooperative Department into a "storehouse of cooperative knowledge"), the often unusual role played by the State in countries belonging to the Third World, everything, every aspect, is touched upon with a master's hand.

The same comment may be applied to the second part which deals with the institutions proper: the I.C.A. is analysed in depth, and particular stress is laid on the aspect of its economic and financial organisation, as well as its functions and its aims; and the international governmental and non-governmental organisations are also examined.

The third part of the work is, in my opinion, the finest and the most absorbing. Dealing with the future as much as with the present, this part is, as the author says, somewhat "hypothetical and speculative".

The role of cooperation in the developing countries, the physical and cultural needs it is called upon to meet, the methods it employs to imbue man with a sense of personal and social responsibility—nothing escapes W. P. Watkins' consideration. He reaches into the heart of the problem in his analysis of the difficulties encountered. He observes—as have all those who have worked in this field—that we cannot escape even here from the vicious circle known to educators, remarked upon by Aristotle, which is that we must to some extent have already succeeded in a task in order to be able to undertake it with any chance of success.

As regards cooperation in the "affluent society", there is an excellent description of what has already come to pass. If the I.C.A. is to be equal to its mission, which is "to inspire, to organise and educate", if cooperative movements are to fulfil their tasks, how then are we to find the highly-qualified specialists, the eminent men and the financial means which we need? Here we find a far-sighted and vigorous plea that our movement should set its face towards the organisation of education.

This work, by a former Director of the

2) By "centre of interest" I mean any question (or collection of questions) which one studies in depth, of which one has a profound knowledge, and which one adds to through one's own experience and one's own thought.

Alliance, beautifully translated by Erwin Hasselmann who has so ably preserved the precision and flexibility of the author's thought, is primarily, even though it may be partly "history", a work of intense topicality.

In answer to the question so often asked and to which no one makes reply: *How shall we fashion the world of tomorrow?*, this work gives a solution. Without falling into empty ideology, nor into miracle programmes which are achieved as if by magic, W. P. Watkins brilliantly demonstrates how cooperation "offers men and women a clear, unbroken line of thought and action leading from association with their nearest neighbours and fellow workers stage by stage to mutually helpful relations with other men and women in the farthest corners of the world". And thence to the principle of international solidarity. "cooperation, as a constructive expression of man's age-old instinct for mutual aid, holds out hope".

Ch. H. Barbier

#### DIE ROCHDALER GRUNDSÄTZE IM WANDEL DER ZEIT

(*The Rochdale Principles in Changing Times*)

by Dr. Erwin Hasselmann. Publications of the Deutsche Genossenschaftskasse, No. 4. With notes, select bibliography and indexes of persons and subjects. Published by the Deutsche Genossenschaftskasse, Frankfurt am Main, 1968. 165 pages.

Dr. Hasselmann has written an excellent example, which later writers will find it hard to surpass, of the kind of book which it was hoped would follow the diffusion of the Report of the I.C.A. Commission on Cooperative Principles. As is well known, the Commission worked under a time-limit imposed upon it by the Central Committee—not without reason, for the need for clarification on a number of questions of principle was urgent. The necessity of agreeing upon a definitive text six months before the Congress at Vienna in September 1966 had two consequences: first, it prevented the Commission from entering more deeply than it did into a number of questions, especially about pretended principles which it felt obliged to reject; second, it left the Commission too little time for ripe reflection upon the Report while it was still in draft and the consideration of possible alternative formulations.

These circumstances, however, would not have resulted in any substantial differences in the form of the Report or the Commission's main conclusions from those which were ac-

tually submitted to Congress. Although its acceptance by an overwhelming vote is proof that the Report was on the whole in tune with the experience and thinking of the leaders of the I.C.A.'s affiliated organisations, there was no wish on the part of the Authorities of the Alliance or of the Commission to bring to an end the debate between those who advocated and those who deprecated a re-formulation of Cooperative Principles. On the contrary, it was hoped to promote a livelier discussion on a higher level by clarifying a number of the most important issues. In this the Report may claim to have succeeded and notably in bringing about a wider realisation that the Principles have to be more varied in their applications at different times and places than was commonly imagined. Henceforward it would be a mistake to identify a principle too closely with any one method of applying it. The true object of enquiry and subject of discussion is to identify what the publishers' introduction to Dr. Hasselmann's book aptly calls the "timeless kernel" of the Cooperative Principles. Without such a discussion, the Cooperative Movement is unlikely to preserve in the contemporary world the consciousness of its own identity.

To any group of Cooperators who intend seriously to engage in this vital task, Dr. Hasselmann's book, with its bibliography and indexes, will be an unfailing source of help, guidance and stimulus. In its structure, the book consists of three parts. The first part, comprising chapters I-VII, is largely historical. It describes the great controversies which have raged within the I.C.A., in its earliest days, over profit-sharing with labour, in later years, over the neutrality of cooperative organisations in relation to politics and their autonomy in relation to government. It also describes the other great debate which emerged when leading cooperators began to recognise the necessity, arising, on the one hand, from the Movement's own growth and, on the other, from the evolution of business techniques and economic re-organisation, for far-reaching structural readjustments and manifest success in competition, and they were opposed on grounds of principle. The two enquiries carried out by the I.C.A. in the years 1930-1937 and 1963-1966 mark two phases of this debate.

The second part of the book, chapters VIII-XVI, consists of a critical examination one by one of the five principles retained in a revised formulation by the 1966 Report from the Report of 1937 and the sixth principle added and accepted in 1966. To pursue the author step by step through this examination is of absorbing interest but is not a task to be undertaken within the scope of a review article. Yet it will repay any reader with courage enough to attempt it, for the author brings to it a wealth of knowledge, garnered in a lifetime

of cooperative study, and keeps his argument close to the facts of the Movement's practice and history. Whether his readers agree with him or not—and it may be doubted whether many readers will agree with him on all points—there will be few who will not work their way through these chapters without being stimulated by the zest and vigour of the argumentation or without feeling at the end that their stores of knowledge and ideas about the nature and aims of the Cooperative Movement have been enriched.

The third part comprises chapters XVII to XIX. In the first of these, the author dismisses the so-called "promotional principle" (Förderungsprinzip) as the product of recent German cooperative theory, not to be found in older cooperative literature or in the cooperative doctrines of other countries and certainly foreign to the conceptions of the Rochdale Pioneers. The second chapter (XVIII) deals with the claim of the Rochdale Principles to validity. Here he pertinently remarks that, whereas the principles received their first formulation in close connection with the nature, aims and activity of a consumers' society, in the course of time the aim has become more and more to find a generalised statement of the principles and to shed the specifically consumers' cooperative elements. It may be questioned, in passing, whether the Pioneers consciously established a *consumers'* cooperative at all in the sense in which that term has come to be used by later generations, but, whereas from half a century to a century ago, the different schools of cooperative thought were inclined to emphasise (and exaggerate) their differences, thinkers for the last fifty years have sought to disengage and define the underlying elements, common to all genuine cooperative forms, which justify the efforts of the International Cooperative Alliance, ever since the first recruiting efforts of Henry W. Wolff, to gather them all within its fold. As Dr. Hasselmann observes, the different schools are now less inclined to quarrel about ultimate social aims but, where alien doctrines do not intervene, to accept compromises and seek effective working arrangements for their common advantage.

In his concluding chapter, Dr. Hasselmann carries the reader beyond the point to which the discussion of principles was taken by the I.C.A. Commission. The application of the principles in fundamentally changed circumstances must give rise to new forms of Cooperation, unless the cooperative idea, the result of the fusion of self-help with mutual aid by free, responsible men and women, is destined to die out among mankind. But the new forms are necessary, not for bare survival alone, but for the accomplishment of new and greater tasks, not to achieve "efficiency" only, but what the late Georg Weippert called "the

moralisation of economic life" and this reviewer conceives as the subordination of the technical to the loftiest needs of man. The farther the Movement advances, the less will its traditions, whether Rochdale or other, serve as its guide and the more it will need a clear and certain grasp of its principles among its leaders and members alike.

W.P.W.

### BOOK REVIEW THE CONSUMER INTEREST

*By John Martin and George W. Smith. Published by the Pall Mall Press Ltd., London, 1968. With bibliography and index. 280 pages. Price 45 shillings.*

This is a rather ambitious book which fails in certain respects to justify its pretensions. In their foreword, the authors claim that their intention is to examine the economic and social changes of recent decades which have led to organised consumer action in order to proceed to an examination and evaluation of the effectiveness of consumers' reactions to the problems and difficulties of the modern complex consumer market. In the following paragraph they also claim, on the basis of recent working experience, to possess an inside knowledge of the activities of consumer organisations, which command their sympathy and support. Unfortunately, the reverse also seems to be true, that they do not write with the same degree of knowledge of organisations which do not command their sympathy and support. It is this, maybe unconscious, bias which detracts, despite their reference to descriptive and analytical methods and drawing upon the concepts of different specialised disciplines, from the book's value and usefulness.

First, however, a brief account of the plan and contents of the book. It is divided into four parts, of which the first, consisting of two chapters, is the shortest. It deals with the history of consumer action and one chapter is devoted to cooperatives. Of this, more later. The second part studies the market economy from the consumers' standpoint and comprises chapters on economic policy and public monopolies, as well as on manufacture, retailing and personal services. This is followed by a part describing the legal framework in which consumers' interests have to be promoted and indicate, first, consumers' rights and their rights of redress through the courts and, second, the enforcement of legislation and administrative regulations for consumer protection. The fourth and last part concentrates on the consumers themselves, their education, the organisations they themselves have created and the future prospects of effective action to increase their influence and promote their true interests.

Within this framework, the authors have assembled a quantity of information which might almost be called compendious, and they put forward ideas on policy which well merit serious discussion. Nevertheless, from the standpoint of the present reviewer, the discussion is likely to run in too narrow a channel, partly because of the authors' institutional bias already mentioned, partly because of their preoccupation with British conditions. Their chapter of international comparisons is perfunctory. To write of Sweden and ignore the Swedish Consumers' Cooperative Movement, for example, is evidence of what Lewis Carroll called "plain superficiality".

Moreover, they have allowed themselves to get sold on the equally superficial doctrine that, because cooperative organisations engage in production, they are unable adequately and whole-heartedly to promote consumer interests. The mistake of the authors is to generalise too broadly on the basis of the present situation and difficulties of the Consumers' Cooperative Movement in Great Britain. This leads them to commit the modern fallacy, not catalogued by Aristotle, known as throwing the baby away with the bath water. A little more inside knowledge of the Cooperative Movement, especially in Scandinavia, would have saved them from this. There is even a noticeable absence of any well-known cooperative name from the list of persons whom they thank for comments and corrections.

At the end of a short review, there is space to make only one point. That is, that it is mistaken to imagine that the emergence of newer types of organisation and action for the enlightenment and protection of consumers must necessarily mean the rejection of the older, and, in particular, the system of controlling prices and setting standards through the effective competition in the market of enterprises created and administered by the consumers themselves, exemplified by the consumers' and housing cooperative movements of certain countries.

The fact is that the protection and promotion of consumer interests is a highly complicated matter, requiring the co-ordination of various voluntary and governmental agencies on different levels, and not least, the whole-hearted and intelligent participation of the consuming public, or rather, the public as consumers. This became evident in the first of the I.C.A. conferences on consumer protection and enlightenment ten years ago and has been confirmed by experience since. The consumers, who are every man and every woman, are as elusive and difficult to grasp as quicksilver. A movement, which, like the cooperative, is capable of recruiting them in millions, is something to be studied and used, not rejected, by intelligent men and women.

W.P.W.

## AFFILIATED ORGANISATIONS

- ALGERIA:** Société Coopérative Musulmane Algérienne d'Habitation et d'Accession à la Petite Propriété, 6 et 8, rue du Cercle Militaire, Oran; also at - 21, rue Edgar Quinet, Algiers, and 9, rue Mathurin Régnier, 75 Paris 15.
- ARGENTINA:** Federación Argentina de Cooperativas de Consumo, Avda. Suárez 2034, Buenos Aires.  
Intercoop, Editora Cooperativa Limitada, Rivadavia 4426 (1er piso), Buenos Aires.  
Asociación Argentina de Cooperativas y Mutualidades de Seguros, Belgrano 530, 5 Piso, Buenos Aires.  
Federación Argentina de Cooperativas de Credito Ltda., Lavalle 2024, 8 Piso, Buenos Aires.
- AUSTRALIA:** Cooperative Federation of Australia, c/o. CWS of Queensland Limited Buildings, 50-54 Ferry Street, South Brisbane, Queensland.
- AUSTRIA:** "Konsumverband" Zentralverband der österreichischen Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Membership (1967): 476,200; turnover: retail trade: Sch. 4,646 millions (thereof consumers' societies: Sch. 3,895 millions; department stores: Sch. 713 millions; other retail trade: Sch. 38 millions); wholesale society (G.O.C.): Sch. 1,821 millions; own production: consumers' societies: Sch. 472 millions; G.O.C. and subsidiaries: Sch. 415 millions.  
Bank für Arbeit und Wirtschaft A.G. Seitzer-gasse 2-4, Vienna I.  
Zentralkasse der Konsumgenossenschaften, Theobaldgasse 19, Vienna VI.  
Österreichischer Verband gemeinnütziger Bau-, Wohnungs- und Siedlungsvereinigungen, Bösendorferstrasse 7/11, Vienna I.  
1967: Affiliated organisations: 313 (comprising 201 societies and 112 associations); membership: 130,286; dwellings administered: 288,157 (comprising 127,954 societies and 160,203 associations); balance at 1966: 33.8 milliard Sch. (divided as to societies Sch. 15.7, associations Sch. 18.1).  
Österreichischer Raiffeisenverband, Seilergasse 16, Vienna I.
- BELGIUM:** Société Générale Coopérative, 26-28 rue Haute, Brussels 1.  
Affiliated consumers' societies: 21; membership: 300,000; turnover (1968): Frs. 4,180 millions; shops: 1,409; Wholesale society turnover (1968): Frs. 1,272 millions.  
Société Coopérative d'Assurances "La Prévoyance Sociale", P.S. Building, 151, rue Royale, Brussels 3.  
Premiums (1966): Frs. 1,903 millions; reserves: Frs. 6 milliards; insurance funds, life: Frs. 20 milliards.  
Fédération Nationale des Coopératives Chrétiennes, 135, rue de la Loi, Brussels 4.  
(1967): 1,250 shops; turnover: Frs. 1,430 millions; Savings Bank: 2,050 branches; 500,000 members; deposits: Frs. 12 milliards; Insurance Society: 290,000 policy holders; premiums: Frs. 450 millions; reserves: Frs. 1,300 millions.
- L'Economie Populaire, 30, rue des Champs, Ciney (Namur).  
Branches (1968): 460; membership: 92,000; turnover: F.B. 1,069,000,000; savings deposits: F.B. 592 millions; capital and reserves: F.B. 184 millions.  
L'Institut Provincial de Coopération Agricole, 42, rue des Augustins, Liège.
- OPHACO** (Office des Pharmacies Coopératives de Belgique), 602, Chaussée de Mons, Anderlecht-Brussels.  
Union of 28 cooperative societies owning 360 pharmacies, 68 optical departments and counters, 7 drug stores, 14 wholesale depots. Turnover (1963): Frs. 1,250 millions. Surplus distributed to 400,000 members: Frs. 95 millions.
- BRAZIL:** Aliança Brasileira de Cooperativas (ABCOOP), Rua General Jardim 645, 3° Andar, Sao Paulo.  
Uniao Nacional das Associações de Cooperativas (UNASCO), Avenue Franklin Roosevelt, 126-Conj. 608, Rio de Janeiro.
- BULGARIA:** Central Cooperative Union, Rue Rakovski 103, Sofia.
- CANADA:** Cooperative Union of Canada, 111, Sparks Street, Ottawa 4, Ont.  
A federation of English-language cooperative organisations, organised in 1909.  
Conseil Canadien de la Coopération, 111, Sparks Street, Ottawa 4, Ont.
- CEYLON:** Cooperative Federation of Ceylon, Cooperative House, 455, Galle Road, Colombo 3.
- CHILE:** Federación Chilena de Cooperativas de Ahorro y Credito, Ltda., Dieciocho 246, Clasificador 760, Santiago de Chile.  
Cooperativa Sodimac Ltda., Casilla 3110, Santiago de Chile.
- COLOMBIA:** Cooperativa Familiar de Medellin, Ltda., Calle 49, No. 52-49, Medellin.
- CYPRUS:** Cooperative Central Bank Ltd., P.O. Box 1447, Nicosia.  
Cyprus Turkish Cooperative Central Bank Ltd., P.O. Box 791, Nicosia.  
Vine Products Cooperative Marketing Union Ltd., P.O. Box 314, Limassol.
- CZECHOSLOVAKIA:** Ustredni Rada Druzstev, Tesnov 5, Prague I.
- DENMARK:** De samvirkende danske Andels-selskaber (Andelsudvalget), H. C. Andersens Boulevard 42, Copenhagen V.  
Representing 30 national organisations, comprising: consumers' societies, agricultural production, marketing and purchase societies, other production and marketing societies, insurance societies, banking societies. Membership: 750,000 individual members. Turnover (1967/68): D.Kr. 15,273 millions.

- Det Kooperative Faellesforbund i Danmark, *Linnesgade 14, 1. sal, 1361 Copenhagen K.*  
 Affiliated societies (1963): 634; total sales: D.Kr. 1,582 millions; employees: 12,500; comprising: consumers', workers', artisans', productive and housing societies etc.
- Faellesforeningen for Danmarks Brugsforeninger (FDB), *Roskildevej 65, Albertslund.*  
 Affiliated societies (1965): 1,852; members: 716,000; turnover: 2,583 millions D.Kr.; wholesale turnover: 1,453 millions D.Kr.; own production: 405 millions D.Kr.
- DOMINICA: Dominica Credit Union League, *14, Turkey Lane, Roseau.*
- EIRE: Irish Agricultural Organisation Society Ltd., *The Plunkett House, 84 Merrion Square, Dublin 2.*  
 National Organising and Advisory Body for Agricultural Cooperatives. Affiliated societies: 333; membership: 127,000; turnover (1967): £152 millions.  
 Cooperative Development Society Ltd., *35 Lower Gardiner Street, Dublin.*
- FINLAND: Suomen Osuuskappojen Keskuskunta (S.O.K.), *Vilhonkatu 7, Helsinki 10.*  
 Affiliated societies (1968): 298; members: 561,851; wholesale turnover: Fmk. 1,377 millions; own production of SOK: Fmk. 270 millions.  
 Yleinen Osuuskappojen Liitto r.y. (Y.O.L.), *Vilhonkatu 7, Helsinki 10.*  
 Affiliated societies (1968): 298; members: 561,851; turnover of societies: Fmk. 2,543 millions; total production of the affiliated societies: Fmk. 47 millions.  
 Kulutusosuuskuntien Keskusliitto (K.K.), r.y., *P.O. Box 10740, Mikonkatu 17, Helsinki 10.*  
 Affiliated societies (1968): 83; members: 582,159; turnover: Fmk. 1,852 millions; own production: Fmk. 310 millions.  
 Osuustukkukauppa (O.T.K.), *P.O. Box 10120, Helsinki 10.*  
 Affiliated societies (1968): 83; turnover: Fmk. 1,062 millions; own production: Fmk. 336 millions.  
 Pellervo-Seura, Central Organisation of Farmers' Cooperatives, *Simonkatu 6, Helsinki K.*  
 Affiliated organisations (1963): 10 central organisations; 1,102 societies.
- FRANCE: Fédération Nationale des Coopératives de Consommation, F.N.C.C., *89, rue la Boétie, 75 Paris VIII.*  
 Affiliated societies (1964): 475; membership: 3,460,000; shops: 9,900; turnover: NF. 3,600 millions.  
 Société Générale des Coopératives de Consommation, *61 rue Boissière, 75 Paris XVI.*  
 Fédération Nationale des Sociétés Coopératives Ouvrières de Production du Bâtiment, des Travaux Publics et des Matériaux de Construction, *88, rue de Courcelles, 75 Paris VIII.*  
 Confédération Générale des Sociétés Coopératives Ouvrières de Production, *88, rue de Courcelles, 75 Paris VIII.*  
 Banque Coopérative des Sociétés Ouvrières de France, *88, rue de Courcelles, 75 Paris VIII.*
- Confédération Nationale de la Coopération de la Mutualité et du Crédit Agricoles, *1, Bd. St. Germain, 75 Paris VI.*
- Confédération Française de la Coopération Agricole, *18 Rue des Pyramides, 75 Paris 1<sup>er</sup>.*
- Caisse Nationale de Crédit Agricole, *91-93 Boulevard Pasteur, 75 Paris XV.*
- Fédération Nationale des Sociétés Coopératives d'Habitations à Loyer Modéré, *Foyer Coopératif, 17, rue Richelieu, 75 Paris 1<sup>er</sup>.*
- Confédération des Coopératives de Construction et d'Habitation, "L'Habitation", *3, avenue du Coq, 75 Paris 9<sup>e</sup>.*
- Confédération des Organismes de Crédit Maritime Mutuel, *18 bis, Avenue Hoche, 75 Paris VIII.*
- FEDERAL REPUBLIC OF GERMANY: Bund deutscher Konsumgenossenschaften G.m.b.H., *Besenbinderhof 43, (2) Hamburg 1.*  
 Affiliated societies (June 1968): 124; membership (1967): 2,379,114; turnover (1967): D.M. 4,321,596,200 (thereof D.M. 78,862,700 for West-Berlin).  
 Grosseinkaufs-Gesellschaft deutscher Konsumgenossenschaften m.b.H., *Besenbinderhof 43-52, (2) Hamburg 1.*  
 Total turnover incl. subsidiaries (1967): D.M. 2,195,524,900.  
 Gesamtverband gemeinnütziger Wohnungsunternehmen, *Breslauer Platz 4, (22c) Cologne.*  
 Volksfürsorge Lebensversicherung Aktiengesellschaft, *An der Alster, (2) Hamburg 1.*  
 Volksfürsorge Deutsche Sachversicherung Aktiengesellschaft, *Steinstrasse 27, (2) Hamburg 1.*
- GHANA: The Alliance of Ghana Cooperatives Ltd., *Post Office Box 2068, Accra.*
- GREECE: Pan-Hellenic Confederation of Unions of Agricultural Cooperatives (S.E.S.), *56, El Venizelou Street, Athens 142.*
- GUYANA: Guyana Cooperative Union Ltd., *Ministerial Buildings, High Street and Brickdam, Georgetown.*
- HAITI (W.I.): Caisse Populaire Dominique Sàvio, *57, Rue Rigaud, Pétiou-Ville.*
- HUNGARY: Federation of Hungarian Cooperative Societies, *Szabadság 14, Budapest V.*  
 National Federation of Producers' Cooperatives (OKISZ), *Pesti Barnabás 6, Budapest V.*
- ICELAND: Samband Isl. Samvinnufélaga, *Reykjavik.*
- INDIA: National Cooperative Union of India, *72 Jorbagh, New Delhi 3.*  
 National Agricultural Cooperative Marketing Federation Ltd., *D-44, NDSE Part II, New Delhi 16.*



- IRAN:** Sepah Consumers' Cooperative Society, Avenue Sevvom Esfand, Rue Artèche, Teheran.
- Credit and Housing Cooperative Society of Iran, 20-22 Shahabad Avenue, Teheran.
- Central Organisation for Rural Cooperatives of Iran, 357 Pahlavi Avenue, Teheran.
- ISRAEL:** General Cooperative Association of Jewish Labour in Eretz-Israel "Hevrat Ovdim", Ltd., P.O.B. 303, Tel-Aviv.
- Affiliated societies and companies (1963): 1,855 in all branches.
- "Merkaz" Audit Union of the Cooperative Societies for Loans and Savings, 44, Rothschild Rd., P.O. Box 75, Tel-Aviv.
- "Haikar" Audit Union of Agricultural Societies of the Farmers' Federation of Israel, 8 Kaplan Street, P.O.B. 209, Tel-Aviv.
- ITALY:** Lega Nazionale delle Cooperative e Mutue, Via Guattani 9, Rome.
- Confederazione Cooperative Italiane, Borgo Santo Spirito 78, 00193 Rome.
- Associazione Generale delle Cooperative Italiane, Via delle Quattro Fontane 16, 00184 Rome.
- JAMAICA:** Jamaica Cooperative Union, Ltd., 14-16 Barry Street, Kingston, W.I.
- JAPAN:** Nippon Seikatsu Kyodokumiai Rengokai (Japanese Consumers' Cooperative Union), 1-13, 4-chome, Sendagaya, Shibuya-ku, Tokyo.
- Zenkoku Nogyokyodokumiai Chuokai (Central Union of Agricultural Cooperatives), 5 1-chome Otemachi, Chiyoda-ku, Tokyo.
- Zenkoku Gyogyo Kyodokumiai Rengokai (National Federation of Fisheries Cooperative Associations), Sankaido Building no. 9-13, 1-chome, Akasaka, Minato-ku, Tokyo.
- JORDAN:** Jordan Cooperative Organisation, P.O.B. 1343, Amman.
- KENYA:** Kenya National Federation of Cooperatives Ltd., P.O.B. 9768, Nairobi.
- KOREA:** National Agricultural Cooperative Federation, 75, 1st Street, Chung-Jong-Ro, Sodaemun-ku, Seoul.
- MALAYSIA:** Cooperative Union of Malaysia Ltd., 8, Holland Road, Kuala Lumpur.
- Sarawak Cooperative Central Bank Ltd., Kuching, Sarawak.
- MALTA:** Farmers' Central Cooperative Society Ltd., New Building, Middleman Street, Marsa.
- MAURITIUS:** Mauritius Cooperative Union, Cooperation House, Dumat Street, Port Louis.
- NETHERLANDS:** Coöperatieve Vereniging U.A., Centrale der Nederlandse Verbruikcoöperaties, "CO-OP Nederland", Postbus 6008, Vierhavensstraat 40, Rotterdam 7.
- Association of Enterprises on a Cooperative Basis, Bloemgracht 29, Amsterdam.
- NEW GUINEA:** Federation of Native Associations Ltd., P.O.B. 152, Port Moresby, Papua.
- NIGERIA:** Cooperative Union of Eastern Nigeria Ltd., Cooperative Bank Buildings, Milverton Ave., Aba.
- Cooperative Union of Western Nigeria Ltd., c/o Cooperative Buildings, New Court Rd., Ibadan.
- Lagos Cooperative Union Ltd., Cooperative Office, 147, Broad Street, Lagos, W. Nigeria.
- Mid-Western Nigeria Cooperative Federation Ltd., c/o Ministry of Cooperative and Rural Development, Cooperative Societies Division, P.O.B. Benin City.
- NORWAY:** Norges Kooperative Landsforening, Revierstredet 2, Oslo 1.
- Affiliated societies (1968): 803; membership: 382,000; turnover of local societies Kr. 2,750 millions; of N.K.L.: Kr. 918 millions.
- Norske Boligbyggelags Landsforbund (NBBL), Trondheimsveien 84-86, Oslo.
- PAKISTAN:** East Pakistan Cooperative Union, Ltd., 9/D-Motijheel Commercial Area, 8th floor, Dacca 2.
- West Pakistan Cooperative Union, 5, Court Street, P.O.B. 905, Lahore 1.
- Karachi Central Cooperative Bank Ltd., 14, Laxmi Building, Bunder Road, Karachi 2.
- Karachi Central Cooperative Consumers' Union, Iqbal Market and Cold Storage, Soldier Bazar, Karachi.
- Karachi Cooperative Housing Societies' Union, Shaheed-e-Millat Road, Karachi 5.
- Karachi Cooperative Union Ltd., Cooperative House, Shaheed-e-Millat Road, Karachi 5.
- Karachi Fishermen's Cooperative Purchase and Sales Society Ltd., West Wharf Road, Karachi.
- Sind Baluchistan Provincial Cooperative Bank, Ltd., Provincial Cooperative Bank Bldg., Serai Road, P.O. Box 4705, Karachi 2.
- Provincial Fishermen's Cooperative Society Ltd., Iqbal Road, Patharghata, Post Box 27, Chittagong.
- PERU:** Cooperativa de Seguros "INCA" Ltda. No. 181, Camilo Carrillo 225, Of. 602, Lima.
- PHILIPPINES:** Central Cooperative Exchange Inc., P.O.B. 1968, Manila.
- POLAND:** Central Agricultural Union of "Peasant Self-Aid" Cooperatives, Kopernika 30, Warsaw.

- Central Union of Building and Housing Cooperatives, *Ul. Jasna 1, Warsaw*.  
 "Spolem" — Union of Consumer Cooperatives, *Grazyny 13, Warsaw*.  
 Central Union of Work Cooperatives, *Surawia 47, Warsaw*.
- ROUMANIA: Uniunea Centrala a Cooperativelor de Consum "Centrocoop", *Str. Brezoianu 31, Bucharest*.  
 Uniunea Centrala a Cooperativelor Mestesugaresti "Ucecom", *Bucharest*.
- SINGAPORE: Singapore Cooperative Union Ltd., *Post Box 366; Office and Library: 3-J/K Clifford House, Singapore 1*.
- SWEDEN: Kooperativa Förbundet, *S-104 65 Stockholm 15*.  
 Affiliated retail societies (1968): 252; membership: 1,489,000; total turnover of distributive societies: Kr. 6,805 millions; total turnover of K.F.: Kr. 5,003 millions (Kr. 3,663 millions sales to affiliated societies); K.F.'s own production: Kr. 2,308 millions; total capital (shares, reserves and surplus) of K.F. and affiliated retail societies: Kr. 1,200 millions.  
 Hyresgästernas Sparkasse- och Byggnadsföreningars Riksförbund (H.S.B.), *Fleminggatan 41, Fack, S-100 21 Stockholm 18*.  
 Affiliated Building Societies: 115; with individual members: 310,000; number of flats administered by local societies: 275,000; value of real estate: 12,500 millions Kr.  
 Svenska Riksbyggen, *Hagagatan 2, P.O. Box 19028, S-104 32 Stockholm 19*.  
 Folksam Insurance Group, *Folksam Building, Stockholm 20*.  
 Sveriges Lantbruksförbund, *Klara Östra, Kyrkogata 12, Stockholm 1*.  
 Kooperativa Kvinnogillesförbundet, *S-104 65 Stockholm 15*.
- SWITZERLAND: Coop Schweiz, *Thiersteinerallee 14, CH 4002 Basle*.  
 Affiliated societies (1964): 505; shops: 3,200; membership: 780,000; retail turnover of affiliated societies: Frs. 1,700 millions; wholesale turnover: Frs. 1,100 millions.  
 Verband ostschweiz. landwirtschaftlicher Genossenschaften (V.O.L.G.), *Schaffhauserstrasse 6, Winterthur*.  
 Verband sozialer Baubetriebe, *c/o SBHV., Sihlpostfach, Zurich*.  
 Genossenschaftliche Zentralbank, *Aeschengplatz 3, CH 4002 Basle*.  
 COOP' Lebensversicherungs-Genossenschaft Basel, *Aeschenvorstadt 67, CH 4002 Basle*.
- TANZANIA: Cooperative Union of Tanganyika Ltd., *National Cooperative Building, P.O. Box 2567, Dar-es-Salaam*.
- TUNISIA: El Itihad, *37, rue de Cologne, Tunis*.
- TURKEY: Turk Kooperatifcilik Kurumu (Turkish Cooperative Association), *Mithat Pasa Cad-desi 38, Yenisehir, Ankara*.
- UGANDA: Uganda Cooperative Alliance, *P.O.B. 2215, Kampala*.
- U.S.S.R.: Central Union of Consumers' Cooperative Societies of the U.S.S.R. and RSFSR: "Centrosoyus", *Tcherkassky per no. 15, Moscow*.  
 Consumers' societies (1967): 16,489; members: 55 millions; shops: 356,700.
- UNITED KINGDOM: Co-operative Union Ltd. *Holyoake House, Hanover Street, Manchester M60 0AS*.  
 Affiliated retail societies (1968) 539; membership: 12,794,228; share capital: £203,882,214; retail sales: £1,095,033,517.  
 Co-operative Wholesale Society Ltd., *P.O.B. 53, New Century House, Corporation Street, Manchester M60 4ES*.  
 Affiliated societies (1965): 746; sales: £487,859,688; Bank turnover: £9,764,603,821; reserve and insurance funds: £40,791,711; total assets: £300,463,985.  
 Co-operative Insurance Society, Ltd., *Miller Street, Manchester 4*.  
 Assets (1964): £369 millions.  
 Scottish Co-operative Wholesale Society Ltd. *Centenary House, 100, Morrison Street, Glasgow C. 5*.  
 Affiliated societies (1967): 153; sales: £89,008,059; reserves and insurance funds: £9,474,291; total resources: £23,139,384.  
 Co-operative Permanent Building Society, *New Oxford House, High Holborn, London, W.C. 1*.
- U.S.A.: Cooperative League of the U.S.A., *59, East Van Buren Street, Chicago, Ill. (60605), and 1012, 14th Street, N.W., Washington 5, D.C.*
- YUGOSLAVIA: Glavni Zadruzni Savez FNRI, *Terazije 23/VI, Belgrade*.
- ZAMBIA: Eastern Province Cooperative Marketing Assoc. Ltd., *P.O.B. 108, Chipata*.

## INTERNATIONAL ORGANISATIONS

- Organization of the Cooperatives of America  
*G.P.O. Box 4103, San Juan, Puerto Rico 00936*
- Nordisk Andelsforbund (Scandinavia),  
*3 Axeltorv, Copenhagen V, Denmark*.
- International Cooperative Bank Co. Ltd.,  
*Aeschenvorstadt 75, P.O.B. 711, CH 4002 Basle, Switzerland*.
- International Cooperative Petroleum Association,  
*11 West 42nd Street, New York, N.Y. 10036, U.S.A.*
- Sociedad Interamericana de Desarrollo de  
 Financiamiento Cooperativo, *1012, 14th Street N.W., Room 1401, Washington D.C., U.S.A.*