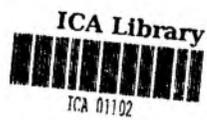


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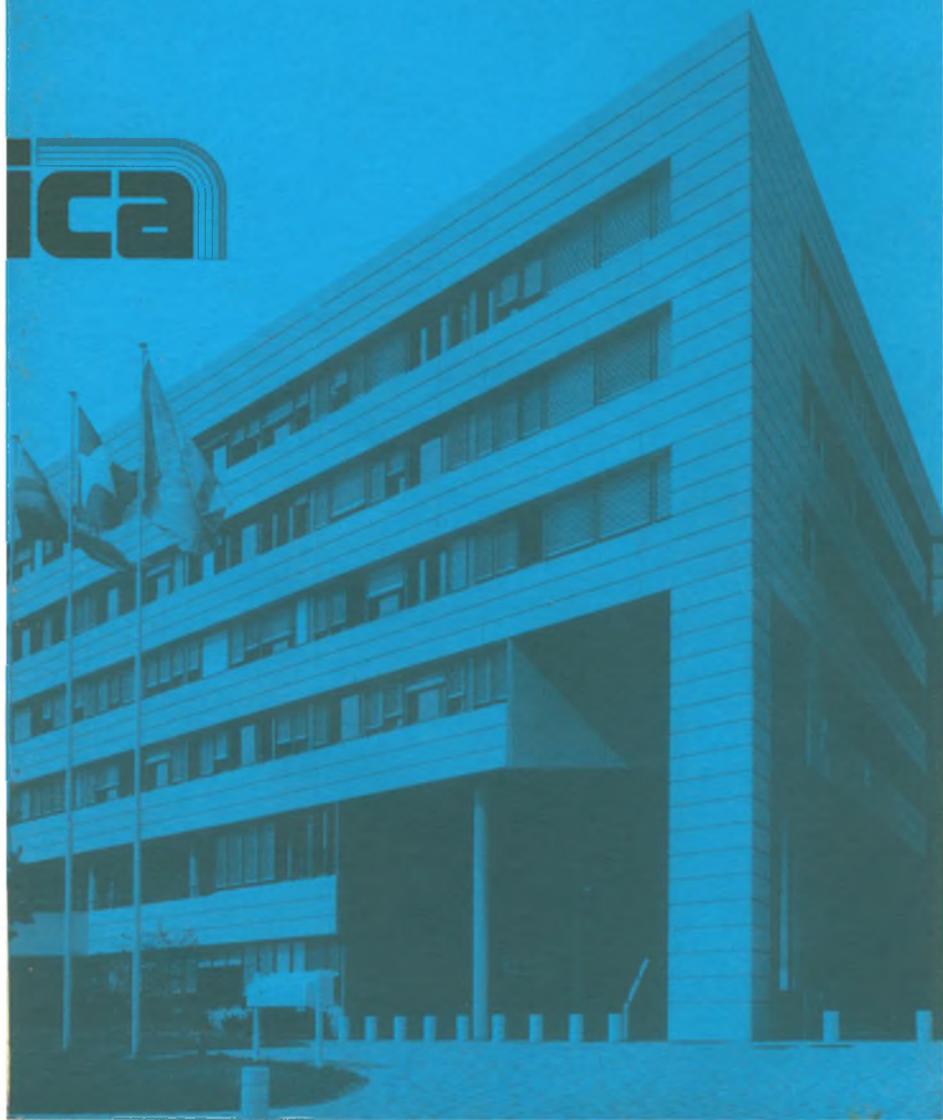


Review of International Co-operation



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President: Lars Marcus (Sweden)
Director-General: Bruce Thordarson (Canada)

Vice-Presidents:

Africa: Momodou M. Dibba
Americas: Roberto Rodrigues
Europe: Graham Melmoth
Asia & Pacific: Mitsugu Horiuchi

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Front cover: Location of ICA head office, Geneva.

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Editorial

With this first issue of the ICA Review of International Co-operation for 1994, we would like to wish all our readers a happy and peaceful year.

As promised, this issue includes the report on the review of Co-operative Principles which was presented to the ICA General Assembly in Geneva last September by Ian MacPherson, Dean of Humanities at the University of Victoria, Canada, who is responsible for this ICA project.



We also include the Reports to the General Assembly by the Specialised Bodies. Under the new decentralised structure which is currently being implemented at ICA, the importance of close collaboration between the different co-operative sectors is as important as close collaboration between the regions and many of the ICA's Specialised Organisations and Committees have made tremendous progress in this respect.

For the next issue of the Review, we hope to provide you with a good balance of articles from the different regions represented by ICA, in view of the fact that this is the first year that the ICA will hold its Regional Assemblies, which are currently scheduled to take place in Nairobi, New Delhi, Prague and São Paulo.

The Co-operative Movement has a relatively low public profile because, although it is efficient at communicating internally, its message is not reaching a wider audience, or at least making a lasting impression on it.

The Communications Programme at Head Office is now firmly established and operating efficiently. Our priority has been reaching our membership and selected audiences, such as universities, the media, the UN and non-governmental organisations and development agencies as well, of course, as subscribers to our regular publications.

Attention has now been turned to communicating with a wider audience in order to spread the co-operative message more effectively. With limited resources this is not an easy task. The Communications Department has been investigating the possibilities of collaborating with other organisations having similar aims.

These investigations have borne fruit and a strategy is being elaborated for implementation in the lead up to 1995.

The first part of the strategy will be an agreement with Inter Press Service which will be signed by the ICA Director-General and the Director-General of IPS at the Society for International Development meeting in Mexico next month.

Inter Press Service is one of the big four press agencies but differs from the other three because it has independent funding, it functions as a co-operative rather than being financed by Government or private business, it favours alternative communication, North South, South South information, success stories rather than only scandals, and in-depth analysis in addition to straight reporting.

The agreement between the two organisations is to implement a twelve-month pilot project to create a new independent flow of information about the co-operative movement using the IPS channels, to build better awareness of co-operative ideals and the work of the ICA and its members, with a special focus on North South and East West ventures for Co-operative development.

So if you know of an original co-operative success story or developments which would have more than local interest, please contact me at the ICA Secretariat.

We intend to publish a short article outlining the work of IPS and the twelve month pilot project in the next issue of ICA Review.

The second part of the strategy is to encourage ICA members to hook into one of the electronic networks affiliated to the Association of Progressive Communications. Besides improving communications within the movement, this will provide ICA members with the possibility of freely exchanging information with more than 20,000 non-governmental organisations and universities in 95 countries as well as having access to more than 20 million users of the INTERNET, the worldwide information super highway. APC is a partnership of member networks which aims to promote the free exchange of information and is dedicated to providing low-cost communication services for improved networking and information-sharing between organisations.

More information on this proposal, which needs the backing of ICA member organisations to ensure its successful implementation, will also be provided in the next issue of ICA Review.

We also hope to bring you more in-depth news about how ICA and its member organisations are planning to celebrate 1995, the centennial of international co-operation.

The UN has declared that a UN International Day of Co-operatives will be celebrated in 1995 and will issue a stamp for the occasion. 1995 is also an important year for the United Nations which will celebrate its 50th anniversary. The ICA and the UN are presently discussing the possibilities of organising some joint activities to mark the two occasions.

The next two years promise to be interesting and we will endeavour to keep you informed of developments.

Mary Treacy
Director of Communications

Minutes of the ICA General Assembly

Geneva, 8 - 10 September 1993

Opening Ceremonies

ICA President Lars Marcus welcomed participants to the first General Assembly held under the new ICA structure.

Claude Haegi, Vice-President of the Republic and Canton of Geneva, welcomed delegates and spoke of the importance of creating a world which has greater tolerance and solidarity.

Herbert Maier, Deputy Director-General of the International Labour Office, emphasised that ILO and ICA share a common dedication to social justice and economic progress for working men and women.

Markus Schelker, Deputy Managing Director of Co-op Switzerland, observed that co-operatives in Switzerland have a 30 percent share of the retail trade and more than 50 percent of the food trade.

Governing Body Reports

The President asked the delegates if the Agenda, as printed in the programme, could be approved. The Agenda was approved.

President Marcus reviewed the challenges facing co-operatives in the different regions of the world.

Reports on the Regional Assembly Preparatory Meetings were made by the four nominees for Vice-President: Momodou Dibba for Africa, Roberto Rodrigues for the Americas, Mitsugu Horiuchi for Asia-Pacific, and Graham Melmoth for Europe.

The Report of the Audit and Control Committee was presented by Chairman Hans Thuli. The report recommended that:

- The audited accounts for the year 1992 be approved;
- The surplus of 1992 be transferred to the General Reserves;

- In order to reach the target level of General Reserves, it be made a policy that any future surplus is automatically transferred to these Reserves.

The report and recommendations were accepted.

Elections

The President proposed that the tellers for the Board elections should be the two retiring members of the Audit and Control Committee, Hans Thuli and Erlendur Einarsson. They were elected.

The Director-General, Bruce Thordarson, explained the procedure for the Board elections.

Election of Vice-Presidents

The President noted that, as provided in the Rules, four candidates had been nominated for the four positions of Vice-President: Momodou Dibba for Africa, Roberto Rodrigues for the Americas, Mitsugu Horiuchi for Asia-Pacific, and Graham Melmoth for Europe. Each was elected individually by the General Assembly.

Election of President

Mitsugu Horiuchi, as senior Vice-President, took the chair.

Raija Itkonen and Lars Marcus each addressed the meeting.

A point of order regarding the election was raised by Mr. Eero Rantala of Finland. The chairman asked Mr. Marcus if he wished to reply. Mr. Marcus spoke briefly of his decision to seek re-election.

The Director-General informed the member organisations of their voting entitlement, and invited them to vote.

Following the counting of the ballots, Mr. Thuli announced the results:

Lars Marcus	- 186
Raija Itkonen	- 158

Mr. Marcus took the chair as ICA President.

Election of Other Board Members:

The President invited the 12 candidates for the remaining 11 Board positions to address the meeting: Jens Heiser, Raija Itkonen, Ota Karen, Leroy Larsen, Dean Mahon, David Miller, H. Hasle Nielsen, Giancarlo Pasquini, Yehudah Paz,

Etienne Pflimlin, B.S. Vishwanathan, and Yang Deshou. All spoke except Raija Itkonen.

The voting then took place. Mr. Thuli subsequently announced the results:

1.	Raija Itkonen, Finland	303
2.	Yehudah Paz, Israel	283
3.	Yang Deshou, P.R. of China	275
4.	David Miller, U.S.A.	272
5.	Leroy Larsen, Canada	266
6/7	Giancarlo Pasquini, Italy	252
6/7	Etienne Pflimlin, France	252
8.	B.S. Vishwanathan, India	249
9.	H. Hasle Nielsen, Denmark	233
10.	Ota Karen, Czech Republic	223
11.	Jens Heiser, Germany	222
12.	Dean Mahon, WOCCU	124

The first 11 candidates were declared elected to the Board.

Election of the Audit and Control Committee

The President reminded the meeting that the ICA Rules provide that the Audit and Control Committee may consist of up to five members, and that the following had been nominated:

1. Pál Bartus, Hungary
2. Frank Dahrendorf, Germany
3. Ivar Hansen, Norway
4. Jacques Moreau, France
5. Markus Schelker, Switzerland

All five were elected by the General Assembly.

Retiring Members

On the completion of the election results, the President presented certificates of appreciation to the retiring members of the Board and the Audit and Control Committee: Jacques Moreau, Knud Ollgaard, Anton Rauter, Robert Scherer, Reimer Volkers, Erlendur Einarsson, and Hans Thuli.

Activity Reports

During the ballot counting, the ICA management report was presented by the Director-General and by the four Regional Directors: G.K. Sharma, Vincent Lubasi, A.S. Kibora, and Juan Diego Pacheco.

Momodou Dibba reported on the 7 September Development Forum meeting, which he had chaired, and which focussed on the issue of human resource development in co-operatives.

Raija Itkonen reported on the 19 May seminar on the Environment and Sustainable Development, which she had chaired, which formed part of the preparation of the Co-operative Agenda 21 for the Centennial Congress.

Jan-Eirik Imbsen, ICA Director of Human Resource Development, reported on the ICA's new "Policy on Women in Co-operative Development", which will serve as the basis for regional strategies and programmes.

Case Studies on the Theme "Innovation and Success"

The Director-General introduced the case studies, designed to identify areas in which co-operatives had successfully introduced new programmes and approaches.

The following presentations were made:

Roberto Rodrigues	EXIMCOOP, Brazil
Fumiaki Aruga	JA ZENCHU, Japan
Jacques Picard	CFCA, France
Terry Thomas	Co-operative Bank, U.K.
Claude Béland	Desjardins Confederation, Canada
E.K. Mureithi	Co-operative Bank of Kenya
Ramiro Valderrama	COLAC, Panama
S. Sivertsen	NKL, Norway
Masayuki Yamagishi	Co-op Kanagawa, Japan
Pál Bartus	Co-op Hungary
Ole Dueholm	INTERCOOP
Thomas Schaefers	GdW, Germany
Mike Grindrod	Co-op Travelcare, U.K.
Katarina Apelqvist	Folksam, Sweden
Alberto Zevi	C.F.I., Italy
Hans Dahlberg	ICMIF (for Income, Singapore)

Participants were invited to raise questions throughout the session, which was chaired in turn by the ICA President and by Vice-Presidents Melmoth, Rodrigues, and Dibba.

Report on the Review of the Co-operative Principles

Ian MacPherson, coordinator of the review, reported on his progress and the issues under examination, and announced the composition of his informal Resource Group.

The President expressed support of the work to date and presented Dr. MacPherson with a certificate of appreciation as a retiring Board member.

Reports from the Specialised Bodies

The following reports were given:

Agriculture Committee - Roberto Rodrigues, Chairman
International Co-operative Banking Association - Terry Thomas, Chairman
CICOPA - Yves Régis, Chairman
Consumer Committee - Turid Ström, Retiring Chair
International Co-operative Energy Association - Roy Palk, Chairman
Fisheries Committee - Shoji Uemura, Chairman
Housing Co-operatives - Jens Heiser, Board Member
ICMIF - Hans Dahlberg, Chief Executive Officer
INTERCOOP - S. Sivertsen, Chairman
TICA - Mike Grindrod, Chairman
Communications Committee - Mary Treacy, Secretary
INCOTEC - Robert Houlton, Chairman
Women's Committee - Katarina Apelqvist, Chair

Future Meetings

Graham Melmoth, Chairman of the British organising committee, reported on plans for the ICA Centennial Congress, to be held in Manchester from 20-23 September 1995.

Other Business

Yang Deshou reported on recent changes in China and their implications for the co-operative movement.

Josep Espriu called for greater attention to the role of health co-operatives, including the establishment of an ICA specialised body for the various components of this sector. The President said that this issue would be reviewed by the Board.

Conclusion

The President thanked the participants, interpreters, ICA Communications Committee, and ICA staff for their contributions to the General Assembly, and declared the meeting closed.

Co-operative Principles

- **Open and voluntary membership**

Membership of a co-operative society shall be voluntary and available, without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership;

- **Democratic control**

Co-operative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies shall enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration shall be conducted on a democratic basis in a suitable form;

- **Limited interest on invested capital**

Share capital shall only receive a limited rate of interest, if any;

- **Return of surplus to members**

The economic results arising out of the operations of a society belong to the members of that society and shall be distributed in such a manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:

- by provision for development of the business of the co-operative;
- by provision of common services; or
- by distribution among the members in proportion with their transactions with the society;

- **Co-operative education**

All co-operative societies shall make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of co-operation, both economic and democratic;

- **Co-operation among co-operatives**

All co-operative organisations, in order to best serve the interest of their members and their communities, shall actively co-operate in every practical way with other co-operatives at local, national and international levels, having as their aim the achievement of unity of action by co-operators throughout the world.

Getting to Manchester

by Ian MacPherson*

The century is fast coming to an end. Next year we will be celebrating the 150th anniversary of the Rochdale Pioneers. In a few years we will be celebrating the 150th anniversary of the co-operative banking movement. The organised farmers' and workers' co-operative movements are both well over a century old: one can make a case that the workers' co-operative movement is the oldest of all, and the co-operative housing movement goes back at least to the 1850s. We enter the next century, therefore, with a rich and productive heritage upon which to draw. We possess a range of resources and experiences which should give us a unique perspective on the future.

But to take advantage of these assets, it is essential that the co-operative movement project to its members and the public a clear sense of its distinctiveness and its fundamental purposes. The task of defining the distinctiveness was begun with the search for underlying values, led by Mr. Sven Åke Bööck of Sweden between 1990 and 1992. It will be completed in the course of the next two years through a reconsideration of co-operative prin-

* Dr MacPherson is Dean of the Faculty of Arts and Sciences at the University of Victoria in British Columbia, Canada. He is responsible for the ICA project on the redefinition of the co-operative principles.



ciples. The definition of our international, collective purpose will be provided by a 'Charter for the Twenty-first Century'. Both will be presented to the Manchester Congress in the Autumn of 1995.

At this time it is anticipated that the principles will be stated, much as they are today, in a page-long document so that it can be easily displayed as an indication of the uniqueness of co-operative enterprises. The charter is expected to take the form of a fifty page document, reflecting the principles and co-operative values, while articulating the anticipated general roles of the co-operative movement in the next century. This format is not cast in stone. Ultimately, the form of the message will be determined by a decision regarding what should be said and by

a judgement on the most effective way it can be communicated. We would welcome suggestions on what you think might be the most useful way to present the principles and our vision of the future.

Examining distinctiveness and basic purposes is not a new challenge for the international co-operative movement. In fact, every generation or so since the 1840s - in the 1860s, the 1890s, the 1930s and the 1960s - groups of co-operators have attempted to define the essence of their movement. They did so by striving to adhere to the philosophy held in common throughout the movement over the generations. They did so, too, in light of the most apparent and pressing needs of their times. Mixing inherited philosophy with contemporary needs has always been difficult, even when the organised movement was largely restricted to the continent of Europe. It is no longer predominantly focused on that geographic base, so the task is even more challenging.

Nevertheless, in the past, three of these efforts to define and to challenge have created international statements, and they form the base on which we now must act. The first was a rather vague statement included in the first constitution of the International Co-operative Alliance; the second and third were in the more complete declarations of principles adopted by the ICA in 1937 and 1966.

And so today we are engaged in an activity that is, in the light of our history, inevitable if not perennial. But

seldom has it seemed more appropriate. The successes we celebrate during this meeting in themselves suggest that need. The co-operative movement, despite the concerns we all have, has forged many remarkable accomplishments over the decades, and particularly in recent years. There has been rapid expansion in many parts of the world; many co-operatives have made impressive adjustments to the changes in the international economy now reshaping the world order; there are significant signs of rededication in the countries which have moved from, or are reformulating, centrally-planned economies; the challenges confronting southern, developing countries make the possibilities of co-operation alluring and relevant once more.

And yet these successes are not generally acknowledged. There are too few co-operators in too many parts of the world who are apologetic about their movement. There is far too great a fascination for, and wringing hands over, co-operative failures. There are far too many Governments without a clear, realistic, and fair-minded approach to co-operative development. Nor do enough co-operatives continuously and conspicuously proclaim their co-operative roots and commitments. All of that must change if the co-operative movement is to realize its potential in the coming century.

How are going to proceed? In an ideal situation, we would be able to act as if this really was a global village. We would involve everyone in an extensive, inclusive process so we could collectively decide on our principles

and articulate our charter. In fact (of course) we cannot do so, but we must do the best we can to ensure that all those who wish to participate have the opportunity to contribute. It is important that as many involved people as possible be heard. Therefore, in an effort to open the channels of communication, three initiatives have been undertaken in the last year.

First, the ICA has prepared a questionnaire and circulated it to all member organisations. I have received a number of these back, and I am aware that I will be receiving more in the course of the next few months. Copies are available in all the official ICA languages and I would like to emphasise in this regard that I welcome ideas from all co-operative groups and individuals. And, if the questionnaire does not allow you to indicate what you think is important, please ignore it and suggest what you think are the important issues.

Secondly, I have attended meetings in Montevideo, Beijing, Brussels, Abidjan, and Minneapolis. I also have the opportunity to meet with several groups in my own country. I would like to express my very deep gratitude to all my hosts at these meetings for their hospitality and to all those who participated in the sessions or have subsequently written to me to express their thoughts.

I must also report how impressed I have been by the rich range of views and experiences that are part of the international movement, by the depth of thought given to the issues of distinctiveness and purpose by both practitioners and theorists throughout the movement and around the world. It is at once a humbling, intimidating and invigorating prospect that somehow we have to find a way to extract from that rich diversity the essence of the international co-operative experience.

Thirdly, the committees of the ICA have been asked to consider how they might adopt operating principles in accordance with the basic principles of the international movement. The intent here is to see how well the existing principles provide guidance for co-operatives facing contemporary issues. This process is well underway in most committees. Hopefully, it will be complete for the 1995 Congress, but it is not essential that it is finalised by that time, given the complexities involved. It is more important that the operating principles be right than that they be timely.

These are the efforts to engage co-operators. What comes next? A resource group has been appointed to consider the information that has been collected, to gain an appreciation of the perspectives of the Board, to add insights based on their own experiences, and to prepare draft documents on the principles and the charter. The group includes the following individuals:

Co-operative Principles Resource Group

Raija Itkonen, Finnish Consumer Co-operative Association,
Hans Münkner, Institute for Co-operation in Developing Countries,
University of Phillips-Marburg,

Yehudah Paz, General Co-operative Association of Labour in Israel,
Mashahiko Shiraiishi, Tokyo University of Agriculture and Vice President of
the Japanese Society for Co-operative Studies,
Bruce Thordarson, Director-General of the ICA,
Hans-Detlef Wulker, International Raiffeisen Union.

The resource group will prepare drafts of the principles (if they are revised) and a charter by the Autumn of 1994. These drafts will be considered by a consultative committee of some fifty co-operators from around the world. This committee is currently being selected. After the consultative committee has reviewed the document, the board of the ICA will review the final draft by early in 1995, so that it can be prepared in time for the 1995 Congress.

And so at this point I would like to share with you some of the themes that have emerged, at least to me, during the last few months. I want to stress that these points are not organized with the principles or charter specifically in mind. How they apply, indeed, if they apply, is essentially the work of the Resource Group in the coming year. In that time frame, too, I expect that other themes will be raised, by that group, the Consultative Committee, the Board of the ICA, and, indeed, any co-operative organisation or co-operator wishing to do so.

Perhaps the most compelling theme I have seen repeatedly is a determination to invigorate and to promote the co-operative way of meeting needs. I have seen this spirit in each of the regions I have visited and within many of the co-operators I have met in recent

months. In them I sense some impatience with protracted discussion, a need to be proactive, a disposition to be practical, and a requirement to be clear-headed. In other words, this is a time to be doing as well as reflecting; a time to be opening doors as well as preserving what is important from the past. I take these sentiments as a welcome challenge to this process.

I have clearly seen a determined conviction that co-operatives must remain associations of people. It seems to me that democratic control is regarded as the essential characteristic of co-operative organisations, particularly at the local level. I have also seen general acceptance of the pragmatic, flexible ways in which the current rules allow for democratic, stakeholder control in our second and third tier organisations.

I have detected, though, some concerns about whether we emphasise adequately the democratic nature of co-operatives. There is surely room in the charter to celebrate the ways in which democratic techniques vary yet remain effective around the globe. Clearly, too, there is a need to project more emphatically, particularly for the benefit of Government officials, the necessity for recognising and fostering member participation and control. Some, too, have raised the point that

one objective of co-operatives should be the desire to steadily improve the democratic structures on which they are based; that they should continually strive to ensure that they not only insure the rights, but also encourage the involvement of the men, women and young associated with them. The point here is that democracy does not just consist of constitutional injunctions: it also includes a continuous struggle to incorporate democratic values into how we conduct our affairs.

I think, too, that the theme of member benefits deserves greater emphasis. The current principle, for example, stresses the openness of co-operatives without projecting a strong appreciation of the values members can achieve. If, indeed, we live in a time, as many observers believe, when it will become increasingly important for individuals to find ways to increase control over what is significant in their lives, then we would do well to communicate the benefits of ownership and patronage to co-op members. Assuming that there is agreement that highlighting the benefits of membership is important, then how we actually make the point becomes an interesting question to be resolved in the coming months.

The theme of co-operative capital has been widely discussed. The existing principle, which restricts the rate of interest which may be paid, is widely, if not universally, seen as being too limiting, and the point has been made that is too often honoured in the breach. Moreover, there are significantly different needs in the various co-operative sectors, and co-operatives must

deal with capital issues in widely different economic and legislative frameworks. It is a delicate issue which will require considerable study in the coming months. Perhaps all that can be said at this point is that the key principle is that people must be supreme within co-operatives, but those who invest in co-operatives should also receive a fair reward.

I think there are several reasons why the theme of capital has become so important, but one of them is a desire to create healthier, more successful co-operatives. One of the challenges confronting us in this process is to create a framework in which co-operatives can be seen as dynamic, resourceful institutions, as in many, many cases they are. We need to project - in the clarity of the principles which shape our movement, in the values which animate it, and the objectives that give it direction - a movement whose organisations have clear structures, effective ways to mobilise resources, and a commitment to new initiatives. Perhaps the theme is a celebration of success.

But if it is to be success it must be within a recognition of how we treat our environment. Environment is an old theme in the history of co-operative thought. In a very real sense it goes back to Robert Owen and Henri Saint-Simon. It is, however, a theme that is no easier for us than for others these days. What I have seen in many circles is a commitment among many co-operatives to steadily improve how we treat the environment and how we constantly strive to improve environmental practices. We need to reflect

this concern in an honest, straightforward way in our documents and our vision for the next century.

I have also seen a widespread commitment to social roles for co-operatives. Interestingly enough, the existing principles are largely silent on this matter. Should we not find a way to recognise this often vital range of activities within co-operatives? I recognise that some co-operatives deliberately choose to play very specific and limited roles, concerned only with their members. Many, however, do more and believe that one of the way co-operatives are different is their willingness to accept social responsibilities and support them generously. If that is so, is there not some way it can be acknowledged when we articulate our roles in society?

A particularly interesting dimension of social involvement is the role co-operatives play in communities. Now the word 'community' is a difficult one to understand completely, far more difficult than one might immediately assume. It is readily understood in terms of a geographic area, and its connection to co-operatives becomes clear if a given geographic area (a village, town or region) has a co-operative directly associated with it. It becomes less clear, however, when large urban areas are involved: indeed, one of the classical problems confronting co-operatives around the world is how to create bonds in major cities. 'Community' can also refer to groups, such as farm and fishing people: people who have a community of interest. It can also be seen as a useful concept in

identifying communities with shared ethnic and religious heritages.

'Community', in all these diverse meanings, has been fundamental to the development of co-operatives over the years. What is interesting today, of course, is that there are growing pressures to build more institutions upon the basis of 'community'. It may well be a form of resistance to the homogenising effects of modern media. Whatever the reasons, the trends are there and co-operatives could respond (in some instances already are responding) to the new or renewed feelings of community. Moreover, co-operatives are not necessarily placid allies in the struggles among communities erupting around the world. In fact, they can provide links across unfriendly borders, as they do, for example, in Sri Lanka and in some of the countries formerly within the USSR and not now on the friendliest of terms.

In fact, while there may be reason to debate the meaning of 'community', I think it is fair to say that the attachment to community is a common theme in co-operatives around the world. It is a theme I suggest we think about very carefully in the months ahead.

The theme of co-operatives in communities invites yet another theme: co-operatives and the State. This theme is important everywhere, but it is perhaps most obvious in countries where scarce resources tend to mean that Governments want to control co-operatives in an inappropriate way. I think that somewhere in our document or documents we need to project

a vision of how co-operatives and the State should relate to each other in the various stages of co-operative development: when they are new and emerging; when they are established and secure; and when they are anticipating expansion. No issue is of greater importance for many co-operatives around the world; perhaps no other issue is more difficult to resolve in a categorical fashion.

A theme which is, in some ways, related to how Governments often see co-operatives is the theme of empowerment. It is a theme with many variations, but essentially refers to how co-operatives can be valuable tools for those who want to help themselves. There is no doubt that, over the years, co-operatives have been instruments through which consumers have protected their interests and improved their living standards; through which fishing and farming people have advanced their interests; through which those with few financial resources have been able to build large financial enterprises; through which groups of people provide themselves with services they probably otherwise could not afford. It also includes the often underestimated benefit co-operatives bestow as they annually train many thousands of people as directors and employees around the globe.

In the current circumstances, the theme of empowerment is particularly important for women, although that urgency is felt differently in different parts of the globe. It is also crucially important for the increasing numbers of very poor in our urban slums and rural communities. In many coun-

tries, the urgency is felt because of the barriers of race and/or religion. The issue is, how do we project this theme so it will be a continuing commitment of even the most successful co-operative and an illuminating goal for the newest? How do we promote the self-help traditions of our movement? How do we show that, in a world which often seems to be offering reduced opportunities, co-operative methods can provide new ones?

Another theme somewhat related to empowerment concerns the role of employees within co-operatives. As many know, this theme was one of the most divisive issues within the international movement for several decades. I wonder if it is not time to give it a decent and public funeral. The point is that employees are vital for the success of co-operatives. I doubt that there is any successful co-operative which has been built without the exceptional contributions of employees, contributions that went far beyond what anyone could reasonably expect. I think the contributions of employees should be highlighted, their development seen as a priority for co-operatives, and their full involvement welcomed. Please do not misunderstand me: I am not making a case for the widespread adoption of the worker co-op model throughout the movement, much as I admire the very real accomplishments of that sector over the decades; I am not even making a case for the necessary inclusion of employees on boards. Those kinds of decisions, I think, vary with the type of co-op, the legislative framework within which they function, and the institu-

tional culture of the co-operative. What I am saying is that we recognise, openly and proudly, the kind of roles dedicated employees play in our co-operatives, and the vital roles they will have to play if the movement is to advance in the next century.

The last theme I want to mention today is a global perspective. Although globalisation has already been the theme of an enormous amount of discussion, there is no doubt that there is a changed consciousness about the world in this generation. Instantaneous communications, transnational corporations, the decline of some nation states, and the development of regional blocks around the world are dramatically altering economic, social and political relationships; they are making more people see the world as a single, interrelated planet. The impact of this change for co-operatives is difficult to diagnose, and varies greatly with the kind of co-operative, but it is significant. It reawakens, too, a perspective that has been, I believe, implicit in the co-operative movement since its emergence: the idea that, in its most complete form, co-operation is a global movement with an immense capacity to contribute to a more peaceful and equitable world. The hard task is to capture this theme in a way that will be compelling and practical.

As you can see from themes such as these, the task is enormously complex and extremely stimulating. Part of the fascination is that it involves the interplay of theory and action; that is in keeping with our traditions, for one of the great virtues of co-operation is how it strives to combine the idealistic with

the practical. On the one hand, it does not advocate economic growth without serious regard for the consequences; on the other, it scorns those who would be only armchair theorists. For that reason this activity must strive to move from values, through principles, to action in a coherent, energising, and practical manner. However many documents we have when we reach Manchester, however it is finally decided to state our distinctiveness and project our future, we must have, as one of our number likes to say, our feet on the ground and our eyes on the stars.

Finally, I would like to end with a comment on the Principles because I know that many are concerned about how they might be changed. Statements of principles play a powerful role in movements and most particularly within the co-operative movement. They become ingrained in the consciousness of the movement's strongest proponents, especially at the grass roots level. For organisations facing great pressures, principles become lifesavers needed to cross difficult seas. In some instances they are incorporated into legislation. For all those and other reasons, the examination of principles is a delicate task. Changing principles, even restating them, therefore, should be done with great care and only for good reason. I pledge that we will do that. The intent is to build on what we have, to make sure that the co-operative message is as clear as we can make it, and to show even the most doubtful that the twenty-first century will be the century of co-operation.

International Co-operative Agricultural Organisation

by Roberto Rodrigues*

The Agricultural Committee has 41 members from 33 countries (15 European countries, 8 African, 7 Asian and 3 American).

We are organised with regional vice presidents:

- Europe - Jean Louis (Doumeng) (France)
- Africa - Mohamed Idris (Egypt)
- Asia - M. Shigaki (Japan) - represented by Yoshisada Tamura
- Americas - Leroy Larson (Canada)

Since the Tokyo Congress the Agricultural Committee has met twice. The first meeting was in Bratislava (Slovakia), in May 93, when we received a marvellous welcome from our Slovak friends. During this plenary meeting, several issues were discussed:

Four presentations on the influence of the new CAP and the Uruguay round of GATT on the world economy in agricultural products reflecting the points of view of Latin America, Eu-



rope, Asia and Africa. The resulting summary was subsequently circulated to all the members of the Executive Committee with a view to proposing an official position for the ICA on this matter.

Presentations from France and Korea on basic values and co-operative principles which guided the position subsequently taken by the Agricultural Committee and submitted to Ian MacPherson on this issue.

Finally, very interesting information was offered on the situation of agricultural co-operatives in the Czech and Slovak republics.

The second meeting was a meeting of the Executive Committee in Geneva on 7 September where two points were discussed:

* Mr Rodrigues is President of EXIMCOOP, Brazil, ICA Vice-President for the Americas and Chairman of the ICA Agricultural Committee.

Maria-Elena Chavez (of the ICA staff) presented the document on co-operation and Agenda 21, dealing with sustainable development. The Agricultural Committee will adopt a position on this matter at its next meeting.

The summary document on GATT (discussed in Bratislava) was evaluated, but as the Uruguay round of GATT had not been completed it was decided that the matter would be concluded at the next meeting of the Committee in Cairo, in April 1994, when the next plenary meeting of the Agricultural Committee would take place.

The Agricultural Committee had a difficult problem to solve, namely the replacement of the Secretary, Lajos Varadi, who left the ICA in July 1993. Dr Americo Utumi, President of the Co-operative Organisation of the State of São Paulo, Vice-President of the OCB and President of the Cotia Rural Credit Co-operative, was elected to this post.

The Agricultural Committee is encouraging relations with other international organisations associated with agriculture, both governmental (FAO, IICA, IFAD), and non governmental (FIPA, COGECA, CEA, OCA). In this sense we are fortunate in that members of the Agricultural Committee of ICA are also members of other co-operative

and non-co-operative agricultural organisations.

At its last two meetings the Agricultural Committee laid down its basic programme, which can be summarised as:

- The establishment of a data bank;
- Encouragement of interco-operative trade through the interchange of commercial directives which by visits to co-operatives in different regions will make it possible to identify real opportunities for business;
- Discussion of involvement and action by farmers and their co-operatives in the question of the environment;
- Conclusion of the debate on basic values;
- Establishment of relationships with other international organisations;
- Increase in the number of associate members in all continents;
- Establishment of relationships with other sectors of the ICA.

Members of the Agricultural Committee have taken part in many events, seminars, congresses and meetings promoted by the co-operative movements in various countries and by organised agriculturists in general.

International Co-operative Banking Association (ICBA)

by Terry Thomas*



Terry Thomas, in the company of Miguel Cardozo, COFACS (Uruguay) and Gordon Lindquist, National Co-operative Bank (USA).

It is my pleasure to report on the progress made by the ICBA during the last year.

A meeting of the Central Executive Committee was held in Nairobi, Kenya, in April. This coincided with the Co-operative Bank of Kenya's Jubilee celebrations, a regional meeting for East, Central and Southern Africa, and an international co-operative banking seminar. We also held two meetings of the Central Executive Committee, a Plenary Session, and a meeting of the regional committee for Europe in Geneva, Switzerland. These four meetings took place during the week of the ICA General Assembly, when I had the honour of presenting my own bank's (The Co-operative Bank plc, UK) view of how to assist in showing the

essential differences between a co-operative bank and a commercial bank. This approach to a co-operative difference may have a similar application in other sectors of co-operative economic activity.

Last year I reported on the establishment of a regional structure for the ICBA. This year, we have had the benefit of real activity at a regional level, and the beginnings of discussions for the formation of a regional committee for North Africa and the Middle East and another for the Republics of the former USSR, now the CIS.

We, on the Central Executive Committee, have now begun to put together our preliminary thoughts on capital formation, and our current findings will be reported in issue N° 5 of our next Banking Journal, which is due to be published in early 1994. The fourth issue has already been circulated to all

* Mr Thomas is Managing Director of the Co-operative Bank in Manchester and Chairman of the International Co-operative Banking Association.

our members. All editions contain the presentations made at our last Plenary Session, plus the case studies of our individual experiences and other related articles. Our earlier editions can now be found in training centres in co-operative banks worldwide.

We have made similar progress on co-operative basic values, but have now reached the stage where we would benefit from advice from Dr. Ian MacPherson as to the precise definitions in our three working languages of: Co-operative principles, as compared with Co-operative operating principles, as compared with Basic co-operative values.

The Central Executive members are currently as follows:- Messrs. C. Beland (Canada), E.H. Boohene (Ghana), M. Cardozo (Uruguay), J-C. Detilleux (France), J. Laks (Argentina), G.E. Lindquist (USA), J. Moreau (France), E.K. Mureithi (Kenya), T.O. Olupitan (Nigeria), E. Pflimlin (France), A.D. Sotnikov (Russia), B.S. Vishwanathan (India), M.M. Vyas (India).

As previously mentioned, we anticipate that a member of the European Association of Banks (the 'Groupe-ment') will shortly be joining us. This April, Jacques Moreau retired as the Chairman of the European Region and has been succeeded by Etienne Pflimlin. In addition, and with effect from our Geneva meetings, Christopher Baker has succeeded G.A. Charbonneau as the representative of the World Council of Credit Unions, and I should like to place on the record our appreciation of the part taken by Mr. Charbonneau in the affairs of the

ICBA. We shall all miss him both as a co-operator and a friend but, nevertheless, we look forward to working with Dr. Baker, who is a worthy successor.

The case of the Ghana Co-operative Bank versus their Government has been mentioned before. This is now in the hands of the Courts of Justice but, unfortunately, as at the time of writing, the situation remains unchanged, as the Courts have been in recess and therefore the case is still unresolved. The Judge has decided, however, that if the Bank of Ghana is unable to attend when the Courts re-open, judgement will be given without any further recourse.

The Mauritius Co-operative Central Bank has also been in financial difficulties and applied to the Bank of Mauritius to take over its assets. The Bank of Mauritius now owns 75% of the shares. However, enquiries have revealed that it is willing to sell the shares back to the Co-operative Movement.

These are just two of the reasons why it is necessary for us to spend so much time discussing capital formation and endeavouring to find new ways of capital formation for co-operative banks, which do not result in the gradual disappearance of co-operative banks either by State intervention or through lack of adequate capital.

Finally, I should like to pay a special tribute to the Regional Chairmen of the ICBA for all their hard work and contributions. The work will become even harder for them during the coming months whilst we prepare to submit our reports to Dr. MacPherson for the ICA's 1995 Manchester Congress.

Report on CICOPA

by Yves Régis*

How many people in the world, approximately, are working in industrial or craft co-operatives?

There is an apparent contradiction between the figures given at the Tokyo Congress last year (1% of the total members of ICA, or about 7 million) and those given in the CICOPA brochure, which puts the estimated number of people working in industrial co-operatives (or pre-co-operatives) at 100 million.

The ICA, quite properly, only takes into account its own paid-up members, and not all the members of CICOPA have yet become direct members of the ICA (even though CICOPA is bringing in new members, such as the Japanese JIGYODAN Movement). Also, large numbers of industrial or craft co-operatives are recorded as multi-purpose activities.

Let me give you a few figures at random: Spinning Mills and Weavers Co-operatives account for over 20 million co-operative workers, 15 million of whom are women; Labour Co-operatives account for nearly 10 million as



do Industrial Co-operatives, so for India alone we have a workforce approaching 45 million.

What about China? The new member of CICOPA, All China Handicraft and Industrial Co-operatives Federation, has 95 million members, a large number of whom cannot be considered to be true co-operative workers but should rather be thought of as workers in semi-public companies. The proportion of these who are co-operative producers is rising, nevertheless.

Of the 11 million workers in the ESOPs of the United States of America, more than 10% belong to democratic ESOPs which operate on the principle of one man, one vote. These are not formal co-operatives yet, but they already put the co-operative concept into practice.

* Mr Régis is Chairman of the International Organisation of Industrial, Artisanal and Service Producers' Co-operatives (CICOPA).

And what about village communities, co-operative groups, village women's groups and so forth in Africa and Latin America?

The actual number of men and women engaged in the most demanding form of co-operation, their daily work, is much higher than the formal statistics show.

CICOPA is organising its fourth World Conference, to be held from 6th to 10th June 1994 at Vitoria, in the Spanish Basque country, close to the first European co-operative industrial complex of Mondragon. It is hoped that this will be attended by not only all present and future members of CICOPA, but also by the heads of consumer co-operatives, particularly those in the most highly developed countries, such as our friends in INTER-COOP.

In addition, to complement a conference which will focus on the principles and practice of production co-operatives in the world (looking forward to our contribution to the Manchester conference in 1995), there will be an exhibition and trade fair of the products and services offered by industrial and craft co-operatives.

The General Meeting of CICOPA, which was held in Geneva on 6 September, stressed two aspects of regionalisation.

On a structural level, the normal role of the European CECOP, namely the representation of CICOPA in the whole of the continent of Europe, was acknowledged. The birth of CAL (CICOPA AMERICA LATINA) was noted and the meeting expressed a wish to see a Middle Eastern CICOPA. This last, which might consist of all the countries from Morocco to Iran (including Israel, of course) could be discussed at the next meeting of the CICOPA Executive Committee to be held in Cairo in April 1994.

The meeting also considered the development campaigns that had been initiated in Africa, Latin America (CONO SUR and Central America), Asia and eastern Europe. It was noted that these campaigns are most often conducted in association with co-operative Savings and Loan Associations.

The General Meeting expressed its gratitude to Lajos Varadi, who had served CICOPA as Secretary for 8 years. He was thanked in particular for his strict management of the organisation's finances and for the contribution of his skills.

A final word was spoken in memory of Alvaro Bonistalli, a gentleman and a committed, enthusiastic and joyful member of the co-operative movement. May CICOPA's present and future progress be worthy of him.

International Co-operative Consumer Organisation

by Turid Ström*

The International Co-operative Consumer Organisation currently has 30 members, of which 12 are in the Regional Committee for Asia and the Pacific and 18 in the global committee. The ICA Annual Report, pages 37-39, provides you with the facts about our work during the last year. In addition to that, I would like to make a few comments.

Our members' meeting on 7 September was not only the usual yearly plenary, it was in fact the end of a period of five years, 1988-1993. During this period, many co-operative organisations have faced great difficulties. The Committee has served as a valuable forum for discussions and analysis of the underlying problems.

Fourteen percent of the ICA membership are consumer co-operatives. Approximately 70 percent of them come from highly industrialised countries. Of these, many are close to 100 years old and are often faced with similar problems. Consumer co-operatives in the developing countries have many problems in common.

* Ms Ström has been ICA Consumer Committee Chair since 1988. She retired from office at the General Assembly in Geneva and will continue to work for consumer affairs.



We invited, to the Consumer Conference in Tokyo in 1992, organised in conjunction with the ICA Congress, leading co-operators from the North and South to present their ideas of how to overcome present-day difficulties and how to move forward.

We have publicised their contributions in a booklet "Co-ops towards the year 2000" and I invite you to get hold of this today at the ICA Conference desk.

In line with this is also the work that the committee started in February this year to develop "operating guidelines" which reflect the application of the Co-operative Principles in our specific area of activity.

Initially, the Asian and European regions will work separately with a view to combining efforts at a later stage. We all realise that working on operating guidelines is a process, starting with mapping the problems in member countries as well as in regions.

When I look back at the period of five years, there is one issue which characterises the Consumer Committee more than anything else:

Starting at the Central Committee in Madrid in 1989, we have actively pursued "environment" as our main issue. Our first environment seminar took place in Stockholm in 1990, the second in Leicester in 1991, the third in Yokohama in 1992 and the fourth in Rome in 1993. Thanks to the Swedish, the British, the Japanese and the Italian consumer co-operative organisations, we have been able to keep this process rolling. I want to express my gratitude to these organisations and also stress the fact that they have all shown great commitment in the environment issues.

I regard the ICA participation at the UNCED Conference in Rio de Janeiro as very valuable, also for the future. The ICA has an important role to play among the international organisations. Being the world's biggest Non-Governmental Organisation, it also has a special responsibility to take part in world events such as the NGO Exhibition at Flamingo Park, and represent its members. Once again, several of our most committed member organisations supported the Committee and

made a combined Consumer Committee/ICA presentation possible.

I think that the individual members of our movements feel that it is important to be part of a great world movement, which is not only inward-looking but which is actively engaged, together with others, in the most pressing problems of our earth. It creates pride in the hearts of members to know that co-operators are in the front line in the process of saving the environment for future generations.

It is most important, however, that co-operatives have a very practical role to play. 189 Governments signed the UN Agenda 21 in Rio de Janeiro, whereby all governments and even local governments are obliged to work out practical solutions to be implemented by them in the near future.

Co-operatives can lead the way and show how to solve many problems of concern to consumers long before our national governments impose changes through legislation. It is at the local level, in our nearby shops, that we as consumers see results.

Many consumer co-operative organisations are going green, noting a commercial progress and at the same time giving the movement a sharpened profile in the eyes of members and the public.

The Environment Seminar in Rome in May 1993 was the starting point to review the draft "Co-operative Agenda 21", the final version of which will be presented to the ICA Congress in Manchester in 1995.

I strongly want to emphasise that it is not a question of preparing an admirable and beautiful document. It has to be based on the real hard work and achievements of our member organisations.

As a last point, I would like to turn back to the plenary session of the Committee. I resigned after five years in the chair. Giuseppe Fabretti from Coop Italy is now taking over. I wish him and the whole Committee good results in the years to come.

I have one concern that I wish to share with you. The Executive now comprises eight men, no women. This is not an unusual picture in our movements but nonetheless a very sad result. Something radical has to be done to give space for women co-operators who have different experiences to contribute than those of men. I feel strongly that there is a lack of leading women in consumer co-operatives where they should obviously play a role.

During the last three years, the Executive has been run by two women in close co-operation, Finola Marras and

myself, and it has been a great experience. I thank Finola not only for her splendid work but also for being such a sincere co-operator.

I must say that saying goodbye to the work in the Committee as well as in the ICA is not the easiest task. I have been deeply involved in the ICA consumer policy work from the very beginning.

It actually started as a Consumer Working Party in the 1960s in London, inspired by the late President Mauritz Bonow. I was then involved in formulating the International Declaration of Consumer Rights which was adopted by the ICA Congress in Hamburg in 1969.

It was only in 1973 that the consumer work received a more official status within the ICA when the Organisation for Co-operative Consumer Policy was officially inaugurated in Paris.

It has been a privilege for me to have had the opportunity to experience thirty years of involvement. I wholeheartedly thank you all.

International Co-operative Energy Organisation

by Roy Palk*

The availability of energy allows the people of the world to improve their standard of living and maintain their dignity. In 1992, the members of the ICA meeting in Tokyo, Japan, unanimously approved the creation of the Energy Specialised Organisation, and the ICA took a significant step toward putting its mark on the world through this vital but very complex matter.

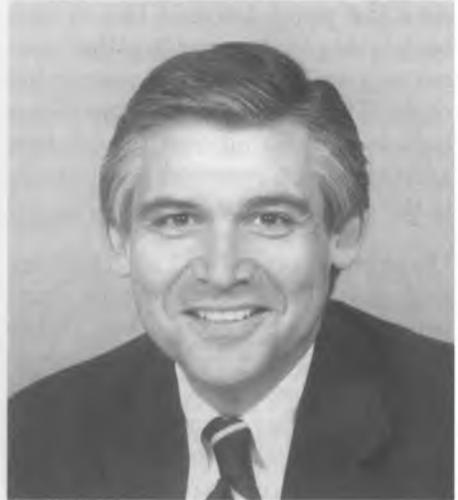
As the group's President, I am happy to make the following report on the group's first year of activity.

Roberto Cheleo de Silva of Brazil was elected Secretary, along with myself as President, at the group's organisation meeting last February in Dallas, Texas.

Two objectives have been agreed upon for the first year's operation: assistance in developing power supplies, and the expansion of the electrical equipment recycling programme beyond its present scope.

A third objective has been added to these: promoting the creation of energy co-operatives.

* Mr Palk is the Assistant General Manager and Corporate Counsel of the National Rural Electric Co-operative Association in Washington D.C. and Chairman of the International Co-operative Energy Organisation.



Close collaboration between the specialised organisations of the ICA is also to be encouraged so that these can be a resource for one another.

As the group has not met since Dallas, Texas, the National Rural Electric Co-operative Association of Washington, D.C., my employer, has undertaken various activities in support of the specialised organisation. Highlights of such activities include:

- A 40-foot container of surplus transformer repair equipment was shipped from the United States to electric co-operatives in Costa Rica.
- A 40-foot container of surplus hardware materials was shipped from the United States to electric co-op-

eratives in Bolivia. Another container of used mobile-radios is scheduled for shipment soon.

- Information has been distributed to members by owners of small hydroelectric generation plants. These owners are seeking locations to install equipment and provide electricity.

Other international activities undertaken by Energy Organisation members to promote energy co-operatives in the world are:

- An electric co-operative was formed in Roatan, Honduras, with technical assistance and materials from the United States.
- Study tours were organised for representatives from Estonia, Kyrgyzstan, Peru, Indonesia, and

Burundi to observe the operational and management benefits of electric co-operatives.

The next meeting of the Specialised Energy Organisation is scheduled to take place in Uruguay on 10-15 October 1993. Its theme will be the promotion of membership in the organisation and it will include discussions on the following topics:

Management and energy supply issues, such as capital sources and consumer matters;

Expansion of the group's governance structure, including the possible appointment of a regional representative for each of the four ICA regions.

I am enthusiastic about the first year's activities and look forward to making future reports to the ICA membership.

International Co-operative Fisheries Organisation

by Shoji Uemura*

I was elected as the 5th Chairman of ICA Fisheries Committee at the Committee's Plenary Meeting held in Tokyo last year. I feel it is a great honour and I am determined to do my best to fulfil the responsibilities. I would like to take this opportunity to ask all ICA member organisations and friends to give us your continued co-operation in our endeavour for development of fisheries co-operatives worldwide.

Now, let me briefly outline the activities of ICA Fisheries Committee from October, 1992, to date.

First, the ODA seminar which our Committee has continued to hold since 1987 was held in Vietnam in March, 1993 and in Fiji in August, 1993. We originally planned to hold it in Fiji in February, 1993, but were obliged to postpone it to August because a big cyclone hit the Fiji islands.

The ODA seminars held in Vietnam and Fiji received maximum possible support from the Governments of these countries, and I believe that the seminars could contribute much to faci-



tating the development of human resources in the fisheries co-operative sector, which is the purpose of the seminar.

Next, the Committee conducted studies on the Common Fisheries Policy of the European Community, which has had a unified market from 1 January 1993. The result of the studies was printed as a booklet and distributed to the Committee's member organisations.

We have conducted various studies, taking up appropriate themes which meet the needs of the times. The current studies on Common Fisheries Policy summarise major points of the CFP as at the end of March, 1993. The purpose of these studies was to obtain

* Mr Uemura is Chairman of the International Co-operative Fisheries Organisation.

up-to-date information concerning how the EC tries to manage limited fisheries resources, namely the common property of mankind, in accordance with the spirit of the UN Law of the Sea Convention, while conserving the environment in compliance with the intent of the UN Conference on Environment and Sustainable Development held in Rio de Janeiro at the same time.

In short, we tried to obtain information on how we can best manage the marine environment and, for that purpose, what kind of fisheries policies should be decided upon to guide decision makers in the fisheries co-operatives' management, as well as the Government-level officials of member organisations.

Other motions approved at the plenary meeting included:

1. Report of Activities during Financial Year (FY) 1992, and Report of Financial Statement for FY 1992;
2. Plan for the implementation of ICA Fisheries Committee Activities for the latter half of FY 1993; and
3. Planned activities and Draft Budget for FY 1994.

As regards the ODA seminar in FY 1993, it was agreed that this should be held in Malaysia and India in November and December, 1993, respectively.

Member organisations from Iceland, France, Malaysia, Fiji, Japan and Hungary reported on their activities of member organisations in FYs 1992 and 1993, and plans for FY 1994.

In addition, a representative from the UN Food and Agriculture Organisation (FAO) made a presentation and expressed the FAO's readiness to support and co-operate with our Committee's activities.

I would also like bring to your attention the decision of our plenary meeting in Geneva that, in addition to the Fishermen's Co-operative Bulletin, which is our Committee's bi-annual journal, we intend to publish the 'ICA Fisheries Committee Newsletter' in order to contribute to closer mutual understanding among member organisations and co-operators.

Furthermore, it was decided that our Committee would start, in FY 1994, making a list of information and disseminating this to member organisations. Such information would give examples of small-scale fisheries development achieved through organising fishermen into co-operatives such as those assisted by UN agencies, etc.

Regarding the time and venue of our Committee's next meeting, we agreed that the Secretariat should decide upon this and advise the members as appropriate. However, as one of the options for the venue of the next meeting, it was suggested that consideration should be given to holding this in conjunction with the 1994 ODA seminar, the venue of which has yet to be decided.

Likewise, it was decided that the decision as to where and when the 1994 ODA seminars should be held would be entrusted to the Secretariat.

The above is just a summary of the activities of the ICA Fisheries Committee since October of last year.

As the chairman of the Committee, I hope to make our activities more meaningful and beneficial to member organisations by maintaining close contact with the ICA Headquarters, Regional Offices and Specialised Organisations, etc.

The world co-operative movement faces a big challenge in overcoming various political, economic and other difficulties. From this standpoint, the current deliberations on possible revisions of Co-operative Principles is particularly relevant to our fisheries co-operatives. Environmental conservation is of paramount importance in our sector since we depend mostly upon

natural stocks. However, there should be a certain balance between development and conservation. I think that we need to use our common sense and avoid extremes in our approach to environmental conservation: in other words, sustainable development is required in fisheries and aquaculture. Thus, utmost care must be taken by co-operatives to enable a balanced approach to the use of resources, so as to bring happiness to mankind.

I sincerely hope that our friends and co-operators understand the importance of this point and support our Committee's activities. We, on our part, will do our best to achieve this. Why not make steady co-operative steps together and pave the way for a brighter future!

International Co-operative Housing Organisation

by Jens Heiser*

Following the structural reform in which the former ICA Housing Committee became ICA Housing Co-operatives, our new elected board, chaired by Rolf Trodin from Sweden and myself, formulated a working programme for 1994.

Last year we held seminars in Chile and Uruguay, where we discussed the problems of co-operative housing in Latin America. In this region ICA housing co-operatives formed a bridgehead in Chile and a regional network in Uruguay. Next year we will continue this work in Rio de Janeiro, and a conference about co-operative housing is to be held in Asia. Imagine this as a topic for a quarter of the world's population! There are enormous opportunities for us.

One of our most important tasks is assisting developing countries. We have responded to invitations from India, Malaysia and Egypt. Another essential activity is the involvement of our group in Central and Eastern Europe as well as in the Community of

Independent States. Here, pilot projects are at the preparatory stages, initiated by some national member organisations.

Meetings with Ministers and political leaders can help to open the doors for co-operatives. In this way, Norway and Germany were able to support the New Housing Policy in Poland. A 'round table', with representatives from Eastern European housing co-operatives, is planned for next year. This will help to formulate a cooperative strategy for housing.

At our Full Committee Meeting we discussed the basic values of housing co-operatives. Reports from Canada and Germany were presented and the new steering group is to elaborate a discussion paper for Manchester.

During the same meeting we had a discussion about housing for elderly: living in a 'good neighbourhood', as they call it in Sweden. Examples from Sweden, Austria, Germany and the United States were presented.

The new elected board will meet in Warsaw early next year to prepare for the meetings in Prague and Rio de Janeiro. For the first time a seat on the board has been reserved for Latin America.

* Mr Heiser is Speaker of the Board of Baugenossenschaft Dennerstrasse-Selbsthilfe eG, Chairman of the Audit & Control Committee at GdW, Vice-Chairman of the International Co-operative Housing Organisation and Member of the ICA Board.

International Co-operative and Mutual Insurance Federation

by Hans Dahlberg*

A project aimed at building an intelligence centre and database is underway at the International Co-operative and Mutual Insurance Federation (ICMIF). The purpose is to enable member organisations to be aware of innovations and experiences of other members, and to track changes and trends in various markets, financial services, social welfare systems, legislation, regulation, taxation and related topics.

A unit to help enrich shared intelligence was one of the recommendations of the Strategic Review Group (SRG), whose report was accepted at the ICMIF Full Conference held in Tokyo last October.

The first initiative toward making ICMIF a more active and supportive organisation for members was to integrate the reinsurance and development bureaux into a unified management structure, and locate the secretariat in its own offices just south of Manchester. As the Federation's membership is now open to mutuals which share the ICA aims and beliefs, the Secretariat is developing criteria



and procedures designed to promote recruitment and expedite handling of applications.

Another priority is to foster the development of regional associations. It is not possible for an organisation like ours to be fully effective globally without firm and clear representation in the regions. In addition to existing regional associations for Asia-Pacific, Europe and the Americas, a new one is being formed in Africa. In reinsurance services, the ICMIF has begun to explore ways of responding to members' needs more effectively. A reference group has been formed to study access to the open reinsurance markets, with a view to enabling ICMIF to insure the more difficult lines its own members may not be in a position to accept.

* Mr Dahlberg is the Chief Executive Officer of ICMIF. The above is a summary of his presentation to the ICA General Assembly.

International Organisation for Consumer Co-op Distributive Trade (Inter-Coop)

by Steinar Sivertsen*

We meet this year in Geneva, a town which has recently been the focus of attention due to the peace talks. The tragedy of the former Yugoslavia is of great and deep concern to all of us: primarily from a humanitarian point of view, but also because the huge consequences these events will have on Europe as a whole. We do not know the fate of our former Inter-Coop member. We can only hope and pray that peace will be restored.

This brings me to recall the responsibility that rests on all of us to show solidarity across the borders. The more we develop co-operation between co-operatives the more we can be of assistance in times of suffering and wars.

Furthermore, this year's Inter-Coop Board Meeting is held in conjunction with the ICA General Assembly. As you know, there will be changes in the structure of the ICA meetings. As far as possible, Inter-Coop will try to follow the meeting routine of ICA Europe. This, however, will have to be discussed annually.

* Mr Sivertsen is the Deputy Chief Executive Officer for Co-op Norway (NKL) in Oslo, and Chairman of Inter-Coop.



Compared with my initial remarks, a report on Inter-Coop activities, problems and achievements may seem trivial. However, although we have experienced some problems in our day-to-day work, we are still able to report on successes and positive developments.

The problems are mainly concerned with members' development:

- * Spolem, in Poland, has ceased to exist.
- * Our Icelandic colleague is faced with enormous economic problems; however we presume that their newly-established central organisation will continue as an Inter-Coop member.

- * In our host country, Coop Schweiz has expressed doubts about its continued membership.
- * Coop Austria has not taken part in our meetings due to their co-operation with Migros, Switzerland. The question of their continued membership is presently being discussed.
- * The economic depression has severely affected our members in Finland and in Sweden.

Briefly, the economic situation, together with increased competition, puts our members in an extremely challenging situation.

It is therefore a pleasure to see that such challenges have led to positive reorientations of strategy in some of our member organisations. I am referring, for instance, to AFEOSZ in Hungary, where a totally new organisation is emerging: namely PRO-Coop. This has been created to take care of the societies' purchasing and distribution. Pál Bartus' reports to Inter-Coop Board Meetings are most encouraging.

Our Members' Meeting in Tokyo last year enabled us to learn about our Japanese member. In 1992 Coop Japan experienced a fantastic growth of 1.2 million new members. We are indeed pleased to have Coop Japan as an Inter-Coop member!

Coop Israel has expressed an increased interest in co-operation with Inter-Coop. Mr. Weissbrot from Israel was elected to the Board in our Tokyo meeting.

We are also happy to note that our German colleagues have regained their force and that they are once again able to participate in Inter-Coop co-operation.

Our CEO, Jens Erik Dalgaard Jensen, has visited Portugal to discuss a potential Inter-Coop membership. There is also some interest from Spain and Greece.

Concerning membership, the future looks positive. Our members' total retail turnover in 1992 reached 62.5 billion ECU, an increase of 2.7 percent compared with 1991.

In Western Europe we estimate Inter-Coop members' share of the food market to be approximately 14 percent. This figure demonstrates the enormous potential for joint buying through Inter-Coop/NAF channels.

The total number of shops decreased by some 2,000, while total sales area increased by an average of 2%. This means that the movement towards fewer and bigger shops is still in evidence.

In a time when our co-operative principles are under review it is interesting to note that there is an average increase of three percent in the number of individual co-operative members. We are now working for the benefit of more than 36 million members throughout the world. An honourable task!

The new Inter-Coop organisational structure has now functioned for almost a year. The delegation of respon-

sibility to non-food buying, retail committees and special projects has proved to be useful.

Inter-Coop's Board can now concentrate on giving directions to the organisation and developing it so as to further benefit its members. Last Autumn we drew up an honest and down-to-earth description of the barriers to a broader and more successful use of Inter-Coop's potentials.

This resulted in the creation of an Executive Committee which included Inter-Coop's Chairman and two Vice-Chairmen. The Executive Committee is a link between the Board and the Administration, which facilitates a more serious and constructive follow-up of the Board's initiatives.

Two items have been of particular interest to the Executive Committee during recent months. One is the study presently being prepared by active Inter-Coop Members. This study will provide valuable information regarding how different national structures influence our ways of working together in Inter-Coop.

Secondly, the Executive Committee is concerned about various members' commitment to co-operation. The com-

mittee is attempting to raise Inter-Coop's profile in the eyes of its members' central organisations.

The Inter-Coop Board members have all expressed a clear opinion that this is of vital importance in order to remain competitive.

As to the Food, Non-Food, Retail and projects sections, Inter-Coop offers us an international forum where we can secure:

- * competitive prices for inputs,
- * shop concepts adapted to future needs,
- * an exchange of experience on vital topics such as logistics, quality control, member activities, etc.

We have an organisation. It is our organisation. It is exactly as strong, exactly as effective as we make it.

Finally, let us hope that the war in Europe will come to a close. Let us hope that we will all learn to co-operate across borders, that we will add to a vital understanding between people and thus create societies built on respect for people's lives and well-being. Our co-operative values give us a particular obligation to do so.

International Co-operative and Associated Tourism (TICA)

by Michael Grindrod*

The twelve month period from the ICA Congress in Tokyo in 1992 to that held recently in Geneva has essentially been one of consolidation, reappraisal and change for TICA.

Consolidation, because TICA is still a very young body which has only been in existence for just over twelve months. The Executive Committee has therefore been much exercised in determining how best the organisation should be structured, in order to establish and implement a practical and constructive work programme to fulfil both its social and commercial objectives.

A period of reappraisal, because our new organisation was formed by the marriage of two long-established bodies. TICA was the specialist tourism organisation of the ICA. The International Federation of Popular Tourist Organisations (IFPTO) was a body consisting of travel companies whose corporate objectives embraced a commitment to social tourism. While there was a degree of common membership of both bodies, this was by no means universal.

* Mr Grindrod is General Manager of Co-op Travelcare in Manchester and Chairman of Tourism International Co-operative and Associated Organisation.



The objectives of TICA were in the broadest sense political: seeking to influence the development of world tourism to provide an affordable benefit to the greatest number; providing support to the development of Co-operative travel initiatives; and minimising the impact of tourism upon the environment.

The objectives of IFPTO, while endorsing the aims of TICA, were essentially commercial: the development of international business contacts with like-minded companies around the globe.

The Executive Committee of TICA has to find a way to keep these two sets of objectives in balance. At the same time it has to achieve a balance of influence between its Co-operative and non-Co-

operative members. Our relationship with the ICA is positive and beneficial, but it must not become so all-pervasive as to make our non-Co-operative colleagues feel in any way poor relations.

Not all of these problems have yet been finally resolved, but a practical illustration of one element, and its resolution, may be helpful:

TICA traditionally held its General Meetings and Planning Sessions as an integral part of the ICA General Assembly. IFPTO held an annual Trade Workshop and Annual General Meeting hosted by one of its members.

The commercial objectives of TICA would best be met by maintaining the IFPTO pattern, but TICA will also be expected to participate in ICA General Assemblies, even though some of its Executive members are unlikely to be Co-operators.

The solution arrived at by TICA is for its Workshop and General Assembly to coincide with the ICA General Assembly one year, and to be hosted by a member the next. This solution will minimise travel expenses and meet the aspirations of all members.

Finally, it has been a year of change. Rapid change is endemic in our industry and we are well able to cope with it, even at a time of global economic recession. The significant changes for TICA have, however, been in personalities.

During the year our long-standing and immensely supportive Secretary,

Finola Marras, left the employ of ICA to take up another challenge. We are very grateful that Finola continued to look after our affairs until a successor could be appointed, but her experience will be much missed.

At the General Assembly of TICA in Oslo in May our President, George Ganneby, announced his retirement. While George had only been President of TICA for the first twelve months of its existence, he had for many years previously been an Executive Officer of both TICA and IFPTO and was very much the marriage broker and father figure of the new organisation. Such a depth of knowledge is almost irreplaceable and it is reassuring to know that his guidance and advice will still be readily available.

TICA now has a new team at its head. I was honoured to be elected President in Oslo. Perhaps more importantly, Connie Beswick, a senior Secretarial Officer with CWS, UK, has agreed to become our Secretary. We, and the Executive Committee of TICA, look forward to building upon the foundations so firmly set in place by our predecessors.

One of our first objectives is to increase the membership from its current base of 25. We would be delighted to hear from any ICA member either engaged in travel and tourism, or thinking of entering this field. We would also be pleased to learn of any non-Co-operative organisations whose objectives embrace social as well as commercial ends.

ICA Communications Committee

by Mary Treacy*

We never communicate enough! Within ICA, we have so much to learn from each other; and we also have many important messages to give to the non-co-operative world. The challenge therefore for co-operative communications is massive, and we are fully aware of this in the ICA Secretariat and in the ICA Communications Committee.

Progress is being made within the ICA generally: the flow of publications and newsletters from ICA in Geneva and from the regional offices to you, our member organisations, is helping with the communications process. But more can and must be done.

The ICA Communications Committee is anxious to assist in every way possible, not only by talking about action but, wherever possible, by going one step further and taking that action.

The General Assembly News published here in Geneva is one tangible example of the way our Committee gets things done, and I wish to take this

*Ms Treacy is ICA's Director of Communications, Secretary to the ICACC, and Coordinator/Secretary for the ICA Europe Working Group on External Matters.



opportunity to thank our small and dedicated team for their hard work in achieving this. The Committee hopes you find that the end result published yesterday morning and this morning is useful, and that it helps to improve the flow of information at our General Assemblies.

The Communications Committee had a valuable meeting earlier this week in Geneva, when we discussed - among other things - how best the Committee can assist the new ICA structure to run smoothly. We believe one of the answers will be for the other Specialised Organisations to develop closer links with the ICACC through membership of our Committee, so that we can learn more of the work you are doing and integrate this in the overall communications programme of the ICA. In this

respect we urge you to follow the example of our friends from ICMIF, who now have a member on the ICACC Executive making a great contribution to our work while, at the same time, we hope, benefiting from membership.

Our meeting this week also considered another area where we believe actions can speak louder than words, and that is training. Two years ago, when the ICA met in Berlin, we organised a five-week Journalist Workshop which attracted 13 participants from Eastern and Central Europe and from the developing world.

This workshop for young communication professionals within the co-operative field was an enormous success, so much so that we have now started planning for a second such training programme scheduled to coincide with the Manchester Centennial Congress in 1995. The ICACC will pass on full details of our Second Journalists Workshop as soon as these are known.

Other issues discussed in detail by the ICACC this week were two forthcoming opportunities for the Co-operative Movement to communicate externally - and to give a strong co-operative message to the world outside. I refer to the anniversaries of the Rochdale Pioneers, whose 150th birthday falls next year, and of the ICA itself which is, of course, 100 years old in 1995. Newslet-

ters are available here in Geneva giving further information about both these events, which will be important opportunities to celebrate co-operation: not the past, which can speak for itself, but the future of co-operation.

Besides the seminar for journalists the ICA Communications Committee has discussed other ways in which we can contribute to celebrating 1995. These include helping to organise an essay competition for young people focusing on co-operatives and the environment, which was an idea initiated by the ICA Board, and the production of a press pack for Co-operative Day 1995.

I conclude this morning by bringing apologies from our Chairman, Paul Dines from Denmark, who was re-elected this week, and our newly-elected Vice-Chairman, Iain Williamson from the United Kingdom. Both have been very active in the communications field during their time at this General Assembly - but both had to return to their offices before the end of this meeting due to other commitments.

I began by saying that we never communicate enough. I hope this brief résumé of our work has at least given you a taste of how we hope to improve co-operative communications in the future.

International Co-op Training & Education Committee

by Robert Houlton*

INCOTEC is a committee made up of the suppliers of co-operative international training services. It is a committee of servants. We serve the international movement, its values and its objectives.

For the past eighteen months we have been working closely with the ICA's Human Resource Development Manager, Jan-Eirik Imbsen, and the regional ICA HRD committees. In 1992 we had a major consultation in East Africa and, in August 1993, a second consultation in Singapore with the HRD committee of the Regional Office for Asia and the Pacific.

The pattern of responsibilities which is being established is for the Regional HRD committees to be concerned with establishing policies and objectives within the regions and the INCOTEC committee, being the mechanism for harnessing the existing international educational resources, to serve these objectives.

INCOTEC is planning a regional meeting in 1994 in Japan and may convene

* Dr Houlton is Principal of the Co-operative College in Loughborough and Chairman of the International Co-operative Training and Education Committee.



a full Executive Meeting at the same time. A European consultation is also on the agenda, although this will depend on the timing of the development of the ICA's new European framework.

Immediately preceding the General Assembly meeting in Geneva INCOTEC participated in the 1993 Development Forum chaired by Mr. Dibba. My colleagues and I were pleased and proud to be associated with the consultation on the environment organised by the ICA's Consumer Committee and ably chaired by Turid Ström in Rome. In this area the ICA has made a great deal of progress in a very short time but, of course, there is a tremendous amount yet to be done.

INCOTEC's involvement in this subject and in the wider debate on co-

operative values is an illustration of the way in which the committee's work has progressed. Around the world there are well-established international co-operative training programmes and the role of INCOTEC is to ensure that the various courses, seminars and education conferences reflect the changing agenda of the co-operative movement. This is not 'headline-grabbing' work. It requires consultation, explanation and dialogue with the directors of international co-operative training centres and their staff.

The committee has launched an international survey of teaching techniques and philosophies, and will attempt to identify the key teaching materials being used in different centres. This work will be carried out by Professor

Nojiri of Kyodogakuem, the Co-operative College in Kobe. We are in the process of planning the ICA Education Conference for 1995 and the work of regionalisation will continue.

I would like to conclude by saying that INCOTEC, like many of the small specialised committees of the ICA, depends heavily on the collaboration, support and goodwill of the ICA's permanent staff in Geneva. The quality of the 1993 meetings in Geneva is a good measure of the way in which the central secretariat has developed since the Tokyo Congress.

On behalf of my colleagues in INCOTEC, I would like to thank the Director, Bruce Thordarson, for the help his team has given us over the past year.

ICA Women's Committee

by Katarina Apelqvist*

I have decided not to turn back to the past, but instead to give you a picture of some of our plans for the year to come. One exception, though, in the ICA Annual Report, I paid tribute to Mrs. Muriel Russell, the Women's Committee's honorary secretary for many years, who retired at our meeting in Tokyo. However, in response to a cry for help, Mrs. Russell has been with the Women's Committee here in Geneva. The Women's Committee has been without a secretary since she left. The ICA Head Office, short of staff, has not been able to give secretarial assistance and the Women's Committee lacks any financial resources to pay for a secretary of our own. And we dare not introduce a member's fee as we are afraid that the result will be a greatly reduced membership. In fact, many member organisations find that they cannot even afford to send their representative to the annual Women's Committee meeting.

In short, I have also acted as secretary this last year which, to tell the truth, is a little too much for anybody. It would certainly not have been possible for one person to act as both chairwoman and secretary at our executive and ple-

* Ms Apelqvist is project leader of Folksam's unit for social research and chairs the ICA Women's Committee.



nary meetings here in Geneva. So Mrs Russell came to our rescue. It has been great to have her experienced and dedicated help and support here in Geneva.

Nevertheless, the Women's Committee's lack of a secretary is, of course, not acceptable in view of the fact that the ICA is giving priority to gender issues. This is not a question of charity: this is a question of vital economic interest. We must have either secretarial assistance from Head Office or financial support from the ICA and member organisations in order to solve the secretary problem ourselves.

I will now outline our plans for the near future. We intend to contribute to

the forming of the ICA principles and charter by a three step process:

1. Our members will influence their member organisations' answers to Mr. MacPherson's questionnaire;
2. They will answer as individuals;
3. And there will be a Women's Committee comment to the questionnaire and to the draft principles and charter.

We will also contribute to the Co-op Agenda 21. Our opinion is that women and men are, in some ways, affected differently by environmental pollution and that we, on the basis of gender specific experience, skills and commitment, can make specific contributions to the protection and preservation of the environment.

We will try to exert influence on the forming of the Agenda chapters on different sectors, and we support the proposal by the former chairperson of the Consumer Committee that there should be a Women's chapter similar to that outlined in the UN Agenda 21.

Through our members we are going to take active part in the preparatory work for the 1995 UN Conference in Beijing. And, of course, we will also participate actively in Beijing.

We have suggested that the ICA present a gender study, with its focus on Women in Co-operatives, at the NGO Forum and Conference in Beijing, a gender study which, of course, will also be a contribution to the ICA Congress in Manchester that same year.

In April 1994 we hope to have our third four-week course in Tel Aviv, in collaboration with our friend Yehudah Paz, Principal of the Afro-Asian Institute. The theme will be 'Women in co-op management, making the vision a reality'.

We will approach the Co-op Network for co-operative development in East and Central Europe to find out if we can co-arrange a 1-2 days seminar on the transition problems, faced by many ex-communist countries today, from women's perspectives.

And we will prepare for a three-day seminar entitled 'Women's Security - Needs, Finances and Opportunities', which will be held in 1995, probably in connection with the ICA Congress in Manchester. This is to be co-arranged by the Women's Committee and ACME (the Association of European Co-operative and Mutual Insurers). We hope to obtain funding from the EEC commission. Other co-operative organisations are welcome as co-arrangers.

Well, these are some of our plans in the Women's Committee, which currently has 39 members from 25 countries.

The Women's Committee is a committee with expertise, experience, creativity and commitment. We are more than ready to take on our part of the job in collaboration with all member organisations and the ICA regional offices to transform the co-operative movement and make it a gender-integrated movement for the economic and social benefit of both men and women.

Co-operatives under China's New Open Policy

by Yang Deshou*

It is common knowledge that fourteen years have passed since China adopted the far-reaching reforms which have resulted in more open international relationships. Great changes have taken place in our domestic, political and economic situation. Presently, society is stable, the economy prosperous, commodities abundant and people's standards of living are constantly improving. Throughout our country, people are working hard and confidently to build a Socialist country with Chinese characteristics. Along with the rapid growth of the whole economy, the Chinese Supply and Marketing Co-operatives (SMC) have also experienced a great leap forward in their development. In 1992, our total turnover reached RMB850 billion yuan, and assets amounted to RMB74 billion, in both cases a 10% increase over the previous year. However, because of the development of individual and private businesses, market competition gets stronger and stronger while our primary societies are too small in scale and weak in management to withstand the strengthening



competition. As a result, about one-third of these societies make losses. This is the major issue before us at present.

To solve this problem, we proposed that co-operative societies should break with the closed system formed under the centrally-planned economy and become more market-orientated, modern and international in order to increase their economic strength and protect the interests of their members.

By market-oriented, I mean that co-operatives must rid themselves of the old system of planned distribution and conscientiously guide their members' production and consumption according to the requirements of the market. Although co-operatives used to serve only local people, local co-operatives

* Mr Deshou is the General Secretary of the All China Federation of Supply and Marketing Co-operatives.

must now serve the big urban and rural markets by further extending their business coverage; and the grassroot societies must be restructured according to economic zones so as to enlarge the business scale. Now, commercial farms account for over 60% of Chinese agricultural production and the old self-sufficient farm life has largely come to an end. Meanwhile, the prices of 95% of farm products have been liberalised and are adjusted by the market. Under this situation, a large proportion of farm produce must go into the urban market, therefore SMC has to break with the former closed system and extend its activities into cities to link the urban areas with the rural areas, to reduce the cut taken by the middleman and to increase farmer-members' income. So far, the SMCs have already established more than 3,000 trade centres which provide good conditions for the marketing of farm produce in the cities. So, the co-operatives use their combined strength and good management in order to participate in the market.

By modern, I mean that if a co-operative wants to have the upper hand in the market, it must modernise its operational facilities and method of management step by step. In order to do this, the first requirement is inputs, the second is high quality personnel. Therefore, within five years the Chinese SMC will assemble manpower, materials and funds to improve the facilities for distribution, food processing and human resource development. In 1992, the SMCs' investment in the above-mentioned project amounted to RMB 6.8 billion yuan. Our primary

plan is that up to RMB 30 billion yuan will be invested in distribution and processing facilities between 1993 and 1997, and 50,000 people will be trained to take up senior management positions. This goal, when achieved, will completely change the situation of the Chinese co-operative movement and afford it an invincible position within the market-place.

By international, I mean that our co-operatives must develop extensive economic, trade and technical co-operation with co-operatives and other industrial and commercial enterprises abroad. Since the reforms and the open policy were adopted, Chinese co-operatives, in collaboration with economic enterprises from more than 30 countries and regions, have set up about 1,000 joint ventures and co-operative enterprises in China, involving US\$ 1 billion in foreign capital. Meanwhile, Chinese co-operatives have also started to establish joint ventures and trade agencies abroad. For example, in collaboration with Italy, we conducted an experiment on toxin-free seedling cultivation and set up a Northern Fruit Tree Experimental Nursery in China; in collaboration with Germany, we established a fruit marketing research centre; in collaboration with Japanese Consumer Co-operatives, we conducted experiments on organic vegetable cultivation; and in collaboration with Australia, we started a co-operative wool-processing project. We are also negotiating with the ICA to open an international training centre in Beijing to speed up the training of senior co-operative management. In general, the development of Chinese co-

operatives must be closely connected with the outside world through multi-lateral and bilateral co-operation.

Today's economic development has already broken down national borders, and many transnational corporations and groups are rapidly emerging. Faced with such stiff competition, the old co-operative movement, trying to survive and grow, must also break down national borders to realise economic co-operation and integration with co-operatives from other countries. To achieve this, innovation is necessary to break down the traditional insular attitudes and protectionism. A Chinese proverb says: 'A rabbit does not eat the grass around its hole'. In other words, a rabbit does not eat the grass near its hole because this would expose it to predators. It always takes grass from far away, leaving that near its hole untouched in order to protect itself.

I think co-operatives should follow the example of the rabbit: in protecting the interests of their local members they should spread their activities further

afield in order to strengthen their own economic power. This will benefit their members and protect and develop the co-operatives themselves. Co-operatives cannot expect much development if they restrict the geographical scope of their activities. The Chinese co-operatives have already realised this and are trying their utmost to change the situation.

China, with a big population, abundant resources and a large market has a lot of potential for co-operation. China's door is now open to the outside world. We welcome co-operative friends from all countries to our country for visits, tours, business discussions, trade and technical co-operation. Any Chinese enterprise with foreign investment can enjoy preferential conditions of taxation, or even exemption, and is free to take foreign currency in and out of the country. Never let the opportunity slip through your fingers, or it will not come back again.

The Chinese co-operatives await you and we remain, as always, your trustworthy co-operative partner.

Integral Health Co-operation

by Josep Espriu*

I am speaking to reiterate the thanks of the Foundation which bears my name to this International Co-operative Alliance for accepting its membership as representing Integral Health co-operation, at the second and higher co-operative level, and to put the following three requests to the ICA, its President, its Director and whomever it may concern:

Firstly, that a specialised group should be set up somewhere, and I suggest that it should be done here, in Geneva, to bind together those corporate bodies which engage in medical and health work throughout the world in the form of a co-operative in order to ensure that Integral Health co-operation figures as a sector in the (Draft) Co-operative Agenda of the Alliance, and that this should be an indication that the appropriate Regulations have been achieved by democratic consensus, and accepted by the appropriate governing bodies of the ICA.

Secondly, that it should act in a similar way in respect of second and further degrees of co-operation in general as a means of offering co-operation wide opportunities, above all in the field of



public services, where co-operation will have to seek to include the corresponding Government Bodies, as another associate, and in which concern for co-operative values and principles will be the specific task of the basic or first level co-operatives, and the economic task will be reserved to the co-operatives of second and possible further levels which they, the basic co-operatives, should set up in order to achieve their objective of providing public services.

And thirdly, I would like to ask that the maximum publicity is given to these two proposals and that to further the creation of the specialised group in health co-operation the Directorate General of the ICA should give specific instructions for the establishment of a list which will include all co-operatives involved in health activities: the medical, pharmaceutical, health service users and veterinary co-ops.

* Mr Espriu is founder and President of the Espriu Foundation in Barcelona.

World Summit for Social Development - ICA Statement to the Economic & Social Council

In its statement submitted to the Economic and Social Council at its substantive session of 1993 (document E/1993/NGO/3 of 14 June 1993), the International Co-operative Alliance welcomed the decision of the General Assembly to convene a World Summit for Social Development and to identify the three core issues affecting all societies which were to be addressed by that Summit.

These three core issues are central to the concerns of the world co-operative movement and to those of the International Co-operative Alliance. Consequently, the Alliance takes this opportunity to pledge to the international community its full commitment to the achievement of the objectives of the World Summit, and its full collaboration with the United Nations system and with the Governments of its Member States, as well as with employers organizations, trade unions and other elements of civil society, in pursuit of the expansion of productive employment, the alleviation and reduction of

poverty and the enhancement of social integration.

In a series of twenty-eight resolutions and decisions adopted over a period of more than forty years since 1950, the General Assembly and the Economic and Social Council have recognized the important contribution that co-operatives have made, and are capable of continuing to make in ever-changing societal conditions, the achievement of the objectives which have been identified as core issues for the World Summit.

In his last report to the General Assembly on the status and role of co-operatives in the light of new economic and social trends the Secretary-General of the United Nations concluded that "close attention to the potential contribution of co-operatives to national, economic and social progress appears to be a promising option for Governments to examine, especially where confronted by very severe problems of structural transformation". The Secretary-General also concluded that "...it appears important the Governments give full attention to the contributions that many types of co-operatives are able to make to the achievement of social policy goals, particularly at a time when it is increasingly considered to be appropriate for the public

Statement by the International Co-operative Alliance regarding the willingness and capability of the world Co-operative Movement to contribute to the achievement of the objectives identified as core issues for consideration by the World Summit for Social Development.

sector to transfer responsibility to individual citizens, particularly when organized for the purposes of self-help" (document A47/216-E/1992/43, para. 46 (a) and (f)).

In its resolution 47/90 of 16 December 1992 the General Assembly, having considered the Secretary-General's report, referred to the broad significance of co-operatives in contributing to the solution of major economic and social problems and encouraged Governments, in formulating national strategies, to consider fully the potential of co-operatives for contributing to the solution of economic, social and environmental problems.

The significance of co-operatives as a major contributing force for social development was recognized at the last international meeting held under United Nations auspices on the topic of social development. This was the interregional Consultation on Developmental Social Welfare Policies and Programmes which was held in September 1987. This Consultation adopted a set of Guiding Principles which were subsequently endorsed by the General Assembly in its resolution 42/125, and whose validity was reaffirmed by the General Assembly thereafter in its resolutions 44/65 and 46/90.

Stating that the central objectives of social welfare policy remained the enhancement of human well-being by raising the level of living, ensuring social justice and widening opportunities for peoples to develop their highest capacities as healthy, educated, par-

ticipating and contributing citizens, the Guiding Principles drew attention to the fact that co-operatives, among other non-governmental and voluntary organizations, were major sponsors of social welfare programmes that must be recognized, supported and consulted.

The International Co-operative Alliance appreciates the fact that the Secretary-General in his analysis of the core issues set out in his overview report to the Preparatory Committee (document A/CONF.166/PC/6), refers to co-operatives in the context of building up the institutions of civil society. It fully concurs with the Secretary-General's observation that co-operatives, as quintessentially democratic organizations, deserves special attention in the broader context of fostering democratic, participating institutions (paras. 92-94). Indeed, the Economic and Social Council, in its resolutions 1987/47 of 28 May 1987 and 1985/22 of 29 May 1985, already pointed to "the importance of the establishment and growth of co-operatives as a democratic instrument for the full economic, social and cultural development of all members of society".

However, the Alliance wishes to bring to the attention of the Preparatory Committee the actual and potential contribution of the world co-operative movement to the other two core issues — that is to the expansion of productive employment and the alleviation and reduction of poverty. The Alliance wishes to reiterate the findings of the Secretary-General in his last report to the General Assembly that co-opera-

tives, as business enterprises active in the formal sector, and operating frequently at large and middle scale in terms of turnover and employment, are major actors in many local, regional and national economies.

The direct and indirect impact of co-operative business enterprise is of major significance in many countries. Millions of individuals secure employment by means of their membership in production and labour contracting co-operatives. The jobs of numerous others are secured by the fact that the enterprises in which they are employed, although not themselves co-operatives, achieve economic viability because they are members of supply or marketing co-operatives.

Many persons are employed by co-operatives providing economic or social services to their members, although they themselves are only employees. The economic weight of a resilient and stable co-operative sector in many regions is an important source of multipliers which make possible the creation and maintenance of employment in other enterprises. In many countries the threat to employment associated with retrenchment in the public sector, combined with the recession in the private sector, has been mitigated by the formation of production or labour co-operatives by the workers affected. Public agencies and private enterprises have collaborated in this process: in some countries local and national governments are giving serious attention to the widespread co-operativization of public services.

The significance of the activity of co-operative business enterprises for the expansion of productive employment can be judged by the economic dimension of the co-operative movement: for example, in his last report of the General Assembly, the Secretary-General of the United Nations pointed out that more than half of European agricultural production was harvested, processed or sold through co-operative marketing systems.

Access to stable employment in reasonable conditions of labour is naturally a major contribution to the alleviation and reduction of poverty, or avoided falling into it, through membership of savings and credit co-operatives ("credit unions"). Consumer co-operatives provide quality commodities and services at fair prices to hundreds of millions of members, helping to maintain acceptable real income and to provide good standards of nutrition, housing, utilities, health service, care for children and the elderly and many other forms of economic and social service. This has provided a base for productive employment and helped to avoid catastrophic events capable of forcing families into poverty and precluding their full participation in the labour force.

Again the great significance of the co-operative contribution can be judged from some examples of market share and level of activity: in many European countries consumer co-operatives occupy 25 to 30 percent of retail trade - in Switzerland, 50 percent of the retail food trade is provided by co-operatives. In the United States of America,

55 million adults are members of savings and credit co-operatives, which had in 1992 assets exceeding \$200 billion.

Indeed, the Alliance wishes to draw the attention of the Preparatory Committee to the fact that millions of families which are now living in reasonable conditions owe their prosperity to their membership, or that of their parents and grandparents, in co-operative business enterprises, of which there are many examples of spectacular success from very humble origins. Thus the co-operative Rabobank in the Netherlands, today one of the largest in the country and among the most efficient in Europe, originated only four generations ago in a group of impoverished farmers who pooled their land as the first capital to secure the saving and credit co-operatives they established. One of the dominant economic complexes in the Basque region of Spain, the Mondragon Group, originated three generations ago in the efforts of the work force of a closed factory to avoid unemployment.

The International Co-operative Alliance wishes to draw the attention of the Preparatory Committee to the fact that the special significance of co-operatives for the task of achieving the expansion of productive employment and the alleviation and reduction of poverty is the very fact that they are essentially and primarily business enterprises. Because they are owned and managed by their members for the purpose of providing benefits which members themselves identify, co-operative business enterprises are oper-

ated in a manner designed to meet a set of objectives which combine viability in competitive market conditions with concern to meet the general welfare of their members in a stable and continuing manner. This includes member access to stable and productive employment in acceptable conditions, opportunities for social and cultural fulfilment, enjoyment of a democratic life-style, and a reasonable degree of control over key elements of daily life and individual, family and community progress.

In short co-operatives can be characterized as business enterprises with a social conscience and, increasingly in recent years, with an environmental conscience.

These characteristics which render co-operatives a major partner in the task of development receive particular significance when the dimension of the global co-operative movement is taken into consideration. As of November 1993, the International Co-operative Alliance comprised 237 member organizations from 102 countries. These organizations in turn represent 720 million individual members. Together with their immediate families or households, they constitute about 45 percent of the world's population. Moreover, through their membership in very active alliances and representative organizations this large section of the world's population is in a state of awareness and mobilization which makes it a most significant constituency for social development, and a major partner in global efforts to achieve it.

Pursuant to General Assembly resolution 47/90 the Secretary-General will submit a further report on the status and role of co-operatives to the General Assembly at its forty-ninth session later this year. The International Co-operative Alliance has collaborated closely with the Secretary-General in the preparation of his earlier reports, and it is ready to assist in the same way in the preparation of the next in the series. This will constitute a succinct and authoritative overview of the activities of the co-operative movement, the factors which facilitate or constrain co-operative contributions to productive employment expansion, poverty alleviation and reduction, and the enhancement of social integration.

The International Co-operative Alliance requests the Preparatory Committee for the World Summit on Social Development, at its second session in August-September 1994, and at its third session in January 1995, to take into

consideration the conclusions and recommendations of the Secretary-General in his forthcoming report, particularly those relating to the potential of the world co-operative movement to contribute to social development. It requests the Preparatory Committee, when formulating its own recommendations in respect to an instrument which might be adopted by the World Summit and which will serve to guide the endeavors of humanity as it reaches a new century and new millennium, to take fully into account the capabilities of the hundreds of thousands of co-operatives working in all areas of human activity throughout the world, and to take fully into account the willingness of the world co-operative movement and its representative organizations, including the Alliance itself, to serve energetically as a full partner of Governments and all elements of civil society, at international, national and local levels, in the task of achieving social progress for all.

The Co-operative Movement: An International View

by S.K. Saxena*

Introduction

This paper describes in broad terms the co-operative movements in Asia, Africa and Europe, notes some recent developments and then links the movement with some of the current international problems. The Co-operative Movement is world-wide. In one form or another, it now exists in almost all countries of the world. Recent figures issued by the International Co-operative Alliance (ICA) reveal that over 662 million individuals, through 194 national organizations, 9 international organizations from 82 countries, are in its membership. Even allowing for mistakes and double-counting, these are impressive figures.

The modern form of Cooperation stems from two main sources: the Equitable Pioneers' Society established in 1844 in Rochdale, England, and, around the same time, the work of Raiffeisen in Germany with the rural poor. From the practices of the two, particularly the former, the ICA has evolved Co-



operative Principles which are in force today. The consumer movements have patterned themselves on the Rochdale model while the agricultural movements are closer to Raiffeisen.

Self-help and mutual help, leading to the economies of scale, underlie the philosophy and operations of co-operative movements.

Variety of Co-operatives: Asia

There is a bewildering variety of co-operatives in the world. The technique of cooperation - a number of individuals getting together to satisfy commonly felt needs - is simple and has been applied to many human endeavours. In Asia, the Indian Co-operative Credit Societies Act of 1904 paved the way for the introduction of thrift and credit societies. These were set up to alleviate the prevailing extensive rural

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debt. Soon thereafter, the need was felt for non-credit societies and the Co-operative Act of 1912 allowed the formation of co-operatives for other purposes as well. This development, initiated by the Colonial Governments, was carried to the neighbouring countries of Sri Lanka, Malaysia and others. Over time, co-operatives have entered many fields: supply of farm inputs, marketing, processing, distribution of consumer goods, housing, workers' production etc. Some, unlike many, have grown into large organizations with a country-wide impact. Two examples from India are: the Kaira District Co-operative Milk Producers' Union, which, through its national multiplier, "Operation Flood", has revolutionized the distribution of milk even in large metropolitan areas. Co-operatives have raised the incomes of the dairy farmers, including women, who have extensive presence in the industry. In a similar vein and reacting against the injustices meted out to them, the sugar cane growers have organized processing plants and now produce over sixty percent of the country's sugar. India is the world's largest sugar producer.

The village primary co-operatives in Indonesia are known as *Kooperasi Unit Desa* (KUDs). They perform a variety of services for farmers. Credit comes mainly from the Government and is distributed through KUDs; they supply farmers with a variety of agricultural requisites and consumer goods. The difference between a member and a non-member is indistinguishable, a fact which reflects government sponsorship and control of KUDs. Production is carried out by individuals who

own, operate and manage farms, cattle, fisheries and small industries. External control is heavy and KUDs are perceived as government organizations. This discourages member participation. Guidance and extension services are weak and the surplus generated is paltry. An extensive edifice exists at the provincial and national levels. The movement, on the whole, is ineffective.

The Malaysian and Singaporean movements consist largely of thrift and credit societies in urban areas. Institutional societies have been formed around private and public offices. Automatic deduction from the salaries guards against delinquencies. These societies have accumulated substantial savings and have, in the case of Malaysia, supported the birth of the Insurance Society. In Singapore, the movement responds to the needs of what is rapidly becoming a service society. A study which traces the history of the movement between 1925 and 1985 notes the existence of thrift and loan, credit, general purpose, investment, consumer, schools, housing, marketing, industrial (mainly craft), insurance, medical, transport and day care societies.

Recent Developments

The Artificiality of Co-operatives

I had an opportunity of visiting recently two Asian countries where co-operatives have been newly created for the implementation of national development schemes.

FELCRA, a State Corporation in Malaysia, was established by a special Act

of 1966. Within the Social Development Department of the Ministry of National and Rural Development, a special unit deals with co-operatives. FELCRA's mandate is to rehabilitate or develop land schemes at the suggestion of the State Authorities. The mandate was later expanded to include the promotion of employment in agriculture. A Village Regrouping Program (VRP) has led to the development of housing and other infrastructural programs and co-operatives have been assigned an important role in these efforts. The first co-operatives under the VRP were established in 1979 and now number over 90. They operate small industries: fruit shelling, rubber tapping, palm oil and latex transportation, trading, construction, supplying consumer goods and raising livestock. Members consist of farmers, small businessmen, government employees and workers; female membership is low and although there are about 80 women's groups (Wadira), their influence is negligible.

In broad terms, Philippines is implementing a similar scheme known as the Comprehensive Agrarian Reform Program (CARP). CARP is, however, concerned with transferring ownership of land from private estate owners to workers. I visited some estates in the southern-most island of Basilan in Mindanao. The principal crop is rubber. Co-operatives have been created to acquire, own, cultivate and manage agricultural lands for the benefit of members and provide them employment, encourage thrift, disseminate knowledge of co-operative principles, arrange marketing and supply of in-

puts to farmers. Land has been leased to co-operatives for 25 years with provision for extension. Allottees are identified by the Department of Agrarian Reforms. In addition to employment provision and input supply, co-operatives are also to maintain tapper trails, make cup holders and spouts for rubber tapping, multiply seedlings, etc. Under the Republic Act No. 6938 of 1989, the principle of subsidiarity has been accepted and the secondary organizations of the movement are supposed to help the primaries.

Co-operatives in these two schemes are weak. Provision for the training of members and employees is non-existent; they are of recent origin and under the pressure of achieving targets within a short time, for which they are yet unready, they may collapse. The co-operatives have hardly any contacts with the mainstream of the movement and extension services are non-existent. They are being asked to run even before they can walk.

I have not discussed the movements in other countries - Bangladesh, Myanmar, Sri Lanka and others. However, it is safe to say that co-operative movements there, too, share the same weaknesses: concentration on credit, excessive dependence on the governments, ineffective management and unrealistic education programs. The movements have only a marginal impact on society. They live on Government handouts.

Africa

If the movements in Asia started, and continue to be preoccupied, with credit,

the movements in Africa, especially in English speaking Africa, started from the marketing end.

Other kinds of co-operatives also exist but the movement remains dominated by marketing. In a number of mono-cropeconomies of Africa, co-operative history is, understandably, replete with battles between the movement and Crop Authorities on the issue of returns to farmers - KNFC and the Coffee Board in Kenya, NAMBOARD and maize growers' organizations in Zambia, COCOA growers and the Cocoa Authority in Ghana.

Tanzania presents a classic case of bungling by excessive government involvement. A new act, No. 15, of 1991 is now seeking to undo the past policies. The developments leading to this Act were as follows. Under the CUT Act, the Co-operative Union of Tanganyika (CUT) was set up as a national apex in the early sixties. The Regional Co-operative Unions, its members, were not consulted. As such, the Unions did not feel involved in its affairs; control from below was missing.

In 1966, a Presidential Commission had been set up to inquire into the working of co-operatives and the Marketing Boards. The Co-operatives had no say whatever in the setting up of the Commission. Under the Co-operative Societies Act 1968, entire villages were organized as co-operatives in an effort to build socialism (Ujamaa) throughout the country. In 1976, the government ordered all co-operatives to cease operations and transferred their tasks to the crop authorities.

The present situation is as follows. Under the economic liberalization policy, the Act No. 15 of 1991 has sought to restrict the powers of the Registrar to registration, inspection and audit. Advisory and education functions are transferred to the movement; member ownership, control and democratic management are emphasized. The CUT was abolished in May this year. The process of amalgamation of primary co-operatives is now in progress. 6500 primary co-operatives have been reduced to 2300. The primaries have now greater say in the organization of the secondaries some of which may have to be split up. At the national level, attempts are made to form co-operatives around specific crops. The Tanzanian Co-operative Association (TCA), a transitory body, will take care of the assets belonging to the former WASHIRIKA. TCA represents the movement during transition. It may be replaced again in June next year. The principle task now is the depoliticization of the movement and this requires member awareness and commitment and, therefore, intensive member education.

To put the picture in the proper balance, however, it should be said that some movements have shown great resilience in the face of malevolent dictatorial regimes in Africa. Despite Idi Amin's excesses, the regional co-operative unions in Uganda, I found during my visit, are well and thriving.

The above very broad summary of the movements in Africa and Asia hides many exceptions. These exceptions, the successful cases, are important for

research and for drawing lessons for co-operative development. These cases notwithstanding, co-operatives in the two continents are small, subject to excessive government control, feasibility considerations are ignored in their formation, management is poor and training programs are unrealistic. However, with increased liberalization of the economies, an effort is now under way to place greater emphasis on serving member interests by co-ops.

Europe

The co-operative movement was born in Europe from where it spread to other parts of the world. All branches of co-operative activity are represented and, in some fields, co-operatives are the dominant players on the market. A recent study issued by COPA/COGECA - the representative organ of farmers' unions and co-operatives in Brussels - shows the high numbers and strength of co-operatives in agriculture. Dairying in Denmark and the Netherlands, wineries and Rural Banks in Italy, co-operative banking activities in France, the service activities of co-operatives in Germany with its 9,000 primaries, 5,700 commodity and processing societies, 3,400 Volksbanken and Raiffeisen Banks and over 8900 small-scale industries, the work of Swedish egg and meat marketing co-operatives, the Mortgage Banks and the Forest Owners' Movement - all these testify to the rich mosaic of co-operative organizations.

The consumer co-operatives, on the other hand, have experienced severe setbacks. The market share of consumer shops in the UK has been de-

clining. In France, it took a very short time for the Fédération Nationale des Coopératives de Consommateurs to collapse. The Dutch movement had more or less ceased to exist in the seventies after a nation-wide effort to merge societies resulted in a greatly weakened Co-op Nederland. Germany, because of the increasing capital intensity of retailing and to achieve quick decision making by circumventing the committee culture, adopted the AG pattern with disastrous consequences. There do remain some outstanding exceptions such as the Dortmund society which runs over 370 outlets and has a total annual turnover of over 3,000 million Deutsche Marks.

Brazda and Schediwy, in their comprehensive two-volume study, point to the following as the causes of this debacle: (i) increased competition in retailing which reduced margins and led to diminished internal capital formation; (ii) the negative role of the regional "barons" who made the central organizations into warring zones; (iii) the decline in what are called "hospital" societies intended to improve management of declining societies; and (iv) widespread member apathy. The last is particularly important. As a contact of mine wrote to me about the collapse of the French movement... "I think, in particular, of the narrow solidarity network which had been carefully elaborated in order to discourage centrifugal trends and which turned to facilitate and accelerate the decaying process...all reasons for the collapse are rooted in poor relations with the members...we were terribly afraid of our members."

A sector which is gaining in strength is the Workers' Production sector. These societies are often described as industrial, workers' production or artisanal co-operatives. Despite definitional unclarities, this sector of the movement, probably because of its employment potential, is expanding and now has approximately half a million people engaged in it. These societies have done exceptionally well in southern European countries. The work of SCOP in France and of Mondragon in the Basque region in Spain is well known. The northern countries, probably because of the historically low levels of unemployment, extensive social security network and attachment to the career structure, did not show much growth until recently.

The Common Market

One must now take note of the emergence of the Unified Common Market under the EEC umbrella which has considerably weakened, if not obliterated, the national frontiers. Soon, trade and commerce will begin to flow freely across Europe. A number of hurdles have been experienced on the way but they now seem to be over.

What are the likely consequences of this momentous development on Co-operatives? I have discussed them in an article entitled: "EEC Co-operatives and the Dynamics of Change in Europe" in *Trans-national Associations*, a Brussels based journal. The EEC Publication, *The Co-operative Mutual and Non-Profit Organization in the European Community*, lists seven region-wide co-op organizations in dif-

ferent fields. A new Statute for a European Co-operative Society has been proposed and its first reading was to take place on 16 December 1993.

The challenges posed by the Common Market for Co-operatives can be roughly divided into two: first, co-operatives henceforth will work on a wider canvas and face increased competition. The Aldi chain of German retailers has begun to pose increased competition for the British consumers' movement; second, the wider economic space and the removal of national restrictions could lead one co-operative to work against another thus weakening the international solidarity of the movement. Whatever the consequences, the management efficiency and stronger member loyalty will be needed if the movements are to successfully face sharpened competition. Training methods will need updating, old hobby-horses given up and international discipline will need to be more stringently adhered. The role of organizations like the ICA will become more important. The strong traditions of local and national autonomy will have to be reckoned with. On the other hand, the creation of the EEC market will provide increased opportunities to co-operative movements to set up trans-national co-ops. Leadership will have to rise above the national contexts; new forms for accessing capital will be needed to enable co-operatives to compete in a larger market.

Eastern Europe

If dramatic changes are taking place in Western Europe, Eastern Europe is in

turmoil. With the collapse of Communism and the liquidation of the Command Economy, fundamental issues are coming to the fore. Michael Camdessus, IMF's Managing Director, lists some as follows: (i) the need for people to take charge of their own destinies; (ii) the need to rectify the deeply embedded inefficiencies in the economic structure including the results of misallocated investment in the military industrial sector; (iii) the imperative for correcting the degradation of the social and physical infrastructure - Chernobyl is a ghastly example; and (iv) the need to mould attitudes conducive to market economy climate and the development of an enterprise culture. In these respects, co-operatives have an important role to play.

Co-operative movements have to re-define their role in the changing economies. Professor Kowalak has formulated four questions which are fundamental to all East European Movements: (i) what is the *raison d'être* of Co-operatives; (ii) how should the co-operative principles be interpreted in the new situation; (iii) what should be the relations between the State, the political parties and co-operatives; and (iv) who should own and control co-operatives.

Despite the confused situation, it seems that voluntariness and the primacy of member interests are now being emphasized. Article 1 of the Polish Law says: "The co-operative shall be a voluntary association with an unlimited number of members.... It shall conduct economic activity to fulfil the need of

its members." Member needs, rather than the plans of the State, are being given prominence. More or less the same aspects are emphasized in Czechoslovakia through the Transformation Act of January 1992. However, with the separation of the Czech and Slovak republics, the situation has become more amorphous.

In this period of radical changes, it is encouraging to see the Western Co-operative Movements extending a helping hand. Re-moulding attitudes is a slow process and the central role of self-help and supremacy of members in co-operatives will have to be demonstrated in plans of Western assistance. Some international organizations, such as the ILO and the World Bank, are active; ICA's co-ordinating role will be decisive. Its ECEC Program concentrates on education and co-operative law. The Plunkett Foundation has sent missions to Eastern Europe; WOCCU has sponsored visits of former Communist cooperators to credit unions in the West; ACDI is active in agriculture; Inter-Coop has opened a Trade office in Budapest and so has the US Co-operative Business International in Prague. All this is most encouraging although one could wish for more co-ordinated action.

Disunity in Co-operatives

We may note, in parenthesis, a feature that weakens co-operative movements in the face of intensified competition. I refer to the disunity which pervades co-operatives. The addition of "Cooperation among Co-operatives" by the 1966 Commission was most timely.

However, its practical application has been difficult. The causes of this disunity are the following: first, voluntarism creates strong - dare I say, sometimes, opinionated - leaders who regard arrangements with other sectors as the invasions of their own territory. Second, ethnic and political differences play a part. The Italian co-operative movement is partly a reflection of different political orientations. The Co-operative Union of Malaya's downfall could be attributed to the policy of bumiputra (sons of the soil). Third, the producer-consumer dichotomy has caused a basic fissure within the movement. A more generic problem arises when a large secondary organization assumes the functions of a national organization and becomes its competitor. The battles between IIB Copenhagen society and the FDB in Denmark, the tension between the CRS and the CWS in England are two examples of the solitudes which exist within the co-operative movements. The organizational structures need re-thinking.

I suggest, as a minimum, three pre-conditions which are necessary for bringing about unity: (i) a sharpened perception of a shared ideology which would require broader education and emphasize solidarity within the movement; (ii) enlightened leadership and the willingness of one sector to lend a helping hand to the other and thus create the essentials of a movement; (iii) a balanced development of the producer and the consumer sectors to be able to enter into meaningful economic relations with each other. Strategic alliances among Co-operative organizations is engaging the attention

of the Canadian Co-operative Movement. Alvin Toffler's concept of presumer may hold some pointers in this regard.

The Future

The future is difficult to forecast. By now it is trite to say that "the future ain't what it used to be". However, establishing trends is trendy these days. Alvin Toffler, John Naisabitt, Faith Popcorn and, in our own field, Alex Laidlaw and Sven Åke Bööck have all indulged in this exercise. I may offer the following prognosis.

Developing Countries

I believe the major concerns of the co-operative movement in the foreseeable future in developing countries would remain largely as before. The "basic needs" approach, interpreted flexibly in different societal contexts, will remain the focal point for the co-operative movement. Input supply, marketing and, to retain the value added in the farmers' hands, processing will gain increased importance. Training programmes will have to accentuate member control.

Environment

We live in a chemical society. "For the first time ever in the history of mankind," says Popcorn, "wilderness is safer than civilization". The battle between the ladybird and the chemical giants is likely to be a prolonged one: Since the Brundtland Commission Report, sustainable agriculture is now an accepted part of international vocabulary and the Rio Conference has enforced this concept. So far, the co-

operative movements, with some exceptions, have been lukewarm to the subject. Among others, some exceptions are: the Japanese Consumers' Co-operative Movement, some Canadian organizations, the Indian Farmers' Fertilizer Co-operative and the Kooperativa Forbundet of Sweden. I was able to watch the impressive work done by the neighbourhood store, Harnos Zama, North of Yokohama, in Japan. The Co-operative Bank in the UK has enunciated an Ethical Policy and links loans to the care of the environment.

I feel the movement has two important roles to play. The first is that of advocacy; it must act as a pressure group and, in the process, join the network of other NGOs. Second, it must sensitize its members through example and education and ensure that its own massive production activities in agriculture and industry do not damage the environment.

Women

On the role of women, the movement, like the rest of the society, has paid only lip service. The work of the ICA women's committee needs greater appreciation. Some women's co-operative organizations, especially in the fields of small industries and banking, have done outstanding work and I had the opportunity of investigating the work of a women's Co-operative Bank in Pune, India. The "Hans" in Japan are an essential support to the Japanese consumers' co-operative movement. The Plunkett Foundation Report on Agricultural Co-operatives notes that women's participation will

not increase if they find the activities irrelevant to their own needs. For example, the marketing of cash crops in Africa is essentially male-dominated. Women's training is confined to traditional fields. The BRDB in Bangladesh is concentrating on forming poor women's societies (BMSS); and a wholly women's organization such as SEWA in India, with a heavy co-operative component, is doing excellent work in raising women's living standards which, as Gloria Stinem reminds us, is basic to their and humanity's progress. Would a change in co-operative principles from one member, one vote to one member, two votes, perhaps, enlarge the scope for women's participation? Women's co-operatives need greater encouragement and the leaders have to show greater sensitivity.

Collaboration

I have earlier cited the lack of collaboration among different sectors of the movement. The cleavage is sharp, clear and appears unbridgeable. We seem to forget the meaning of co-operation within our own ranks. More research is needed on the relationship between Cooperation with a capital C and its more generic form. Mutual indifference will not be tolerated as the present situation evokes merciless criticism. The far-sighted leaders of the movement would wish to enlarge its frontiers. I have offered some suggestions earlier.

Government-Movement Relationship

Finally, the excessive interference by the Government into the affairs of the movement, especially in developing

countries, will continue to engage our attention. In the West, some models are available and their validity needs to be examined: the British Co-operative Party, the French Conseil Supérieure de la Coopération, the Co-operative Secretariat in Canada. Increasingly, the climate is likely to grow more conducive for the autonomy of the movement. Concepts such as the autonomy index, with its carefully defined parameters and which I have

discussed elsewhere, will provide some guidance about the capacity for self-governance of a co-operative. But I must warn: there is no inevitability about these positive anticipations. Progress will not be linear; it will be more in the mode of "two-steps forwards, one-step backward". Traditional independence in the movement has deep roots and the creation of large, amalgamated organizations is not necessarily the final answer.

Agricultural Co-operatives in a Changing Environment

by Björn Genberg*

Introduction

The fundamental economic and political changes in many countries in the Third World will now force many co-operatives to adjust to the new conditions. The purpose of this paper is to indicate some of the difficulties and opportunities in this adjustment process and to argue for a similar adjustment of the development programmes of the donors, who support these co-operatives.

The Changing Environment

The co-operatives in many parts of the world are now facing changes in their environment to a degree they have not experienced before. The economic reforms being undertaken will open up the markets, where the co-operatives in many instances have operated virtually unchallenged, for other actors. Administrative pricing systems are being abolished and market forces will now determine prices. Borders are



opening up for increased export as well as import. National currencies are being adjusted so as to get away from artificial rates of exchange. Government expenditures will have to be drastically reduced and the involvement of the state in economic life will need to be curtailed. Those co-operatives which enjoyed preferential treatment or received subsidies for their operations will have to do without these in the future. The structural adjustment programmes, undertaken at the initiative of the IMF and the World Bank, aim at restructuring the national economies so as to put them on a sound footing. Much can be said about these programmes: the doubts about their effects, the impact on the poorer strata of the population, etc. However, for the purpose of this paper it will be suffi-

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cient to make two observations. First, the specific designs and the pace by which they are implemented and how profoundly they penetrate or affect the societies, differ from country to country. Second, they will all affect the co-operatives to a greater or lesser extent, because one of their fundamental components encompasses liberalization of the market. For the co-operatives, this means that many of them will have to face competition for the first time.

Simultaneously, we are witnessing in many countries a move towards greater political democracy. It is believed that new Governments tend to be less inclined than the Governments they replace, to look upon co-operatives as instruments for their own policies. This means that the often close linkage between the co-operatives and the Government will be weakened or severed, which is a fundamental departure from the past.

Co-ops Prior to the New Order

Before proceeding to discuss how this changing environment will affect the co-operatives, I will summarize how I perceive the situation of the co-operatives before the changes set in.

If we strictly apply the accepted definitions of a co-operative, namely the six principles laid down by ICA, or the ILO definition of 1966, many, or maybe even most, co-operatives in the Third World will find it difficult to qualify as genuine co-operatives. Such an assessment may seem unnecessarily harsh, but if we are to learn from the past for the benefit of the future, we had better be as realistic as possible.

The ILO definition reads as follows: "...an association of persons, who have voluntarily joined together to achieve a common end through the formation of a democratically controlled organization, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate".

If we venture to apply the various elements of this definition to the Third World co-operatives, we find that in many instances co-operatives were formed on the initiative of the Government, instead of "voluntarily joined together" and that the "common end" in practice also includes the Government's ends. That the co-operatives are "democratically controlled" is also highly questionable, since many Governments interfere rather heavily in the affairs of the co-operatives. With regard to capital formation, we note that while the contributions are equitable, they are normally far from what is required. One can possibly state that the members have had to accept risks in the sense that the potential benefits have not been realized. Finally, as regards the participation of the members, we find that this has greatly been circumscribed by the too active participation of the Governments.

Applying the definition in this, admittedly rather blunt and non-scientific, manner indicates that something went wrong somewhere. A number of reasons for the co-operatives not being, and not acting as, true co-operatives can be found in the literature on co-operatives in the Third World, includ-

ing explanations why they, in several observers' views, have performed inadequately. In my opinion there is one fundamental factor underlying the whole complex of reasons why co-operatives have not operated in accordance with the definition above: namely, Government control and intervention. This has been exercised in various forms and there are also a number of apparently good motives for the Government involvement, at least seen from the Government side. It would take us too far to examine this in detail, but we need to establish that it is this intervention which has prevented the members from taking control over their co-operatives and acting as the rightful owners. Without control and ownership, you do not participate actively, you do not accept responsibility and you cannot be expected to make a contribution, beyond a mere symbolic one. You are becoming a passive passenger instead of the driver.

I understand why most Governments considered it necessary to support co-operatives, and I interpret most Governments' motives for assisting the co-operative sector as a genuine concern for the often illiterate member. There are also instances where I believe that support was justified, as long as it was provided on the conditions, or at the request of the members. However, this support became much more of a control and intervention instead of assistance. As it turned out it was evidently not possible to strike the right balance between Government support and members' control, or autonomy of the co-operatives. We must also recognize that the basic reason some Govern-

ments wanted to exercise control over the co-operatives, was the wish to use the co-operatives as instruments for Government policies and plans. This, which I would like to call political control over the co-operative sector, is the principle reason for so many co-operatives in the Third World not having been able to develop as genuine co-operatives, i.e. organizations fully owned and governed by the members.

In addition to the political control, in particular for the agricultural co-operatives, there was also economic control. This control stemmed from the situation in the agricultural marketing sector, where the Governments exercised complete control through the Marketing Boards and the co-operatives. Prices were fixed by the Government and this was often done in such a manner that the farmer/members were exploited for the benefit of the urban consumers, giving them a meagre return for their labour. Furthermore, the administrative pricing systems gave the co-operatives inadequate margins for their operations, resulting in insufficient capital formation within the agricultural co-operatives. The agricultural co-operatives were thus given a monopoly in which they exercised very little control over prices, margins or returns to the members. (As can be noted, there is a contradiction in this situation, since an enterprise enjoying a monopoly is normally also able to determine, or at least influence, the price structure.) This monopolistic situation of the agricultural co-operatives has furthermore had the negative effect, as most monopolies do, of not being able to foster cost consciousness

and managerial efficiency. This system tended to breed administrators of given parameters rather than co-operative entrepreneurs.

Threats and Opportunities

Co-operatives are now to enter an open market and many of them are not well prepared:

- (a) Many co-operative structures were built up under an environment which shielded them from competition, an environment which is very different from the one they will face tomorrow;
- (b) Much of present co-operative thinking and business behaviour, as well as structures, are conditioned by the economic and political control of Governments;
- (c) The co-operative identity is not strong, many members are alienated from their societies;
- (d) The financial position of most co-operatives is weak, capital formation has been inadequate - many are also heavily indebted;
- (e) The management is not trained in the rules of the open market.

Many co-operatives will now face competition for the first time. This competition will range from small scale entrepreneurs to international trading companies. We have learned that the private trader will exploit the farmer. Given the opportunity he will in many cases also do so. However, that is only one side of the coin. It is also a fact that local knowledge, use of family labour, flexibility and low overhead costs will

make the local trader a formidable competitor for the co-operatives. The bigger competitors, such as the transnational marketing enterprises, will have the backing of funds for investments in the marketing structure and processing facilities, as well as the modern technology where they enter the market. Very few co-operatives can mobilize this. Where the international companies will collaborate with the local traders, the competition will indeed be stiff, stiff to the extent that it will be a matter of survival for some co-operatives. A case in point is the coffee co-operatives in Uganda which previously enjoyed a near monopoly, and they have, during the last couple of years, seen their market share shrink to approximately 20 percent.

The liberalization of the economy does not mean that we will see the emergence of a perfect market. Competition will not always be carried out on equal terms, and this will most likely be to the disadvantage of the co-operatives. Co-operatives will not be able to cut corners and bend the rules; it will be less risky for the private trader to do so. Even worse would be a deregulated market with the co-operatives still partly regulated by the Government. A Government might choose to impose certain marketing duties on the co-operatives which could curtail their competitive power.

It is not likely that private traders will be very much interested in the marginal areas, where transport and other handling costs will be high. The traders will obviously concentrate their initial efforts in areas and crops where

the returns on the investments are higher.

The co-operatives have an important function to uphold services to the farmers in the marginal areas. But, important as it is, it poses a tremendous challenge to the co-operatives, since the economic viability of such services is low, or non-existent. And, to further add to the problem, the co-operatives of the marginal areas are not among the strongest today. Regardless whether we view this problem from the Government or the co-operative stance, we will simply have to realize that farmers/co-operative members of marginal areas risk a further marginalization.

The co-operatives which have been subject to the most exacting controls by the Government, and consequently have had to adjust structures and operations to this fact, will probably have the greatest difficulties in adjusting themselves to the new situation. These structures are often bureaucratic and unwieldy, and their transformation into genuine, member-oriented co-operatives will obviously not only take time but a lot of effort as well. Also, if a co-operative used to rely on the Government, simply because it had no say in the past, the change of mind which is required to take the initiative in a free market might be the greatest difficulty to overcome. It will be difficult to break free from an attitude of dependence.

Lack of capital is a problem and there are two considerations I would like to mention. First, capital will be required

for investments and improvements. This is even more important in the new situation, if a competitive edge is to be secured. No financial grants from Government or donors can be, or should be, counted upon. Second, a co-operative society with no capital contributed by the owners/members will engage the members less than where the members have a stake in the society in the form of capital.

To invest capital in your society means also that you have faith in it, and that you are prepared to govern it. Consequently, the liberalization of the market requires a higher degree of capitalization of the co-operatives.

Increasing freedom from political and economic controls will now, for the very first time, give many co-operatives the basic opportunity to operate as genuine and independent co-operatives. The 'de-linking' from the Government will give them the possibility for true self-determination, and they must now depend only on themselves if they are to succeed. The basic advantage of a co-operative is that it is owned and governed by the members, and it is now imperative to exploit this fact. This means in practice that the co-operative must be geared solely toward the interest of the members. It is only through members' benefits, in terms of competitive business services, that a co-operative can survive. Members' loyalty can only be counted upon when a co-operative is efficient and thereby competitive.

But, there is a risk that the fight for commercial survival will take prec-

edence over the transformation to a more genuine co-operative status. A competent management can develop an efficient business entity, without necessarily having the members govern the co-operative. Members' control over their society is therefore a must, if the benefits of the co-operative model are to be realized. Securing the members' influence over their society is therefore, in the long run, as important as making sure that the society becomes competitive.

The co-operatives have of course other competitive advantages, such as experience and physical infrastructure. However, these advantages can only be exploited if they are combined with a managerial ability to transform the mode of business operations to suit the new conditions. The ability to adjust depends on the awareness of what the new environment will bring about. The awareness of the need to adjust seems to be the crucial point in the co-operative response to the changing environment. With no or low awareness there will be no or an inadequate adjustment to the new conditions.

Development Support in the Changing Environment

Some donor agencies may hesitate to continue supporting the co-operatives when they now become liberated and are able to compete freely on the open market. One of the arguments is that co-operatives are now only one of the actors on the market and that support to the co-operatives might distort the competition. We can however note that ECOSOC, in its resolution of July 30,

1992, on "The role of co-operatives in the light of new economic and social trends", invites donors of all kinds "to maintain and increase their programmes of support to the international co-operative movement, to the extent possible within existing resources". ICA has made similar appeals for increased aid to the co-operatives. The reasons for continued support to the co-operatives are that not only do they perform vital economic services to disadvantaged sections of the society, but they also constitute democratic powers at local level, which are essential for the continued democratization of the society. As ECOSOC notes in the above quoted resolution: "co-operatives in most countries are in fact 'schools for democracy'". I would therefore like to assume that most donors are prepared to continue their support for co-operative development. However, donors will need to review the policies and content of their aid programmes to make certain that the support is adapted to the new situation.

There are three basic considerations important today, but which will gain in importance in the new situation. The first one is that support to co-operatives in the Third World should be provided direct to the co-operative movement, not via the Government. Regardless of original source of funds, it should preferably be administered by a co-operative aid organization on the donor side: so called movement-to-movement support. Experience has shown that aid channelled via the recipient Government has also served to enhance state control and interference.

This is even more important now when the co-operatives are to 'de-link' themselves from the Government. However, this does not mean that donor Governments should refrain from supporting co-operative development in the Third World; on the contrary, they should continue the support. It does mean however that the aid should be delivered through a co-operative organization in the donor country, with due respect for the independence of both the co-operative aid organization and the recipient co-operative.

Second, it is difficult to support organizations, such as co-operatives, whose basic philosophy is based on self-determination and self-reliance. Aid to such organizations must strike an appropriate balance between external support and the domestic resources, manpower as well as financial, so that the principle of self-help is not violated. The external support must be looked upon as a complement to the resources, which can be mobilized internally. It might be tempting for a well-meaning donor to make too many resources available in order to speed up the development. It is probably equally easy to accept an oversized development budget by the recipient organization, but this will not generate genuine growth of any organization. The principle of sustainability by means of one's own resources must be upheld. Dependence on a donor is as detrimental as dependence on a Government. This is even more valid for a co-operative operating in a free market, where the business operations have to carry their own costs. It follows that development support in the new envi-

ronment must not subsidize the business operations. This would not only violate sound business practices and distort competition, but could also hide the fact that the co-operative is not really self-reliant and competitive.

The third basic consideration concerns the relationship between the donor and the co-operative organization receiving support. Commensurate with the principle of self-determination, the donor must in this relationship respect the independence of the co-operative receiving aid. There is always a risk that the donor influence becomes too great, as a result of the fact that the donor has the final say in the use of the external resources. An excessive donor influence could easily result in applying external solutions to internal problems. The relation between the two organizations should ideally be characterized as that between two equal partners.

In the transition to a free market, I think it is important that donors are prepared to assist the co-operatives to increase the awareness and carry out strategic planning. As mentioned above, the first prerequisite for a successful adjustment to the new environment is the awareness that something is going to change, or already is changing. It will not be sufficient if only the co-operative leaders at national level are aware of the situation, the awareness must permeate the entire co-operative structure if an adjustment is to take place. But awareness alone is not sufficient. In order to cope with the situation it will be necessary to do some strategic planning in order to forecast

forthcoming changes and establish a readiness for these. This is indeed difficult, but should the co-operatives be able to adjust to the new environment, it will be necessary to map out the threats, identify the opportunities, assess the implications of the forecasted changes and tackle related issues. The awareness and the strategic planning are necessary, if unwieldy structures are to be transformed into organizations geared towards the needs of the members and the open market. The donors and ICA could be helpful in this exercise by functioning as a springboard and providing expertise, acting as resource persons. Here again, the donors must not take a leading role in this collaboration: the donor doing the planning for the co-operatives would be absolutely futile. Change can only come from within, based on direct awareness and planning.

Another vital area in the transition period is the policy dialogue with the Government. Support for this aims primarily at strengthening the co-operative dialogue with the Government. The role of the Government in the development of the co-operative sector is to provide an enabling environment. As part of the economic reforms, fundamental decisions directly affecting the co-operatives will be taken by the Government. Such decisions are for instance, legislation on co-operatives and agricultural marketing, pricing policies and related questions. It is essential that the co-operatives seize all opportunities to influence the Government on these issues, and I think that ICA could be particularly helpful in this process. I think that the increased

dialogue between Governments and the co-operative movements initiated by ICA is a very hopeful sign. Equally encouraging is the fact that several countries have enacted a more modern co-operative legislation.

Women have, in my view, not been able to take their rightful place in the co-operative movements. (And I dare say that this statement is true for the co-operatives in the industrialized countries as well as in the Third World.) Yet, it is the women who do the shopping in the consumer co-operatives, form a considerable part of the membership in certain types of co-operative societies (eg handicraft), do more agricultural work than is reflected in the membership in agricultural co-operatives, etc. Not only do women need to be more effectively involved in the co-operative work, but since decisions taken in co-operative societies affect women as well as men, regardless of the type of co-operative, the women should also be better represented in the decision-making bodies of the co-operatives. It is realized that to improve the situation in this respect will take time, but co-operatives facing the new environment should use the strategic planning process to incorporate the resources and the opportunities offered by an improved participation of the women.

Coming to the actual substance of the development support during and after the adjustment process, we realize that the components of this aid will need to adapt to the new conditions. To define the role of the support should be part of the strategic planning proc-

ess, making it possible to adjust its content to different situations of change. Considering the various scenarios that will emerge, it is not possible to make anything but some general observations on what can be expected to be required of the development support.

Grants have up to now been a common element of support to the co-operative sector, including aid to the business operations. This has been legitimate and reasonable, considering that the co-operatives have been operating under economic restrictions and controls imposed by the Government. Grants will have to be used with caution in an open market, in order not to distort competition; as mentioned above, grants can, as a principle, not be used to support business operations.

Co-operative activities not directly related to commercial undertakings will obviously qualify for grants: such as programmes fostering the democratic aspects; member mobilization/education and leaders training. Staff training also belongs to this category. Institutional development efforts, such as design and implementation of management systems for credit, accounting, marketing, input distribution, etc. should essentially be supported by grants, although, in the long term perspective, they aim to improve the business operations.

Support aimed at improving the situation of women and their involvement in co-operative affairs should obviously be financed on a grants basis. And, considering their disadvantaged

situation in developing countries, the distinction between direct business operations and other activities should not be so rigidly observed.

Loans have in general not been part of the support provided by co-operative donors. This will however have to be changed if the donors wish to support business operations. Soft term loans can be arranged in such a manner that the "loan" is a grant to the co-operative sector in the country, but remains a loan for the co-operative organization receiving the support. The loan can for instance be repaid to a national educational fund, serving the interests of the whole co-operative sector. This requires a number of institutional arrangements on both the donor and the recipient side, which in most cases are not there today.

It is not the intention here to propose that the co-operative donors turn into development loan agencies. It is not our professional field and besides the co-operative donors do not have access to the funds required. What is argued for here is that what previously was given as grants to business operations needs to be converted into loans. But the co-operatives will also need funds for investments in the future, and the donors should be prepared to assist their partners in obtaining concessionary development as well as commercial loans. This support could take the form of assistance in preparing investment plan and loan applications and establishing contacts with suitable funding agencies and banks.

The new environment will broaden the possibilities for the co-operatives

to export their products. Development support could be useful in exploring this opportunity. Many co-operatives are novices in this field, and training in export management and promotion as well as linking up the co-operatives with potential business partners abroad, could be an extremely profitable use of development aid.

There are other critical areas suitable for development support, such as management training aiming at instilling more adequate entrepreneurial business skills. We have also drawn attention to the weak financial position of many co-operatives. This can, however, only be overcome by a satisfactory performance, generating a business surplus for the co-operative organization as well as for its members.

In this respect, the donors can only assist by providing support and advising on managerial issues such as those mentioned above (training, development of management systems, etc).

One particular area, which is closely related to the issue of insufficient capital formation, is the development of savings and credit facilities for farmers. This area will also gain in importance when the co-operative society starts producing a surplus. Not least significant, access to savings and credit facilities is of tremendous importance to the individual member. Finally, agroprocessing will certainly be an area which will receive greater interest from the co-operative sector in a liberalized market, and it would also be a suitable field for development support.

An Oasis of Hope

Techiman Women's Market Credit Union in Ghana

by Jim Jerving*

In industrial nations, people chose credit unions for convenience, better rates, and sometimes co-operative ideals. The Techiman Women's Market Credit Union in Ghana has a life-and-death importance to its members.

"We would die for our credit union," said one member to a visitor at the open market - words spoken soberly and without bravado, but an honest expression of the credit union's value to this member.

Before the Techiman Women's Market Credit Union, the moneylenders - who charge a 50-60% annual percentage rate (APR) - were the sole source of credit. With the credit union, members can receive loans for 18% APR and have a safe place for savings. The credit union is now four years old and has 210 women members.

A Living Mosaic

Participation in the Techiman market is the credit union's common bond for membership. It is one of the largest markets in Ghana and is operated by



about 500 women. Like open markets in other parts of Africa, the market is a living mosaic of local life. The overwhelming odours of drying fish and simmering bush meat intertwine with the never-ending sub-Saharan heat to produce an intoxicating effect on the visitor.

Multi-coloured fabrics - well-known throughout the continent for quality - overwhelm the eyes, while spirited haggling brings out the Babel-like sounds of Asanti, Twi, Hausa, French and English among the customers and vendors.

On good days some 10,000 customers from the surrounding area, as well as neighbouring Côte d'Ivoire, Togo and Burkina Faso, flock to the market - open on Thursday and Friday - to buy

* Mr Jerving, former Editor of the World Council of Credit Unions, visited Ghana in 1993 as part of a development education / press tour sponsored by the Canadian Co-operative Association. (Photos were kindly supplied by CCA.)



Three members of the Techiman Women's Market Credit Union.

cassava, clothes, furniture, produce and even a haircut from an outdoor barber who features "Jerry's Hollywood styles".

Women's Revolving Loan Programme

Through the Canadian Co-operative Association (CCA) Women's Revolving Loan Programme, credit is available for women - like the vendors at the Techiman market - to help generate home-producing activities. At the beginning of the women's loan programme, the members didn't understand the need to repay the money, and the loan delinquency rate was over 40%. Once the members were educated about the credit union and the importance of repaying loans, the delinquency rate fell to around 3%.

The women at the Techiman Market Credit Union use their loans to pay for market stalls and supplies, school fees and day care.

An Oasis of Hope

Esther Ahira is typical of the market women and other members of the credit union. She took out a loan of US\$ 369 from Techiman Credit Union to pay for wood, oil and soda ash to make soap which sells at the market. Ahira pays some of the loan back after each market day. With the profits from her sales, she is saving to buy a house.

Grace Ntin is an example of the hard work endured by Ghanaian women. She buys 20 - 30 sacks of corn to be sold in the market, and unloads the 60-pound sacks by herself. Her credit union loan helps to pay for the corn. In addition to her job at the market, she also maintains a home for her husband and children.

Stella Jyamea sells dried cassava and soup at the market. She hauls the cassava to the mill, grinds it, then boils the powder and sells it as soup. Jyamea



Ghanaian fabrics, such as shown in this women's head scarf, are well-known for their beautiful designs.

received a US\$ 440 to help pay for the cassava. Like the other members of the credit union, she pays off part of the loan at the end of each market day.

Most days for the market women of Techiman begin at sun-rise and continue long after the sun goes down. Daily existence for these women is a hard and never-ending struggle to provide the necessities for their families.

The life-and-death importance of the credit union to their members becomes more evident as the market women's daily lives are observed.

Techiman Credit Union provides lending and saving facilities to women who lacked access to financial services, and provides an oasis of hope in an unforgiving landscape that gives little but takes much to survive.



Cassavas are a popular item at the Techiman Market.

Does Overseas Aid Do Any Good?

by Richard Cox*

Ordinary people all over Britain give to charity. Many people give to help famine-stricken people in Africa, who have been in the news for all too long. But does all this generosity do any good?

One thing is for sure: money given to voluntary agencies is more effective than governmental aid, which often lines the pockets of corrupt politicians before it reaches those most in need. And privately organised assistance works because the men and women on the ground are dedicated to getting aid through.

This dedication - and there is no other word for it - is responsible for one of the most heartening of current relief success stories. In 1991, Somalis and their families began to flee the terrifying chaos of their own country for neighbouring Kenya. Flummoxed at how to cope, the Kenyan government and the United Nations High Commission for Refu-

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gees asked CARE to help out. CARE, one of the world's largest relief and development charities, has long worked in Kenya providing clean water, encouraging farmers to plant more trees, and helping villagers to come to terms with the scourge of AIDS. Its answer to the appeal for assistance for Somali refugees was "OK, we will do what we can".



At first the job was not too daunting. In fact, it attracted virtually no interest among other funding organisations. In early 1991, only 15,000 refugees arrived in Kenya. But as the rival warlords wreaked havoc across Somalia, the trickle became a flood. Today, CARE is providing roughly 434,000 refugees with food. I say 'roughly' because it is impossible to check the numbers as I discovered during a recent visit.

So how can this be a success story? The answer is because these refugees are not starving. The children are not pot-bellied, they don't have rickety legs and their hair has not turned pale through malnutrition. On the contrary, vocational training classes and primary schooling are giving them the confidence to begin to rebuild their lives. The first few hundreds are already on their way back to secure areas of Somalia.

For this both they and the Kenya government have to thank the hard work and commitment of voluntary agency workers. Europeans, North Americans and Kenyans alike, these men and women do not seek publicity; but without them very little would get done.

Take Stephen Blight, who is responsible for ensuring that food aid reaches around 65,000 refugees in the Kenyan frontier town of Mandera. Stephen, an energetic and articulate 30 year old Canadian, gave up his highly

paid career as a consultant with the United Nations to join CARE. His first job was to set up a system for keeping track of the 7,000 tons a month of food aid that CARE trucks or air-lifts into the 14 refugee camps on the Somali border.

Then he was sent to Mandera, a wind-swept "one horse town" in the desert no-man's-land where Kenya, Somalia and Ethiopia meet. One of the hottest



places on earth, Mandera offers few comforts. Stephen shares a roughly made brick and concrete house with nine colleagues, the narrow courtyard serving as a communal dining room. They sleep on camp beds and use up-turned cardboard boxes as makeshift wardrobes. A single seatless toilet and shower serve both men and women. There is no air-conditioning and mosquito nets are a must - malaria is a killer disease up there. They've done their best to make it home. One wall is stencilled with pictures of children and cottages. But that's still pretty basic.

I spent an 'average' day with Stephen and his sixty strong Kenyan workforce. The run-of-the-mill events of those 24 hours included death threats and the arrest of a warehouse foreman.

The CARE team are out before 7:00 a.m., checking that all is ready for the day's food distribution. The camp is

not tented, as one might imagine, but a huge "African village" outside the town where refugees have built their own traditional 'ackals' - small huts made from sticks and animal skins. Each family group - or clan - surrounds its compound with a neat fence of cut thorn bushes. All in all, CARE works with no less than 104 clan elders in this camp, 13 of whom form a kind of central committee.

The elders send women to collect a fortnight's food at a time from thorn fenced enclosures, where Stephen's men unload it from trucks and portion it out. Each family receives a portion of maize, chickpeas or lentils, vegetable oil, sugar and salt. Armed police stand by, keeping an eye on proceedings that can swiftly become unruly.

The morning I watched, CARE had to rush in two Kenyan policemen to arrest a Somali who was threatening to



kill a Baptist minister. The reason? The minister was trying to issue ration cards equitably. In a society dependent upon food aid, ration cards are valuable commodities and their allocation is a cause of constant dispute.

But on the whole, the distribution was well controlled. Women with babies slung on their backs sometimes complained at not getting enough. Since clan elders sell off unclaimed rations to traders after a distribution, this is a common complaint. And there is constant passage not only in and out of camp, but also across frontiers.

Along the dusty camp roads, water sellers do brisk trade from recycled fifty gallon oil drums mounted on simple donkey carts. Smiling women trudge in from the countryside carrying huge bundles of firewood on their

backs. Goats and chickens forage for left overs. It is in many ways a typical African scene, and this is a measure of the aid agencies' success. When clan dealers declare that they don't wish to depend on food aid any longer, one can believe that the Somali refugee crisis is coming to an end.

Stephen and his Kenyan counterparts work seven days a week in six-week stints. Then they can take a fortnight's leave which they have surely earned. But the real reward will come when their services are no longer needed for this particular job. Hopefully, due to the collaborative efforts of voluntary organisations like CARE, the United Nations and the Kenyan government, that time will not be too long in coming. And the aid money that sustains their work will have proven well spent.

The Co-op, the Member and the Question of Ownership

by Zvi Galor*

This article is an attempt to explain that the member and the co-operative are one and the same. The co-operative was established by its members, and its property belongs proportionally to each individual member. It is neither logical nor just to make a distinction between the property of the members and the property of the co-operative, as doing so creates a contradiction in terms of logic. The usual practice in most co-operatives in Israel, whereby the co-operative's property and assets are financed from a commission taken from the operational costs which are paid by each member according to participation, is a mistaken one. This creates, in fact, two bodies of property: one small, in the name of the member, and another large, belonging to the co-operative, but in fact belonging to nobody.

Introduction

The problem before us is to define the nature of the member's ownership of his co-operative. One school of thought held, and still holds today, that a mem-



ber should not be an owner of the co-operative he belongs to. Others think just the opposite, namely, that this situation is neither possible nor logical. Members are the owners of the co-operative, and the sum of the members' ownership is in fact the sum of the co-operative's property.

We will take some examples to clarify the problem. The consumer co-operative chain "Dan Hasharon - Blue Square" claimed at one time to have 20,000 members. The value of a share was reckoned at 500 shekels. A simple calculation shows us that the total value of the members' ownership is ten million shekels. The roughest estimate of the co-operative's fixed assets amounts to several hundred million shekels, possibly more. Even if the sums given above are not exact, the following ques-

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tion still requires an answer: to whom does the balance of the fixed assets belong? If the answer is that the balance of the assets belongs to the co-operative - then an unexplained difference between the co-operative and the member is assumed.

Another example is "Tnuva". The value of Tnuva's fixed assets is roughly estimated at more than one billion shekels. Whose is this property? The members of the Tnuva co-operative are all members of moshavim and kibbutzim who have agricultural produce to market. The current practice in Tnuva is to charge a certain sum on all produce marketed through the co-operative, usually a very low sum, for what are called "Tnuva shares".

The explanation given in the past was that these sums are earmarked for further investment in the co-operative's property. This indeed is what has been done during the decades of the co-operative's existence. The shares were registered, at least in theory, in the names of the marketing members, but at their nominal value. It is easy to understand that today, after inflation has caused them to depreciate, they are nearly valueless. On the other hand, the property in which this money was invested is worth very considerable sums in real value.

Even if some of Tnuva's assets were financed through long-term loans, there is still the same question: whose are these assets? If the answer is that they belong to the co-operative, does this not mean that they belong, in fact, to the associated members of Tnuva?

Another example is the moshav. In some moshavim, dairy owners decided some years ago to set up a "fodder centre" for their dairies. They financed the building of the centre through long-term loans. The loans were repaid according to the practice usual in most moshavim: from the fees paid by members on their purchases. This means that if, for example, member A used 500 tons of feed a year for his cows over a period of ten years, and if member B used 100 tons of feed per year over the same period, the result is that member A's part in the return of the investment loan is five times greater than member B's. After the loan has been paid back to the bank, the two members are equal owners of the property, whereas member A has in fact paid five times as much as member B.

The Share Capital

The share represents the relative part of the member in ownership of the co-operative. Therefore it must be equal for each member. Each member, on joining the co-operative must buy just one share. He will pay the co-operative for it in cash, or through his relative part in the investment loans which the cooperative will receive, or through his relative part in any grants the co-operative might be able to get, for that purpose.

Therefore the value of the share capital is the sum of all the co-operative's investments in fixed assets, divided by the number of members. The value of the share is always the real value of the co-operative's assets divided by the number of members. When a new member joins the co-operative, he must

pay it the real value of a share on the day he joins. In the case of a co-operative engaged in production, with a limit on the number of members and no plan to increase it, a new member will be accepted only if an existing member leaves. The amount paid by the new member for his share will cover the value of the share paid by the co-operative to the out-going member. The co-operative can help the new member obtain a loan from the cheapest sources in order for him to make up the entire value of his share.

The co-operative can decide to pay its members interest on their shares, particularly during a period when realization of all the investment capital from the members is not yet complete. The interest will be competitive in comparison with the interest paid by other financial institutions in the free market on long-term savings. The aim must be to annul any legislation limiting the interest rate which the co-operative is entitled to pay in order to mobilize the necessary funds, while it is competing for the most favourable and cheapest sources of financing.

The source of the interest paid on a share is never the co-operative's surplus. This common mistake is an element in the laws of many countries. It must be annulled, since it creates unfairness and inequality amongst the members.

How to calculate the value of a share capital in a co-operative?

As we have said, the value of a share will be determined when we have calculated the total value of the co-opera-

tive's fixed assets (e.g. buildings, land, machinery, equipment, etc.) and divided this by the number of members. We must remember that the member's participation in the financing of the co-operative is divided into two parts. The first part is the equal participation of all the members in the financing of the co-operative's fixed assets, and the second part is the unequal participation of the members in financing the co-operative's running costs, according to the amount of use each one makes of the co-operative's services.

There is no difficulty in calculating the value of a share in a co-operative that is just starting up, but how should one calculate the share value in a co-operative which has been in existence several years? One suggestion is: calculate the annual depreciation on the co-operative's property; a new member, on joining the co-operative, will pay his relative share in the total current value of the depreciated property. The problem is that the value of the property after depreciation is not its real value. Without revaluation, there is a difference between the two.

Let us take for example a co-operative with ten members which has purchased a lorry to transport their produce. The value of the lorry when new is NIS 300,000. Each member's contribution is NIS 30 000, and this is also the value of his membership share capital in the co-operative. We divide the price of the lorry equally amongst all the members, bearing in mind that usually we cannot tell in advance how much service each one will require from this property during its lifetime.

Let us suppose that the members took out a loan in order to finance their purchase. In most co-operatives, the accounts department will calculate how much to debit each member for each work unit of the lorry, i.e., for each load/unit carried by the lorry, according to the following method (cost of transport by ton/kilometer): fuel and oil, spare parts, driver's wage, repayment of loan, miscellaneous costs, and depreciation.

The problem we immediately encounter here is that this kind of calculation involves two categories of costs. The repayment of the loan and the depreciation will fall equally on all the members irrespective of the degree of use each one makes of the lorry, while the remaining costs must be divided among the members unequally, according to the amount of ton/km units each member has used the lorry for.

However, there is no reason that the two kinds of costs should be linked. Let us suppose that the lorry was purchased with the aid of a five-year loan, and the depreciation allowed for a lorry in the account books of the co-operative is over a ten-year period.

During these years, member A has had five times as much freight carried as member B. Going by the formula accepted today by the various co-operatives, in Israel and all over the world, member A has paid five times as much for the purchasing of the lorry as member B, whereas, in fact, they ought to have shared the payment equally. A crying injustice.

Suppose that after five years the co-operative decides to sell the lorry. The sum realized will be divided equally among the members, although member A paid five times as much for it as member B. This is a blatant injustice. Furthermore, after five years, the lorry's accountable value is 50 per cent of its value when new, but its real value might be higher or lower. It has been made clear that the real value of the co-operative's assets is not necessarily the same as their accountable value after depreciation, and generally is not.

It appears, therefore, that if we wish to calculate the value of an entry share for a new member in the co-operative, we must base our calculation on the real value of the co-operative's assets. So let us rephrase our question: the 10 member co-operative which bought the lorry decided, after two years, to accept two new members.

There is no need for an additional investment, but the two new members have to pay for their membership share in order to be full members of the co-operative. How much should they pay?

The new members, remember, are joining the co-operative at a time when the value of the asset (the lorry) is lower than it was when the co-operative was founded. They cannot and should not pay the same sum as the founding members; on the other hand, the aim is for each member to pay the same sum for his share in the co-op. You will find below is the method for calculating the value of a share in our example.

Stage 1

Determining the value of a share on establishment of the co-operative - purchase of the lorry. The formula is:

Total assets of the co-operative	=	Value of share per member
Number of members		
In figures :		
300,000	=	NIS 30,000
10		

Stage 2

Two years later. Two new members apply to join the co-operative. The general assembly of the co-operative agrees to accept them, and both of them must buy a share in the co-operative. Remember that the sum they pay will not be used to increase the co-operative's assets, as this is not necessary; the lorry will go on working as before, and it will carry the two new members' freights as well.

First of all, we must calculate the value of a share in this new situation, two years after the establishment of the co-operative. The formula is :

Revaluation* of the co-operative's total assets	=	New value of share
No. of members		

Assuming a linear depreciation of the lorry over 10 years, its accountable value after two years will be 20% per cent lower, i.e., NIS 240 000; however, we see that in practice, according to market prices, its value is NIS 260 000.

260,000	=	NIS 21,666
12		

Hence the purchase price of a share in the co-operative will be NIS 21,666 per new member.

*Revaluation - estimate of current real value of assets

Stage 3

What remains to be done now is to divide the sum brought in by the new members amongst the old members in order to compensate them for the drop in the value of their shares, and to equalize the value of all the shares in the co-operative. This can be done by means of the following formula :

$\frac{\text{New value of shares} \times \text{no. of new members}}{\text{no. of previous members}} = \text{Sum to be returned to each founder member}$
$\frac{\text{In figures : } 2 \times 21\,666}{.10} = \text{NIS 4334 per member}$

Calculating the value of a share in an existing co-op

From among the problems and examples cited above, we are left with one more eventuality to explain :

A co-op has been in existence for several years. At different times during its existence, new members have joined. None of the members paid any sum whatsoever towards his share, or, as in the case of the moshav, towards investments in fixed assets, because all the assets were financed by loans, which have all been repaid from fees charged on members for current use.

Now, some years later, the members wish to determine the value of a share in the co-operative. We begin with the premise that members joined this co-operative at different points in time. So what method should we use to compute the value of each one's share?

The method for computing the relative value of each member's share must be

based on a given parameter, which we can choose. Unfortunately, we have no clear-cut, unequivocal and equitable parameter. Nevertheless, we have a choice.

One method is to base the calculation on capitalization of the present assets, and on the benefits each of the co-operative's members anticipates for the duration of the assets' existence. This capitalization calculation can be made with the help of a current value coefficient for assets, to cover the remaining number of years they will last, and taking the relevant interest rate into account.

Another method of calculation is based on the number of years' membership of each member of the co-op. Obviously, this method is not entirely equitable either, but it can be used to reach a maximum measure of fair distribution amongst the members. The stages of this kind of calculation are shown below:

Stage 1

To begin with, we have to find the total years of membership of all the members of the co-operative. The formula :

Total years of membership in the co-operative = no. of members x total years of membership of each member.

In figures :

10 members, each with 10 years of membership = 100 yrs.

10 members, each with 7 years of membership = 70 yrs.

10 members, each with 5 years of membership = 50 yrs.

Total: 220 yrs.

Stage 2

Now we have to find the value index of the assets per membership year. The formula:

$\frac{\text{Revaluation of total assets}}{\text{Total membership years}} = \text{Value of assets per membership year}$

In figures :

$\frac{\text{NIS 330 000}}{220 \text{ years}} = \text{NIS 1,500}$ <p>(NIS 330,000 - see below)</p>
--

Stage 3

Now we have to establish the real monetary value of each member's share. The formula :

real value of member's share = his years of membership x value of assets per membership year.

In figures :

Group A (5 years' membership) -

50 x 1 500 = NIS 75 000, or value of share - NIS 7 500

Group B (7 years' membership) -

70 x 1 500 = NIS 105 000, or value of share - NIS 10 500

Group C (10 years' membership) -

100 x 1 500 = NIS 150 000, or value of share - NIS 15 000

Total assets :

75 000 + 105 000 + 150 000 = NIS 330 000

Conclusion

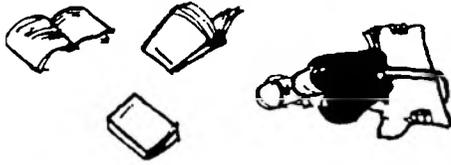
Situations may arise in which we have to compute the value of a share in membership for a new member.

One situation is when a new member replaces an old member, who is leaving the co-operative. The new member will pay the current real value of a share, and this payment will enable the co-operative to give the out-going member back the value of his share.

The second situation is when a new

member applies to join an existing co-operative. In the previous section we described a method for calculating the amount he should pay. This formula is appropriate for and applicable to any kind of existing co-operative.

The third situation arises when, in an existing co-operative, there is a wish to calculate the value of each member's shares after a number of years. A formula answering this problem reasonably well is proposed here. As we have said, there are additional possible methods for this calculation.



Book Reviews

The Development of Co-operatives and Other Rural Organisations: The Role of the World Bank

by Pekka Hussi, Josette Murphy, Ole Lindberg, Lyle Brenneman. World Bank Technical Paper Number 199, Africa Technical Department Series, Washington, 1993, 99 pages.

During recent years co-operative development advocates, not least the ICA, have urged the World Bank to develop a more comprehensive approach to dealing with co-operatives in developing countries. In the absence of an over-all World Bank policy on co-ops, the Bank's African Region launched its own study in 1990, drawing on expertise from co-operative development experts both inside and outside the Bank.

The first clear conclusion to emerge from this careful review of African experience is the undeniable failure of the World Bank's previous efforts to understand the proper role, and requirements, of co-operatives. In spite of the fact that more than 50 percent of the Bank's agricultural operations in the 1970s and early 1980s involved co-operatives and other similar organisations, they were merely included as project components with very little attention paid to their capacity to perform the tasks expected of them. Not surprisingly, this lack of attention paid to institutional development had a

detrimental effect on project sustainability.

Closely linked with this problem has been excessive state control over co-operatives. Although this problem is well-documented elsewhere, the study gives striking examples from Zambia, Kenya, Nigeria, Cameroon, and Niger about restrictive legislation and over-regulation. The effect is clear: "There is evidence from other countries in the region as well that a policy which facilitates close government involvement in the affairs of co-operatives negatively affects their development into self-reliant and sustainable organisations...."

Nor do the co-operatives themselves escape criticism. The experience of national apexes, in particular, has largely been disappointing, "both as a representatives for the co-operative movement and as suppliers of commercial services".

Fortunately, the report makes clear and positive proposals on the basis of these

experiences of the past. For the World Bank itself, the lesson is that it should take a more comprehensive approach to co-operative development (as it has recently done in Burundi, Cameroon, and Guinea), assist governments to undertake necessary legislative and policy reforms, and facilitate capacity-building in co-operatives and other rural organisations.

Governments, for their part, should revise co-operative legislation as a matter of priority, reflecting current trends towards economic liberalisation and a reduction of government control; provide a proper policy environment and infrastructure; and allow co-operatives to determine their own lines of business without government direction. The report cites encouraging changes in this direction recently made in Tanzania and Zambia but notes that new legislation is not a solution if it is almost as restrictive as its predecessor (as in Guinea and Cameroon). The authors emphasise the need for a participatory approach to the formulation of co-operative law, and give the recent experience of Namibia as a positive example of collaboration between co-operatives, government, and external agencies.

The answer to the problem of the apexes, the authors quite rightly conclude, is to strengthen their capacity to play their key role—to participate in policy formulation and to act as a more effective guardian of co-operative interests—by upgrading their research, planning, and monitoring capabilities. Commercial services can usually be more effectively provided by specialised sectoral organisations.

The report draws two other highly salient conclusions. The first is to re-emphasise the importance of human resource development—both member education and management training. But, as the report hints when it cites the limited success of the Kenya/Nordic Co-operative Development Programme, training projects must be part of a comprehensive, properly-focused co-operative development programme or else they will simply produce high-quality but largely ineffective training material. The authors also make a useful observation about the importance of including literacy and numeracy training as part of member education activities, citing recent successes in Niger (and, they could have added, The Gambia).

Finally, the report bravely addresses the difficulties of channeling donor assistance for private organisations like co-operatives through government structures. Citing examples in Cameroon, Tanzania, Kenya, Uganda, and Senegal, the authors seem to come down on the side of the hypothesis that “technical assistance and support services provided by an autonomous institution are more effective than those provided by governments....” The movement-to-movement approach to co-operative development is described as “an attractive alternative to the traditional government-to-government programmes”, although it is a relatively new approach “and the experience available is therefore too limited for a definite judgement on its qualities”—an unnecessary reservation which is not shared by several recent national evaluations.

When a number of co-operative development agencies were invited by the World Bank to a seminar on "Donor Support for the Promotion of Rural Co-operatives in Developing Countries" in 1990, they found that their understanding of the prerequisites for successful co-operative development had made little inroad into Bank thinking. Thanks to this technical study, and the process involved in preparing it, there is now more hope that the

general consensus on co-operative development strategies—expressed most recently at the Fourth ICA Co-operative Ministerial Conference in Tanzania—will also find expression in World Bank programming in the future, not only in Africa but also in Eastern and Central Europe, where Bank staff have begun a similar review exercise.

Bruce Thordarson

Training for Co-operative Leadership

A Study of SCC's International Co-operative Seminars, 1962-1983

From 1962 to 1983, the Swedish Co-operative Centre (SCC) conducted a series of International Co-operative Seminars (ICS) in Sweden. Participants were board members and staff of co-operatives in Africa and Asia. Altogether 512 co-operators from 36 countries benefited from the training scheme which was implemented in collaboration with ICA's regional offices in those regions.

Having received numerous requests to revive the training programme, the SCC decided to carry out a study in order to ascertain its impact on co-operative development in the two regions in general and on co-operative leadership in particular. The terms of reference also called for an assessment of present and future needs for such training, and of SCC's role in this process.

The sources of information included available documentation and statistical data on the seminars. In addition, two evaluation seminars that brought together previous participants were conducted in collaboration with ICA's regional offices.

The study, which was recently published by the SCC, traces the origin of the ICS's to the ICA Congress in Stockholm in 1957 which highlighted the need for assistance to co-operative development in developing countries. The need to streamline ad hoc arrangements for study visits to Sweden, and the "Without Boundaries" Fund which made the leadership training programme financially possible, also contributed to the decision to launch the programme.

Although interpreted and applied differently over the years in order to in-

crease the relevance and effectiveness of the programme, the original objectives remained unchanged throughout the duration of the programme; i.e. leadership development, co-operative networking, and technical assistance mobilization.

What makes this study particularly interesting is that it covers a period of over 20 years. The changes in the programme in terms of participants, contents, methods and purpose thus also reflect prevailing thoughts and changes in "development thought" (one of the reasons for its eventual discontinuation was that such courses went "out of fashion" in donor circles).

Adjustments were made in the programme to increase its effectiveness and relevance. These adjustments were based on feedback and suggestions from participants and counterpart organizations in the field, particularly through the increased collaboration with ICA's regional offices. The fact that SCC all the time acquired new experience and knowledge of the conditions for co-operative work in developing countries also affected the programme.

One such change was a shift from the early rather ethnocentric approach which was not unusual among donors at the time, (the title of the first seminar was "Swedish Co-operation"), to an increased emphasis on relating the Swedish experience to conditions in the participants' countries. In the last seminars the participants consequently prepared Action Plans that were submitted to the authorities on the return

to their home countries. Other modifications pertained to the programme design that went from the general to the more specific and from the academic to the practical. The seminars also became gradually shorter, and there was increased participation by women.

After having dealt with the major trends and developments in the seminar series in terms of objectives, programme design, teaching methods, etc., the study sums up the results or impact of the training programme. It is on these findings that it finally bases its recommendations for the future involvement of the SCC in leadership development.

The study cannot provide clear cut answers to questions about the exact impact the seminars have had on co-operative development in the participants' countries. There are far too many other variables that influence cooperative development for such conclusions to be drawn. Neither is it possible to determine whether alternative ways of spending the money would have yielded better results.

However, the study concludes that there is reason to believe that they did have an impact at least on the participants and their organizations.

The study also states the case for more leadership training, and suggests that the SCC should revive its support to this programme which should be designed as an integrated part of local plans and strategies pertaining to organizational development.

The study presents a wide range of data/information that provides interesting reading for people and organizations that are involved in co-operative training. That there is a tremendous need for leadership training especially in these days of turbulent

change, no-one can deny. This SCC study shares with us valuable experience and information that may improve the design of future programmes.

Jan-Eirik Imbsen

The Handbook of Industrial and Provident Society Law

by Ian Snaith, Unique Guide to Co-operative and Credit Union Law, 750 pages, loose-leaf, ISBN 0 85195 203 8) costs £95.00, including updated pages service until the end of 1994. For further information please contact Iain Williamson, Co-op Union, telephone (44-61) 832 4300

The first new book for more than 25 years, dealing exclusively and in great detail with the legislation for a wide range of organisations covered by the Industrial and Provident (I & P) Societies Acts, was published on October 7 by Holyoake Books, the imprint of the Co-operative Union Ltd, the organising and advisory body for the consumer Co-operative Movement in the UK.

The Handbook of Industrial and Provident Society Law has been written by Ian Snaith, MA, who is one of the country's leading experts on I & P legislation. He is Senior Lecturer in Law at the University of Leicester and a consultant with Malcolm Lynch, Solicitor, Leeds.

The Handbook covers the legislation as it applies to a whole range of I & P societies, including consumer, agricultural and worker co-operatives, housing associations, social clubs and allotment societies. The book also contains

a special section for legislation on credit unions, which the author describes as the fastest growing economic sector in the co-operative field.

Since 1966, when the last Handbook was published, four new Industrial and Provident Societies Acts have been passed, together with the Credit Unions Act 1979. Other Acts have amended the I & P legislation and various Regulations in the form of statutory instruments have been issued.

This completely rewritten version of the Handbook seeks to present the body of the legislation as far as possible in its current form, to avoid the need for the reader to check later legislation for amendments to earlier Acts. The book covers case law as well as Statutes and Regulations, and a unique section contains specimen model rules for most of the economic sectors. The book is produced in a loose-leaf format and an updating service will be available to subscribers.

As the author states in the book, future developments in I & P legislation can be expected. For example, the Friendly Societies Act 1992 will permit certain friendly societies that wish to incorporate to use the Industrial and Provident Societies Acts to do so. Ian Snaith also points out that a full review of the I & P Acts with an eye to important reforms is regarded by some observers as long overdue.

A likely source of legal change in the 1990s is the European Community. The

EC Commission is actively considering a proposal for a European Cooperative Statute which could be used to set up a pan-European business structure for co-operatives. 'Changes in the law which allow societies to trade more easily in the single European market from 1993 onwards are to be welcomed and could provoke a long overdue re-consideration of the whole legal framework governing UK societies', Ian Snaith writes.

Iain Williamson

Review of International Co-operation



Volume 87 No. 2 1994

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Africa: Momodou M. Dibba
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Europe: Graham Melmoth
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Opinions expressed in this publication are not necessarily those of the leadership and management of the ICA.

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The length of articles submitted should be a maximum of 10 pages typed in double spacing. If possible, please submit both a hard copy and a disquette stating which word processing software was used on IBM compatible or Macintosh hardware.

Front cover: Location of ICA head office, Geneva.

Review of International Co-operation

Vol. 87 No. 2/1994

Editor: Mary Treacy

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Corrigendum

In the last Review of International Co-operation, Volume 87, No. 1/1994, on page 50, a mistake was made in the title which should read:

"ICA Statement to the Preparatory Committee for the World Summit for Social Development, First Session, New York"

Editorial

- † The International Co-operative Alliance is going through a period of change and certain re-adjustments have become necessary in its communications' programme to adapt to the organisation's emerging needs.

This issue of the Review was originally planned to contain information from all the ICA regions, including the newly formed European region. However, this issue is now dedicated almost exclusively to co-operation within Europe.



Issue No. 3/94 will not be our Annual Report but will contain reports written by the ICA European Region's sub-groups of Working Group I on internal matters and Working Group II on external matters, plus the first draft of Dr. Ian Macpherson's final report on the Co-operative Principles and the Co-operative Charter.

The report on the sub-group "Coordination and utilization of the information networks", of which I am coordinator, will necessarily pertain not only to the European region, but to the whole of the ICA, as it is necessary for the communications' strategy of an international organisation such as ours to be global in its outlook and the exchange of information between the different regions and economic sectors will be increasingly important under the new de-centralised ICA structure. This issue of the ICA Review will also contain a report on how the ICA and its member organisations plan to celebrate the UN International Co-operative Day in 1995.

Review No. 4/94 will then become our Annual Report for 1993-1994. However, in addition to the usual reports, this issue will also contain reports from each of the ICA regions and summaries of all the regional assemblies.

We hope this revised publication schedule will give our readers an in-depth picture of the work programme being implemented by the new European region, and also end the year with a good overview of what has taken place in all of the regions since ICA adopted its new structure.

As mentioned in the last issue of the Review, readers are encouraged to contact the ICA Secretariat with story ideas for a series of press articles which the international news agency, Inter Press Service, will be circulating to help ICA publicize the co-operative message more widely. Comments on any of the articles contained in the review, including conflicting points of view, are also welcome as dialogues on relevant issues can only lead to improved communications between co-operatives worldwide. We look forward to hearing from you.

Mary Treacy
Director of Communications

**72nd International Co-operative Day
(Saturday, 2 July 1994)**

Message from the International Co-operative Alliance

The 150th Anniversary of the Rochdale Pioneers

This year the British Co-operative Movement is celebrating the 150th Anniversary of the Rochdale Pioneers, whose great achievements were establishing the first successful consumer co-operative society and laying down the Principles by which Co-operatives should be governed.

Today 700 million people around the world share the co-operative legacy of the 28 founders of the Rochdale Equitable Pioneers Society. The co-operative movement has spread from 28 consumers in a small town in the North of England, who joined together in 1844 in order to have access to unadulterated goods at fair prices, to include more than one million co-operative societies of all sizes, in all sectors of the economy, and in more than 100 countries worldwide.

The world is now going through a period of rapid change which often has far-reaching effects on individual men, women and children. The social and cultural dimension of co-operatives profoundly influences the way changes affect our society. This is because co-operatives empower individuals by giving them the chance to shape and implement decisions which have an impact on their everyday lives, thus involving them directly in the search for solutions to their economic and social needs.

The ICA recognises that it is only through mutual understanding, co-operation and coexistence that world peace, and thus healthy economic and social development will be globally possible. All member co-operatives of the ICA have pledged to co-operate actively in every practical way with other Co-operatives at local, national and international levels, aiming to achieve unity of action by co-operators throughout the world.

While the history of the Rochdale Pioneers will certainly never be forgotten, the future challenge for co-operators is to reach a new and wider audience with the Co-operative message of ordinary people improving their prospects and those of the whole of mankind, by working together co-operatively.

The International Co-operative Alliance calls on its more than 700,000,000 individual members worldwide to use the occasion of the 150th anniversary of the Rochdale Pioneers this year, and the 100th anniversary of the International Co-operative Alliance in 1995, as an opportunity to gain maximum publicity for our movement, for our present achievements and, more importantly, to promote greater understanding of our future goals.

The International Co-operative Alliance and Europe

by Graham Melmoth*

In Britain we say of Co-operators: 'We are people who care'. International Co-operation is the embodiment of that spirit.

History and Principles

In 1936, the Alliance issued a resounding declaration to the peoples of the world in the face of the rising tide of authoritarianism then threatening the globe, reaffirming the Co-operative Movement's principles and claiming the right of Co-operation 'to at least an equal place with any other form of economic enterprise within the policy of any and every state'. Those were the principles which it was argued in the 1930s defined the character of Co-operative enterprise, the practical result of which was:

1. to place service of the community before the profit of the individual;
2. to put the supremacy of private capital on a lower plain than mutuality and active participation in an enterprise;
3. to provide the wage earning consumer with economic independence through the dividend on Co-operative purchases;

* Mr Melmoth is ICA Vice-President for Europe. This text was adapted from a presentation to the ICA/CIRIEC Colloquium held on 2 May 1994, in Seville, Spain



4. to secure a fair deal for the agricultural producer without exploiting the consumer;
5. to benefit the community, irrespective of class or status;
6. to provide a solution to the problems of employment, wages and working conditions.

I do not think a declaration we published *today* would neglect many of the aspirations articulated nearly sixty years ago, but when our draft charter is published in 1995, we must compare notes because planning for the future has no meaning without some understanding of our past.

In fact, there has been no pause in the debate on Co-operative principles per se since the inception of the ICA. The

ICA's Vienna Congress of 1930, on the initiative of the French, resolved to set up a Special Committee 'to enquire into the conditions under which the Rochdale principles are applied in various countries and if necessary to define them'. The Special Committee report was debated inconclusively at the London Congress of 1934 but adopted with little dissent in Paris in 1937, when greater emphasis was placed on the reiteration of the first four principles:

1. open membership;
 2. democratic control;
 3. distribution in proportion to transactions; and
 4. limited interest on capital;
- than the last three principles:
5. political and religious neutrality;
 6. cash trading; and
 7. promotion of education.

Thirty years later, as many in this audience will know very well, the Principles Commission set up by the Bournemouth Congress in 1963 was charged with the task of reviewing the Rochdale Principles and its unanimous report was made to the Vienna Congress of 1966. Political and religious neutrality and cash trading were deleted and the sixth principle of Co-operatives co-operating with each other was introduced.

Almost thirty years later, coinciding in 1994 with the 150th Anniversary of the foundation of the Rochdale Pioneers Society and the next year with the Centenary of the Alliance, we are approaching the climax of the third great debate

in this century on Co-operative principles. The President of the Alliance, Lars Marcus, performed for us a lasting service which will be his monument when he presented at the Stockholm Congress of 1988 his paper on Basic Co-operative Values, reminding us of the ethical platform on which Co-operative enterprise rests in the second half of the 20th Century, 'lest we forget'.

Another Swede was charged by the Board of the Alliance to undertake a global Co-operative Odyssey and to listen and argue with Co-operators in all sectors in membership of the ICA and from all continents. The result was a masterly document of research and scholarship - 'Co-operative Values in a Changing World' - which no participant in the Social Economy can afford to be without. It has rightly been described as a 'vibrant personal statement, based on a lifetime in the Co-operative Movement'. Sven Åke Böök presented his work to the ICA Congress in Tokyo in 1992, which received it with much applause and appreciation. Congress then gave Professor Ian McPherson of Canada the task to draw all the threads together to bring to the Centennial Congress in Manchester in September, 1995, proposals for:

1. a revision of the six fundamental principles set down in 1966;
2. a clear Co-operative message for the next century in the form of operating principles or practices for each sector; and
3. a Co-operative Charter for the Millennium and beyond.

Geography

My constituency in the Alliance is *Europe* - officially, I am Vice President of the ICA for the European Region. Continental Europeans are perhaps entitled to be somewhat confounded by a native of 'Albion Perfide', an isolated island off the north coast of the continent, arguing for a stronger European Union. But I do so. And I also welcome its enlargement and the prospect of the addition of Finland, Norway, Sweden and Austria to the European Community. All of these countries, of course, have a strong and distinctive Co-operative tradition. But as regards the Commission and the European Union, some of us in Britain have less problem with Government and Parliament in Brussels and Strasbourg than those we have to contend with in Whitehall and Westminster! But if nothing else justifies the work of the European Commission in my eyes, it is its progressively supportive policy and approach towards Co-operatives, mutual societies and associations (SMEs). I know that there are Co-operators, particularly among my German friends, who are sceptical about the concept of the 'Social Economy' and have not given a particularly warm welcome to the European Commission's embrace of it. ICA Europe understands and respects that view. We do not wish for one moment to dilute the essential distinctiveness of co-operation as a mechanism for social and commercial enterprise. Nonetheless, I would comment a passage from the Commission's proposal of 16th February, 1994, adopted by the Committee relating to the mutual annual programme of work (1994 - 1996) for SMEs. This is what it says:

'This sector is particularly skilled in the field of social innovation, i.e. a field in which it is very much in the community's interest to recognise, promote and utilise. This can be done all the more easily and effectively, given that a large number of firms in this sector constitute essential vehicles for community policies. Whether the problems be related to urbanisation, economic decline, job loss, the increasing financial uncertainty among substantial sections of the population or the management of human resources, these entities come up with solutions which offer potential for renewal and which they disseminate, often with the support of public authorities, by way of the kind of networks in which they occupy a very significant position.

The present programme of work thus sets out to provide backing for Co-operatives and mutual societies, associations and foundations in formulating a response to the dual challenge now facing the community - economic development and social progress.'

If I were to attempt to describe the mission of the ICA in general and the ICA in Europe in particular, it would be in the words: 'to promote economic development and social progress' but, I would emphasise, in the context of co-operation. The economic and trading impulse of Co-operative activity must be as strong as its social conscience, but I would not argue that this is the divine mission of Co-operative Movements *alone*: there is much which can be accomplished with our partners in the social economy, given the drive being put behind this new emphasis

by DG XXIII in Brussels. We appreciate that in ICA Europe. Moreover, we intend to take advantage of it and have made application for funding towards our work programme over the next three years. For the avoidance of doubt we, in the ICA, are prepared to consider common cause with other entities in what some parts of Europe call the Social Economy, but not at the risk of losing or submerging our distinctive co-operative autonomy and freedom of action. I have said elsewhere that the ICA's vision of Europe is not confined to the Europe of the twelve or even of the enlarged sixteen. We welcome the pending applications to accede to the Union by Poland and Hungary and other likely applicants from Eastern and Central Europe. But so far as ICA Europe is concerned, its boundaries will be determined by the Council of Europe definition. We are proposing to include those countries (a) which are members of the Council of Europe, as well as (b) countries granted the status of 'special invitees'. There are also three former CIS countries (Armenia, Azerbaijan and Georgia) which have applied for special invitee status and are likely to receive it. They are temporarily 'borderline' cases in ICA Europe terms. The situation of the former Yugoslavia (expelled in 1992 on human rights grounds) will no doubt be resolved by the Council once peace has settled on that troubled land.

The ICA has been working closely with Co-op Network, whose Board is chaired by Ota Karen of the Czech Republic. This is a separate and related body whose task it has been to advise, provide assistance and procure long-

term aid to the Co-operatives emerging from the ashes of the discredited political institutions of the collapsed socialist regimes of Eastern and Central Europe. As we all know, the old Co-operative systems were heavily centralised and dependent on ministerial support. The challenge of breathing democratic life into the Co-operatives now taking their place in the sun and encouraging decentralised membership participation is a daunting one and Co-op Network will play a part in that. Amongst the various priorities identified by ICA Europe is the need to fashion the role of Co-op Network in its more mature phase. We have to decide, now that its infancy is behind us, whether we should formally admit Network into the ICA as an integral part of the institutions or leave it to remain ambiguously alongside. I have no doubt that we must haul our friends from Network aboard 'The Armada'!

Culture and Language

When I emerged as the candidate of the European members' meeting in Brussels in May, 1993, as Vice Presidential nominee for the new ICA Region of Europe, I inherited as our agenda a blank piece of paper; a nil budget; an excellent colleague as Secretary of ICA Europe in Arsenio Invernizzi, (whom ICA headquarters occasionally despatch to Latin America for extended periods on 'fire fighting' duties); and the promise by the President, Lars Marcus, that he would 'keep away'. I have had good cause to be grateful for that bountiful legacy!

In addition to Co-op Network operating in one part of the Region, the nine

Co-operative Sectoral Associations in the EC in membership of the Coordinating Committee (the CCACC) had been operating effectively for some time in Brussels. Was there room in Europe, I asked, for the ICA? It was all very well to put flesh on the bone structure already in place in the ICA Regions in Africa, Asia and the Pacific and the Americas, but *Europe*? Was there not already a surfeit of committees, lobbies, regional bodies, coordinators and liaison systems? Emphatically, the answer must be *yes* but is there nonetheless a job to be done specifically in and for Europe by the ICA operating out of a European but non-European Union country? Again, experience of the last twelve months points towards the affirmative. In saying so, I pay special tribute here to the tolerance, understanding, vision and old fashioned desire to *co-operate* which I have found universally so far in the members of the CCACC. Its strength lies, of course, not in itself but in the strong sector associations which that Committee co-ordinates.

It is proposed that seven of these European Associations which have made their mark in the Co-operative interest will by special ICA Europe regulation have the right to representation on the new European Advisory Council of the ICA, namely the Association of Co-operative Banks, ACME (Co-operative Insurance and Mutuals), CECODHAS (Co-operative Housing), CECOP (Producer Co-operatives), COGECA (Agricultural Co-operatives), Euro Coop (Consumer Co-operatives) and UEPS (Co-operative Pharmacies). It is self evidently important that ICA Europe

is, and *is seen to be*, representative of as many forms of Co-operative activity in Europe as possible.

If Co-op Network and its activity in Eastern and Central Europe can be seen as one leg of the tripod on which ICA Europe is to stand, and the sector associations of Brussels the second, the third leg undoubtedly is the two Working Groups set up by the ICA European Advisory Council to engage with some of the major issues which concern all Movements in Europe.

The first Group is led by Lars Hillbom of Kooperativa Forbundet (KF) of Sweden and its remit is based on our *internal* concerns: (1) Co-operative identity; (2) East/West relations; (3) management control and corporate governance; (4) cross border transactions; (5) Co-operative development in the South; and (6) considerations of gender.

The second Group is chaired by Giuliano Vecchi of Confederazione Italiana and is concerned with *external* issues, namely: (1) Co-operative image; (2) Co-operatives and schools; (3) meeting European social needs with Co-operative solutions; and (4) co-ordination and utilisation of information networks. This Group too will seek to have regard to considerations of gender.

Each of the tasks being undertaken by the Working Groups is being separately coordinated by Co-operators drawn from different countries and different sectors. The Working Groups meet regularly to review their progress

and to report on what they have achieved since they set about their tasks last November.

I take pleasure in having as leaders of the Group's senior Co-operators respectively from Northern Europe and from the South. It is the richness and diversity of Co-operation in Europe that is its strength and guarantees its endurance. Co-operation in its 150 years has the resilience and flexibility to absorb and take on the national characteristics of each country where it is practised whilst retaining its essential universality. Expressed differently, perhaps the culture of Co-operation crosses national frontiers without difficulty, but its language is more comfortably rooted in the Nation State. ICA Europe today has sought to blend culture and language across the Continent to arrive at common objectives and in doing this is carrying on in a regional sense the traditions of its global role during the nearly one hundred years of its existence.

Co-operation in all its Forms

The ICA consists of around 220 national Co-operative organisations in more than 100 countries, plus nine international organisations, collectively representing more than 700 million individual members. In 1946, the ICA was one of the first non-governmental organisations (NGOs) to be accorded United Nations' consultative status. Today, it is one of the forty-one organisations holding Category 1 consultative status with the United Nations' Economic and Social Council (ECOSOC). The Alliance encompasses at least ten distinct Co-operative sec-

tors: Producers, Consumers, Fisheries, Insurance, Banking, Tourism, Credit and Saving, Agriculture, Housing and Energy; several other sectors adjacent to these can also claim to fall within the ambit of the Alliance. In this respect, I should mention integral health Co-operation whose cause has been so vigorously promoted by Señor Josep Espriu of Barcelona who, I know, is planning to gather some kindred spirits around him to see what further progress can be made in forging international links between Co-operatives engaged in health activities. ICA Europe wishes him well in that endeavour.

Reflecting the breadth of the ICA's global Co-operative interest, ten specialised bodies operate across the Alliance's four regions, most with a particular sector as its remit. But there are gaps nonetheless in the reach of the Alliance. For example, whilst on the one hand there is limited contact between the European Banks, to which Friedrich Wilhelm Raiffeisen gave his name, and the ICA on the other, the contacts between these two international organisations, both of which espouse the philosophy of solidarity, have, at best, been tenuous over the century or so of their joint existence. And this is good reason in itself to welcome the initiative of the President of the ICA, Lars Marcus, and the President of the International Raiffeisen Union, Baron von Verschuer, to conduct a Joint Seminar in Prague on 27th October, 1994, at the end of the first Regional Assembly of ICA Europe. ICA members in Europe can then explore with its practitioners how Co-

operation in the context of the Raiffeisen system works and the ICA will be able to share with its Raiffeisen colleagues views on the possibilities for joint action to further the successful development of Co-operatives. In March of this year, the two Presidents led a joint mission to Slovakia and Hungary at the request of ICA members there to discuss the role of Co-operatives within the new political framework in those countries. I hope that there will be positive results from these initiatives and more joint activity of this kind.

Conclusion

The ICA Region of Europe is not yet twelve months old. In Prague at the first Regional Assembly in October, the provisional European Advisory Council will be replaced by an *elected*

Council. We have yet to see how effectively the new institutions will work. We may be criticised for the ambition of our work programme. ICA members in Europe are receiving questionnaires, enquiries, requests for information, invitations to seminars and calls for support from the Working Groups as we try to assemble the collective wisdom of national Movements and sectors to find solutions to long-standing problems and new challenges. In Prague at the Regional Assembly, Co-operative democracy in action will enable us to decide which of the issues to which the Advisory Council initially chose to give emphasis should be taken further, modified or abandoned.

Our aim must be to find a distinctive European Co-operative voice is heard loudly and clearly in Manchester in September, 1995.

Ed: Since the above report of the meeting in Seville on 2 May, the two Working Groups have been definitively identified as follows:

Group I is concerned with internal issues:

1. Co-operative Identity: Coordinator Sven Åke Böök
2. Management Control Systems and Corporate Governance: Coordinator Moira Lees
3. Transfer of Know-How to promote Co-operatives in Eastern and Central Europe: Coordinator Ivan Fidler
4. Cross-Border Business in EU and EFTA countries: Coordinator Thierry Jeantet
5. Co-operative Development in the South: Coordinator Björn Genberg

Group II is concerned with external matters:

1. Co-operative Image in Europe: Improving Information & Communication: Coordinator Mary Treacy
2. Co-operatives and Schools: Coordinator Walter Williams
3. Promoting New Co-operative Enterprises and Sectors: Coordinator Rainer Schlüter.

European Union Statistical Report on Co-operatives*

Summary of Results

It should be noted at the outset that the study does not present a complete picture of the sector in any Member State and therefore in the Community as a whole for a variety of reasons.

The results are reported on four variables: number of member-enterprises; number of members; number of employees; and the volume of business negotiated by the member-enterprises. The selected sectors of the economy are: (1) banking and credit; (2) insurance and pensions; (3) agriculture, forestry, fishing and food products; (4) mining, manufacturing, construction and crafts; (5) wholesale and retail trade; (6) other n.e.s.

Co-ops in the EU Countries

The majority of co-operatives were in agriculture, forestry, fishing and food products sector, viz, 44,260 or 42.6% of the total number of co-operatives. The manufacturing, mining, construction and crafts sector accounted for 26,958 or 26.0%. Two other important sectors were banking and credit (11.7%) and

wholesale and retail trade (6.8%). Belgium and the United Kingdom reported 251 co-operatives in the insurance and pensions sector. That left 13,128 (13.6%) member-enterprises in unspecified sectors (see Table 2).

Membership of Co-operatives

The total number of members of co-operatives in the European Community was over 53.7 million. This number includes 28.7 million members (account holders) in the banking and credit sector as well as 6 million members (policy holders) of the Co-operative Insurance Society in the United Kingdom. About one half of the remaining 19,037,356 members were in the wholesale and retail trade sector; one fifth in the agriculture, forestry, fishing and food products sector; about 5% in the manufacturing, mining, construction and crafts sector and the rest in other (unspecified) sectors.

Employment

Within the co-operative sector, the distribution of employees by sector of economy was as follows: banking and credit - 23.0%; wholesale and retail trade - 23.5%; agriculture, forestry, fishing and food products - 21.5%; manufacturing, mining, construction and crafts - 12.3%; insurance and pensions - 1.1%; and other (unspecified) sectors - 18.6%.

*These are excerpts from the European Statistical Report "A statistical profile of the co-operative, mutual and non-profit sector and its organisations in the European Community", published by Eurostat, Theme 7, Service et Transports - Série B, supplément 2-1993, ISSN1019-0619.

Volume of Business

The volume of business was requested under three variables, i.e. turnover, income and assets or credits or consolidated balance sheet. First of all it should be noted that very few National Umbrella Organisations (NUOs) provided data on all three variables. Therefore, in determining the volume of business for the present brochure the following method was adopted:

- use turnover for the co-operatives. Where turnover was not reported, use the income. In fact, many NUOs confused turnover with income;
- use assets (credits) or lending for the banking and credit sector, as appropriate.

In view of the above limitations of the data on volume of business, they should be interpreted with caution and treated as the best available estimates for the present. According to Table 5, the total volume of the business was ECU 1,553,493 million = 4.9% (ECU 75,570 million) in the mutual sector; and 16.2% (ECU 252,083 million) in the non-profit sector.

Within the co-operative sector, the distribution by sector of economy was as follows: banking and credit - 75.4%; agriculture, forestry, fishing and food products - 12.206; wholesale and retail trade - 7.1%; other (unspecified) - 3.2%; manufacturing, mining, construction and crafts - 1.8% and insurance and pensions - 0.2%.

Table 6 shows the relationship between the volume of business and GDP in each country. Although the two concepts are not directly comparable, the ratio between them may be used for the limited purpose of inter-country comparisons. From this standpoint Table 6 reveals the range of variation among the Member States of the Community: from a low 0.004 in Greece to a high of 0.493 in France.

To summarise the relationship, it was over 0.4 in France, the Netherlands and Germany; around 0.3 in Ireland and the United Kingdom; about 0.2 in Denmark and Italy; while Spain and Portugal recorded 0.08 and 0.1 respectively.

Table 1 Summary of data on the number of member enterprises, members, employees and volume of businesses, c. 1990

<i>Legal form and sector of economy</i>	Number of member enterprises	Number of members	Number of employees	Volume of business (million ECU)
Total economy sociale sector	268 679	not known	2 860 805	1 553 493
Co-operatives	103 738	53 732 338	1 743 019	1 225 840
Banking and credit	12 088	28 694 982	401 610	924 193
Insurance and pensions	251	6 000 000	19 301	2 518
Agriculture, etc.	44 260	4 084 906	374 992	149 750
Construction, etc.	26 958	997 674	213 955	22 385
Trade (wholesale, retail)	6 760	9 309 537	409 533	87 516
Others n.e.s.	13 421	4 645 239	323 628	39 478

Table 2 Number of enterprises by legal form, sector of economy and country, c. 1990

<i>Legal form and sector of economy</i>	EC12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Co-operatives	103 738	2 450	899	8 770	7 446	9 941	24 415	713	38 194	17	4 106	1 569	5 218
%	100.00	2.36	0.87	8.45	7.18	9.58	23.54	0.69	36.80	0.02	3.96	1.51	5.03
Banking and credit	12 088	1 787	—	3 055 ^b	—	106	5 220	513	829	46	4	242	332
Insurance and pensions	251	30	—	—	—	—	—	—	—	—	—	—	221
Total financial sectors	12 339	1 817	—	3 055	—	106	5 220	513	829	46	4	242	553
Agriculture, etc.	44 260	100	216	1 469 ^c	7 255	3 116	16 665	107	11 371	12	2 935 ^e	393	621
Construction, etc.	26 958	—	—	36	—	—	1 426	75	23 649	8	130	242	1 400
Trade (wholesale, retail)	6 760	533 ^a	683	1 359	191 [*]	438 ^d	232	—	2 345	5	336	378	260
Others n.e.s.	13 421	—	—	2 851	—	6 281	872	18	—	—	701 ^f	314	2 384
Total non-financial sectors	91 399	633	899	5 715	7 446	9 835	19 195	200	37 365	17	4 102	1 327	4 665

Sources: Data supplied by NUOs which returned the completed questionnaire. For the Netherlands data estimated by CBS through a sample survey. The data for Belgium were drawn from a Working paper (92/05) prepared by J. Defourny on behalf of CIRIEC.

^a Pharmaceutical distribution only.

^b Including 1 474 Mutual Loans Societies associated with marketing operations, RCCBs (Regional Centralized Cooperative Banks), DG Bank.

^c Some Raiffeisen enterprises.

^d Member organisations of HISPACCOOP (Spanish Confederation of Consumer and Users' Cooperatives), section wholesale and retail trade.

^e In 1987.

^f Including transport and renting of movables.

* Urban co-operatives which include trade, crafts, services and other (unspecified) sectors.

Table 3 Number of members^a by legal form, sector of economy and country, c. 1990

<i>Legal form and sector of economy</i>	EC12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Co-operatives	53 732 338	1 623 330	1 348 774	15 236 000	982 897	2 583 459	14 228 755	1 276 044	5 798 209	23 400	:	590 279	10 041 191
Banking and credit	28 694 982	1 060 000	—	11 421 000	—	940 619	12 100 000	1 100 000	320 000	:	:	218 363	1 535 000
Insurance and pensions	6 000 000	^b	—	—	—	—	—	—	—	—	—	—	6 000 000
Total financial sectors	34 694 982	1 060 000	—	11 421 000	—	940 619	12 100 000	1 100 000	320 000	:	:	218 363	7 535 000
Agriculture, etc.	4 084 906	48 270	175 000	600 000	934 863	830 040	:	166 539	971 348	3 400	:	83 630	271 816
Construction, etc.	997 674	—	—	:	—	—	76 702	6 005	881 835	:	:	24 132	9 000
Trade (wholesale, retail)	9 309 537	455 060	1 173 774	1 023 000	48 034 *	660 199	2 021 600	—	3 625 026	20 000	:	182 844	100 000
Others n.e.s.	4 645 239	60 000	—	2 192 000	—	152 601	30 453	3 500	—	—	:	81 310	2 125 375
Total non-financial sectors	19 037 356	563 330	1 348 774	3 815 000	982 897	1 642 840	2 128 755	176 044	5 478 209	23 400	:	371 916	2 506 191

Sources: Data supplied by NUOs which returned the completed questionnaire. The data for Belgium were drawn from a Working paper (92/05) prepared by J. Defourny on behalf of CIRIEC.

^a In the banking and credit sector members are the account holders, in the insurance and pensions sectors members are the persons insured.

^b Including in *Banking and credit*

* Urban co-operatives which include trade, crafts, services and other (unspecified) sectors.

Table 4 Number of employees by legal form, sector of economy and country, c. 1990

<i>Legal form and sector of economy</i>	EC12	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Total economie sociale sector	2 860 805	254 688	72 985	533 038	13 567	185 820	1 046 559	21 843	246 007	1 530	100 525	69 536	314 707
%	100	8.90	2.55	18.63	0.47	6.50	36.58	0.76	8.60	0.05	3.51	2.43	11.00
Co-operatives	1 743 019	34 113	58 920	483 038	13 474	181 548	403 973	19 645	245 802	1 500	84 169	35 480	181 357
Banking and credit	401 610	8 215	—	165 000	—	940 619	125 840	950	51 247	—	35 016	2 139	4 676
Insurance and pensions	19 301	7 139	—	—	—	—	—	—	—	—	—	—	12 162
Agriculture, etc.	374 992	7 249	38 000	38 *	12 734	43 439	138 800	18 388	72 965	1 300	13 670	14 391	14 018
Construction, etc.	213 955	—	—	—	—	—	85 053	302	95 880	115	20 191	4 529	8 000
Trade (wholesale, retail)	409 533	3 510	20 920	280 000	740 *	5 490	21 600	—	25 710	200	8 139	7 924	35 300
Others n.e.s.	823 628	8000	—	38 000	—	124 092	32 680	5	—	—	7 153	6 497	107 201

Sources: Data supplied by NUOs which returned the completed questionnaire. For the Netherlands data estimated by CBS through a sample survey. The data for Belgium were drawn from a Working paper (92/05) prepared by J. DeJourny on behalf of CIRIEC.

^a Data incomplete.

* Urban co-operatives which include trade, crafts, services and other (unspecified) sectors.

Table 5 Volume of business by legal form, sector of economy and country, c. 1990 (million ECU)

<i>Legal form and sector of economy</i>	B	DK	D	GR	E	F	IRL	I	L	NL	P	UK
Co-operatives	6 300	15 261	482 172	230	25 813	407 715	7 688	166 011	372	86 556	4 343	23 381
Banking and credit	:	—	370 997 ^A	—	15 853 ^A	338 436 ^A	1 029 ^T	120 241 ^T	—	74 941 ^T	2 374 ^A	322 ^I
Insurance and pensions	974 ^P	—	—	—	—	—	—	—	—	—	—	1 544
Agriculture, etc.	2 559 ^T	11 328 ^T	36 669 ^T	86 ^T	4 021 ^T	59 299 ^T	6 649 ^T	23 076 ^T	342 ^T	837 ^T	728 ^T	4 156 ^T
Construction, etc.	—	—	56 ^T	—	—	2 256 ^I	7 ^T	13 313 ^T	—	6 116 ^T	91 ^T	546 ^T
Trade (wholesale, retail)	410 ^T	3 933 ^T	55 949 ^T	144 ^T	980 ^T	6 775 ^T	—	9 381 ^T	30 ^T	4 308 ^T	1 067 ^T	4 539 ^T
Others n.e.s.	2 357 ^T	—	18 501 ^T	—	4 959 ^T	949 ^T	3 ^T	—	—	354 ^T	81 ^T	12 274 ^T

A = Assets
I = Income

E = Expenditure
P = Premia

T = Turnover

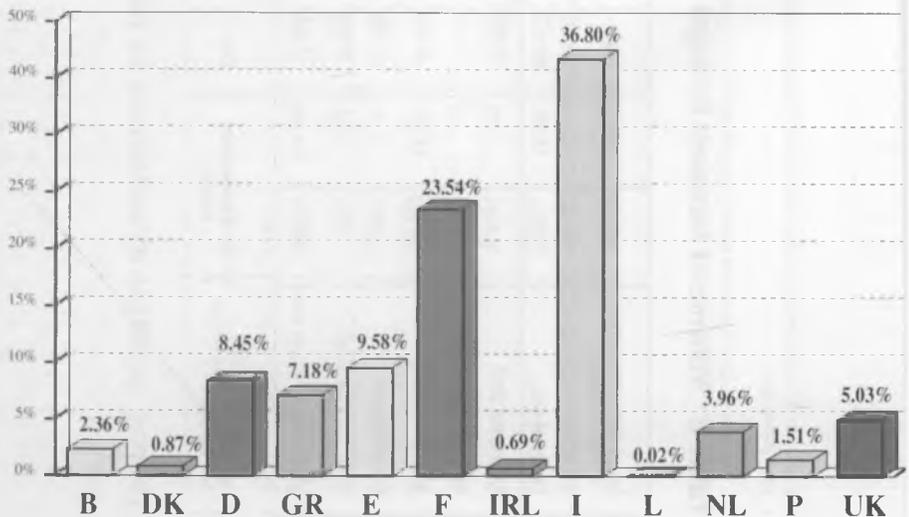
Table 6 Relationship between the GDP and total volume of business by legal form and country, c. 1990

Country	Total GDP ^a (Mio ECU)	Volume of business ^b (Mio ECU)	Ratio
		Co-operative sector	(6) : (2) (3) : (2)
Belgium	151 545	6 300	0.042
Denmark	101 829	15 261	0.150
France	937 801	407 715	0.435
Germany	1 171 740	482 172	0.412
Greece	51 908	230	0.004
Ireland	33 464	7 688	0.230
Italy	858 663	166 011	0.193
Luxembourg	6 871	372	0.054
Netherlands (1989)	203 532	86 556	0.425
Portugal	46 974	4 341	0.092
Spain	387 210	25 813	0.067
United Kingdom	769 312	23 381	0.030

^a GDP at market prices 1990 except for the Netherlands which is for 1989.

^b Volume of business generally represents turnover for co-operatives premia income for mutuals and income for non-profit associations wherever available.

Chart 1 - Percentage distribution of co-operatives by country, c. 1990



Sectorial Co-op Organisations in the European Union

by Gabriella Sozanski*

Development

Since 1957, nine co-operative sectors have established umbrella associations at European and/or Community level. The sectors of consumers, agriculture, pharmacy and retailer-owned wholesalers in foodstuffs established their respective organisations between 1957 and 1963. The banking sector followed in 1970 and the latest sectors to form European organisations were insurance (1978), production (1979), tourism (1984) and co-operative housing (1986).

The preparation of a report by the Committee on Economic Affairs in the European Parliament on the role of co-operatives in the European Communities accelerated prevailing trends for a closer collaboration among European umbrella organisations. These efforts resulted in an interim solution in 1982 with the formation of two committees, both designed to group together the organisations of the main co-operative sectors.

* The European Co-operative Intersectoral Liaison Committee (CLICE) was founded on 18 June 1982 and com-

* Ms Sozanski will be joining the ICA permanent staff in Geneva on 1 July 1994. She will be working with the European and Communications Departments.



prised two European co-operative sectors (insurance and pharmacies), as well as some central national co-operative organisations such as FEBECOOP (Belgium) and AGCI, Confcooperative and LEGA (Italy).

* The Coordinating Committee of EC Co-operative Associations (CCACC) was established in April 1983 and consists of nine European co-operative organisations from agriculture and fisheries (COGECA), consumers (EUROCOOP), retailer-owned wholesalers in foodstuffs (UGAL), banking and credit (ACB), production (CECOP), insurance (ACME), pharmacies (UEPS), tourism (CETOS) and housing (CECODHAS).

Organisational Features

Main administrative body

a) Most European co-operative or-

ganisations use either a general assembly or a steering committee as their main administrative body. Two organisations differ from this practice.

b) **Decision-making process**

Out of the nine European co-operative organisations, five normally adopt their decisions by unanimity. Two organisations decide by majority voting; one by simple and one by qualified majority.

c) **Secretariat and staffing**

The size of the secretariat of European co-operative organisations varies substantially. On the one end of the scale is COGECA with a large number of staff and on the other end there are other organisations with very small secretariats. It should be stressed that COGECA shares a joint secretariat with COPA, which involves sharing personnel and budget.

d) **Budget**

Similar to the variations on the personnel side, there are variations with regard to the budget among European co-operative organisations.

Channels of Influence

All European co-operative organisations see the Commission as their number one target for exerting influence on EC legislation and/or action. Often, the second most important target is shared between the European Parliament and the Economic and Social Committee depending on circumstances (timing of opinion, reports or studies) of particular policy proposals. The co-operative and related sectors

have, via their national organisations, 12 members in the Economic and Social Committee.

The Nine Sectorial Associations Association of European Co-operative and Mutual Insurers (ACME)

The Association of European Co-operative Insurers (AECI) was established in 1978 in response to the need to anticipate the internationalisation of insurance and the coming of the Single European Market. With the inception of the Single European Market on 1 January 1993, the Association opened its membership to all insurers of solidarity economy. It is hence known as the Association of European Co-operative and Mutual Insurers - ACME.

ACME is a regional section of the International Co-operative and Mutual Insurance Federation (ICMIF). Today, it unites 27 groups of European societies (19 from EC and 8 from EFTA countries) which together insure 26,000,000 families and employ 140,000 people. This represents a market penetration of 20%.

In terms of premium income, ACME represents a share of 8% of the European insurance market. Several of its members occupy positions in the forefront of European Insurance companies.

ACME has the following objectives:

- * to favour collaboration and understanding between its members in order to facilitate and stimulate their expansion in the insurance market;
- * to inform and organise the exchange of experience and exper-

tise between members in commercial and technical matters;

- * to promote the special value of co-operation, the application of the co-operative principles in Europe and the solidarity with the other sectors of the co-operative movement;
- * to take part in world development by helping under-privileged countries to set up their own insurance co-operatives or mutuals;
- * to train personnel, develop products, etc.

Its beneficial influence has moreover been recognised and praised by the United Nations Conference on Trade and Development (UNCTAD).

In general terms, ACME encourages the European institutions to make use of co-operatives' experience by consulting their representatives and when designing the policies and activity programmes of the European Union. It will continue to meet in consultation with the other co-operative sectors every time community policy implies inter-sectoral consequences, for example in the area of development aid (both regional and international), fiscal policy, company law, small and medium size businesses, etc.

Finally, in parallel with the internationalisation of their activities, co-op and mutual insurances reflect upon the future of their relationship with the users according to their ideals.

The European Association of Co-op Banks - EACB

The Association of Co-operative Sav-

ings and Credit Institutions of the European Economic Community was created in 1970. Its foundation was based on the need both to strengthen collaboration between European co-operative banking groups as well as to chart a course of action aimed at defending these institutions' professional interests on a European-wide scale. Since 1993, in its daily activities, it has become known as the "European Association of Co-operative Banks", often shortened to the French synonym of "Groupement".

A membership base of 30 organisations comprises co-operative banking groups from not only the 12 member states of the EU but also those of several EFTA and East European countries: Austria, Finland and Sweden; Bulgaria, Cyprus, Hungary, Poland, Romania and the Czech Republic.

At the end of 1992, the Association's member organisations collectively operated almost 60,000 banking points and had more than 34 million members. A total staff of over 425,000 served close to 70 million customers across Europe. The member organisations accounted for approximately 17% of the European savings market.

The European Association of Co-operative Banks of the EU is one of the three main representative organisations in the European credit sector, and is officially recognised as such by the EU institutions (Commission, European Parliament, Economic and Social Committee and Council of Ministers), alongside the organisations representing the commercial and savings banks.

The ACB has the following objectives:

- * to represent and defend the professional interests of its members whenever the initiatives of the European Union carry implications for them;
- * to monitor the establishment and application of Community schemes to provide finance to their traditional clients in the agricultural, fishing, SME and craft industry sectors;
- * to work in partnership with the EU Commission on its PHARE and TACIS programmes and facilitate the provision of experts in technical assistance by its member organisations to the savings and credit co-operatives in Eastern Europe. A similar role is played under the various EU conventions signed with the ACB countries;
- * to inform the member organisations of legislative and other activities in the EU institutions, particularly the EU Commission and the European Parliament;
- * to encourage co-operation and co-ordination between individual members on matters of mutual interest.

Decentralised and multi-tiered structures, allied to their democratic decision-making processes have allowed co-operative banks to build up the densest banking networks in Europe. The ensuing proximity to their membership and client bases ensures that co-operative banks provide financial services which are skilfully tailored to

their member and customer requirements, thereby securing their key role in the socio-economic fabric of the Union.

Consequently, the European Association of Co-operative Banks of the EU represents one of the leading European banking groups.

European Committee on Social Housing - CECODHAS

Founded in May 1986, CECODHAS is open to national organisations of housing co-operatives from the European Union countries. It represents 22 member organisations in 11 countries. and to date 6,800,000 apartments have been constructed or financed by affiliated organisations. Approximately one European out of 5 lives in an apartment provided through a member organisation of CECODHAS.

The objectives of CECODHAS are as follows:

- * to represent its members with all the European institutions;
- * to constitute a lobby for the promotion of social housing within the EU and member countries;
- * to facilitate co-operation and mutual support between members with the aim of improving the economic, technical and social efficiency;
- * to promote the exchange of ideas and experiences;
- * to develop an information service for the benefit of the member organisations.

European Committee of Workers' Co-operatives - CECOP

CECOP is a pluralist association, founded in 1979, to represent and defend its members' interests with the European Union authorities.

CECOP has 28 member-organisations (18 full and 10 associated members) from 12 countries representing 50,000 co-operative societies with 1,000,000 workers (1992).

Recognized as a representative group of SME's with the EU and as a subgroup of Group III of the Economic and Social Committee, CECOP works in close collaboration with the unit of social economy of DG XXIII. It is also a privileged spokesman of the "social economy" group of the European Parliament.

The objectives of CECOP are:

- * to represent and take political action vis-à-vis the institutions of the European Union in order to develop and defend the specific character of production co-operatives;
- * to coordinate the exchange of information and experiences between members, inform them on European affairs, and form public opinion about production co-operatives;
- * to participate actively in the defense of co-operative sectorial interests in its role as member of the Coordinating Committee of Co-operative Associations of the EU;
- * to maintain close relations with CICOPA (International Organisation of Industrial, Artisanal and

Service Producers' Co-operatives of the ICA);

- * to coordinate the common action and projects of its members and promote the European groupings of co-operative enterprises.

European Council of Social Tourism - CETOS

CETOS is the European association of tourism which was set up in 1984. CETOS is the umbrella organisation for the co-operatives, associations and mutual aid societies of the twelve Community countries which work in the tourism sector, especially those which are active in the area of social tourism. 3,300,000 beds are available through CETOS. The annual turnover of member organisations amounted to ECU 7,3 billion in 1989.

CETOS has the following objectives:

- * to represent the general and specific interests of social tourism in dealings with the institutions of the Community;
- * to facilitate the information of members on the initiatives taken at European Community level in the area of tourism;
- * to contribute to the elaboration of a Community policy on tourism and particularly social tourism;
- * to maintain contacts with other organisations representing co-operative, mutualist, syndical and associative interests at Community level;
- * to encourage the exchange of information, of persons and services

between the member organisations and support all joint activities where necessary.

General Committee for Agricultural Co-operation - COGECA

COGECA was created on 24 September 1959 by the national associations of agricultural co-operatives in the various countries of the E.C. and officially recognized by the Community Authorities as the spokesman of the agricultural and fisheries co-operatives at EC level. Since, COGECA is representing the interests of the agricultural co-operatives to the Community Authorities and other organisations and bodies. It represents 12 million members through 40,000 agricultural and fishery co-operatives as well as 720,000 workers (employees). The annual turnover totalled ECU 160 billion in 1989.

COGECA has the following objectives: In accordance with its statutes, COGECA's main aims are to:

- * to represent the general and specific interests of agricultural and fisheries co-ops in discussions with the EC Institutions. To this end, COGECA participates in the preparation and implementation of a number of Community policies amongst which the Common Agricultural Policy is in first place;
- * to ensure that any legislation and related measures decided at EC level are as practicable as possible for co-operatives and provide a feasible framework for this specific group of enterprises, to the benefit of member farmers;

- * to promote co-operation between co-operatives across borders and develop concrete initiatives and actions to provide a platform for genuine consultation and collaboration between co-operatives;
- * to strengthen the action and position of co-ops, not only politically in liaison with the professional agricultural organisations but also and, in the first place, improve their competitive position on the market so as to enable them to put up a countervailing power to the mighty multinational companies and their international and sometimes worldwide concentration.

Currently, COGECA comprises fourteen full member organisations. In addition, there are four affiliated member organisations. Any central and polyvalent national organisation for agricultural co-operation in the Member States of the Community may become a full member. It should be pointed out that the concept "agricultural co-operative organisation" applies in its broad sense, i.e. including fishery products in accordance with Art.38 of the Treaty of Rome.

European Community of Consumer Co-operatives - EUROCOOP

EUROCOOP numbers over 21 million household members in the European Union and EFTA countries combined and is thus one of the most representative consumer organisations in the Enlarged European Area. EUROCOOP was already founded within three months of the signing of the Treaty of Rome (in 1957) and set up its office in

Brussels in mid-1962. These 35 years of existence make it the oldest consumer organisation at EU level. Its long-standing involvement in EU consumer affairs and the economic importance and consumer policy experience of its national member organisations, also make it one of the most effective.

The main roles of EUROCOOP Secretariat are the following:

- * to promote the economic and social endeavour of members, particularly, as regards consumer issues and, official representation of members with the European institutions in view of better supporting these endeavours;
- * to represent and defend consumer interests at Community level;
- * to serve as a forum for the regular exchange of information and to coordinate the common interests of member organisations;
- * to inform the affiliated organisations regarding the policy of the European Union and other considerations which might affect the operation of consumer co-operatives.

EUROCOOP has 15 full members, out of which 11 are from the European Union and 4 from the EFTA countries. In addition it has four associated members representing Central and Eastern Europe.

The number of co-operative societies amount to 2,556 serving 21,367,000 individual members and 358,974 employees. Member organisations run a total of 31,166 shops. Turnover totalled 46,5 billion ECU in 1992.

EUROCOOP has been involved in the activities of several committees of the European Commission, such as the Committee for Commerce and Distribution (CCD) as well as in a series of advisory committees on agricultural market organisations.

European Union of Social Pharmacies - UEPS

Set up in 1961, UEPS brings together various national organisations which are involved in distributing and dispensing medicines (wholesale storage and pharmacies open to the public). UEPS represents 2,500 pharmacies which serve 30 million people belonging to its affiliated organisations. Each of these organisations accepts without reservation four main principles:

- * independence from the public powers,
- * democratic management,
- * free membership,
- * no profit-making aim.

The total share of UEPS member organisations in the European market amounts to 10%.

The objectives of UEPS are:

- * to promote the development of co-operative and social pharmacies in countries where they exist;
- * encourage the creation of such pharmacies and related activities in countries where they do not exist and to help them in proposing measures for eliminating the obstacles to their establishment;

- * to defend the prerogatives of its affiliated organisations against corporatism in respect of distribution, dispensing, production and also in respect of "protheses": optics, audiometry and bandages within the framework of the Single European Market ;
- * to promote health education for the public through information campaigns;
- * to promote the recognition of the sector as a partner of social economy within the Community institutions and the creation of a friendly environment enabling their development.

Association of Retailer-owned Wholesalers in Foodstuffs - UGAL

Founded in 1963 UGAL is the European umbrella association for wholesale co-operative buying and service groups set up by independent retailers, primarily in the food sector. The purpose of these buying groups is to ensure the independent survival and development of retailers' activities and their numerous small and medium-sized undertakings by joining forces, pooling their strength and setting up special services.

175,000 independent retailers are involved in the activities of UGAL as well as 710,000 employees. Member organisations run 203,000 retail shops and the annual turnover amounts to ECU 27,490 million (1989).

The objectives of UGAL are:

- * to inform its members and defend their interests by adopting posi-

tions on issues that are crucial to them and promoting the exchanges of experience;

- * to conduct research and gather and disseminate scientific information for members about economic and social policy issues and organisational problems, both at national and international level, particularly within the European Community;
- * to represent the professional interests of members with international organisations and specifically with the European Community;
- * to provide scientific advice and support its members in the co-operative, legal and economic fields.

Coordinating Committee of EU Co-operative Associations (CCACC)

In response to the European Parliament's invitation to them in April 1983 to co-ordinate and defend their views, the associations of co-operatives in the EC set up the Co-ordinating Committee of EEC Co-operative Associations. The European Parliament, the European Commission and the Economic and Social Committee have given official recognition to this initiative.

The EC co-operative associations represented on the Co-ordinating Committee wish to foster European common action between all co-operative organisations and, going beyond their interests in specific sectors, to forcefully and unequivocally defend the theory and practice of co-operative business in their relations with the general public and the authorities.

The specific aims of this co-operation, which are laid down in a formal agreement, are:

* to foster the exchange of information between member associations;

- * to hold ad hoc working meetings;
- * to draw up joint position papers; and
- * to prepare concrete action of common interest.

List of Acronyms

ACB	Association of Co-operative Banks
ACME	Association of European Co-operative and Mutual Insurers
ACP	Africa-Caribbean-Pacific
AECI	Association of European Co-operative Insurers (now ACME)
CCC	Consumers Consultative Council CCDA Advisory Committee on Foodstuffs
CCACC	Coordinating Committee of EU Co-operative Associations
CCD	Committee for Commerce and Distribution
CECODHAS	European Committee on Social Housing
CECOP	European Committee of Workers' Co-operatives
CEJA	Conseil European des Jeunes Agriculteurs - European Council of Young Farmers
CETOS	European Council of Social Tourism
CICOPA	International Organisation of Industrial, Artisanal and Service Producers' Co-operatives of the ICA
CLICE	European Co-operatives Inter-sectoral Liaison Committee
CIRIEC	International Centre of Research and Information on Public and Co-operative Economy
COGECA	General Committee for Agricultural Co-operation
COPA	Comite des Organisations Professionnelles Agricoles de la CE - Committee of the Agricultural Professional Organisations of the EC
DG	Directorate General
EC	European Commission
EEA	Enlarged European Area
EFTA	European Free Trade Association
EU	European Union
EUROCOOP	European Community of Consumer Co-operatives
ICMIF	International Co-operative and Mutual Insurance Federation
NGO	Non-governmental Organisation
PHARE	Assistance for economic restructuring in the countries of Central and Eastern Europe
SME	Small and Medium-sized Enterprise
UEPS	European Union of Social Pharmacies
UGAL	Association of retailer-owned Wholesalers in Foodstuffs
UNCTAD	United Nations Conference on Trade and Development

National Features of European Co-ops

(in the Food Produce and Agricultural Sector)

by Philippe Nicolas*

A North-South Divide

In 1989, the French Ministry of Agriculture (Minagri, Paris) carried out a series of surveys into agricultural co-operation in the countries of the European Community. The countries under consideration did not include France, a decision having been taken not to approach the French co-op movement in this context (BTI, 1992).

Meetings were held directly with the people concerned. This operation clearly revealed a marked divide between the countries of northern and southern Europe with respect to agricultural co-operation.

It can be seen firstly that, although agricultural co-operation exists in all the countries of the EU, there is considerable variation in the economic significance and influence of this co-op-

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eration: the conditions under which it is developed and run differ greatly from one country to the next. The official representatives of the Ministry of Agriculture divided the countries into two categories: those with a "liberal tradition" and those with a "tradition of greater State intervention".

The first category is characterised by the lack of governmental intervention "in the economic content of co-operation". This applies to Germany¹, Denmark, the Netherlands and Ireland. On the other hand, for the second category, there is legislation "framing the co-operative society and its operation, and observance of legal and statutory regulations is the precondition for state assistance". This situation applies to Italy, in particular, but also affects Spain.

Co-operation in Germany

The German co-operative doctrine and the debate in the European Parliament following the report by K.H.Mihr

The question of the relationship between the co-operative movement and the state has existed throughout its history - from its origins right through to the present day.

In Germany, Hermann Schulze-Delitzsch (1808-1883) who, together with Friedrich Wilhelm Raiffeisen (1818-1888), is still the primary reference for the German co-operative movement, was radically opposed to State intervention or any other external intervention, of whatever nature.

There is a doctrine and theoretical model of co-operative organisation which is accepted and acknowledged by the vast majority within the professional and academic environments directly concerned. These special features were highlighted again when the various groups involved felt that the German historical model was under threat from certain initiatives, taken at the European Community level, aimed at harmonising the national rights of co-operatives within the Community.

Two facts in particular caused swords to be drawn: the report by the German MEP Karl-Heinz Mihr and the vote on 13 April 1983, resulting from this report, approving a resolution of the Parliament on co-operatives within the European Community. As Hans A Engelhard (the then Justice Minister of the FRG) wrote in 1985: "the deliberations of the members of parliament

clearly illustrated that the views within Europe on the fundamental concepts of the nature and function of co-operatives differ greatly... In general, any harmonisation of the law, which does not take account of the differences in the organisation of the co-operative sector from one European country to another will immediately give rise to great problems" (Engelhard, 1985).

So, what did K. H. Mihr do to give rise to such discontent? Again in the words of Hans A. Engelhard, he had "placed the co-operatives and general interest companies in the same basket... This report regards co-operatives and general interest companies as a third force, located between the private and the public sector, which can be used to curb unemployment within the Community".

The German Co-op Model

This model refers to two basic concepts which can be found in all the German literature on co-operatives:

- the *Förderungsauftrag* or promotional aim (implying the economic promotion of its members);
- and *Selbsthilfe* or self-help, self-assistance, "combined with mutual assistance within a group, and which is opposed to external assistance, of any nature, including State assistance, of course. *Selbsthilfe* is associated with the idea of taking the initiative and self reliance, and also implies that the decision goes from "bottom to top", whereas any initiative coming

down from the "top" can only be taken in accordance with the "subsidiarity"² principle.

"According to the German co-operative doctrine", wrote H. H. Münkner (ADDES, 1992), "the ideas of Friedrich Wilhelm Raiffeisen and Hermann Schulze-Delitzsch and the positions adopted by the federations of German co-operatives, *Selbsthilfe*... is the essential criterion for any co-operative activity which is used to distinguish the co-operatives from organisations to assist third parties (*Fremdhilfe*), and therefore from general interest or public interest organisations".

Thus, the co-operative is characterised by:

- its "dual nature" (a combination of an association of individuals and a common business);
- the "identity" of the members (who are both shareholders and users);
- and the *Förderungs*auftrag, i.e. the economic self-promotion of its members, which in turn implies *Selbsthilfe*.

Naturally, this does not affect the other rules adopted by the "founding fathers": the dividend, the indivisibility of the collective reserves for the entire life of the company and, finally, democracy *par excellence*: one member, one vote (which is, of course, the feature which distinguishes the co-operative from the capitalised company within the service sector, and is therefore fairly poorly perceived by those,

such as Y. Emelianoff, who hold to the "single principle", otherwise known as the proportionality rule).

It is interesting to note that, during all the surveys led by E. Pichot (Minagri representative) in Germany, no mention was made "in discussions or written documents of affiliation to Rochdale", thus indicating origins which are specific to the German co-operatives and the source of inspiration for other countries of eastern Europe.

However, more generally and very importantly, the German concept of co-operative organisation is in no way the product of the tinkering of intellectuals or the expression of a governmental choice: it has been adopted, promoted and repeated in the professional environments of Co-operation, as shown by the meetings between E. Pichot and the managers of the German co-operatives, federations and agricultural unions (Pichot, 1989- BTI, 1992).

The Transformation Process

In observing the facts, and in relation to the theoretical model which we sketched out in Section 2, the experts are only able to identify the many deviations, irregularities and drifts causing deplorable "empirical amalgamations", corresponding to theoretical monsters that are the product of teratological studies of companies. Although some observers have no qualms about speaking of "denaturation", others prefer to use the more neutral expression "transformation process".

If we consider the entirely general nature of the problem, Professor Erik Boettcher identifies that "frontiers are violated" in three directions: "In practice - and I am speaking of the Federal Republic of Germany - it is worrying to see that frontiers are constantly crossed in the direction of the general interest economy, state intervention and the capitalist commercial economy, all at the same time" (Boettcher, 1985).

In the case of agricultural co-operatives, the people to whom E. Pichot spoke reported a lack of information and training. As for the general assemblies, although they represent a social event, they do not appear to constitute a forum for discussion and essential decision-making by the co-operative. "The representative of the Bauernblatt pressure group was very critical of the democratic principles used to run these assemblies" (E. Pichot, 1989).

However, the co-operatives establish formulae enabling those who subscribe to them to take part in the decision-making process. In this respect, the situation varies considerably, ranging from the *Beirat*³, through to the systematic recourse to this type of council.

The Socio-political Movement

In his opening speech to the Münster Conference in 1985, Hans A. Engelhard declared: "In Italy, the co-operatives constitute a pillar of economic assistance provided by the State. The Italian State uses co-operatives to systematically encourage certain economic categories".

According to Professor Bernhard Grossfeld, speaking at the same conference: "The European Parliament wants to use co-operatives as an instrument to solve the urgent problems facing the jobs market at the European level... This does not solve the problem of exactly what is meant by "co-operative" in the various Member States and whether different types of phenomena are flying the flag under the same name... These differences are particularly clear if we compare Italy and Germany..."

Professor Hans H. Münkner, another speaker at the Münster Conference (1985), also emphasised the ideological tendencies and policies of the large Italian co-operative associations, before concluding that "the State uses the co-operatives to implement actions and programmes based on aims concerning social, economic and general policy". He cited as examples the agricultural consortia, the production workers' co-operatives, the housing co-operatives and the consumers' co-operatives.

1989 Survey of Agricultural Co-operatives

F. Enel, the representative of the Ministry of Agriculture (Minagri, Paris) for Italy confirmed, in her own words, "the omnipresence of politics", with each party regarding co-operation as an "instrument in the political battle in the field" (BTI, 1992). As F. Enel tells us, this is true to such an extent that it is essential that the co-operative framework have "a high capacity for political action" and a "political culture".

Quoting the manager of a marketing consortium belonging to the LEGA⁴, the "Minagri" representative emphasised the perverse effects of choosing directors on political grounds and, more particularly: "the bureaucracy and the impairment of relationships with the members".

On the other hand, and according to many experts consulted by F. Enel, there are still many "backward" co-operatives, while the gap continues to widen between the co-operative societies, which are nevertheless undertaking a process of reform, and the corresponding companies in the "private sector". We see, therefore, under these conditions, that the co-operative societies are attempting to reinforce the role of the "company", i.e. to put it briefly, to adopt some of the procedures and behaviour of capitalised companies, and that the associations of co-operatives are drawing up new strategies for the movement as a whole (BTI, 1992).

Crossing the "third frontier"

Thus, somewhat behind the co-operatives of northern Europe, and behind the French co-operatives, the Italians are also starting to cross the new frontier.

To illustrate these changes, let us briefly consider the programme of the LEGA - again in F. Enel's words. This also involves the transformation of a socio-political "movement", weighed down by the "legacy of the past" and its "perverse effects", into a dynamic "system" of companies, grouped into regional consortia for transformation,

marketing and services. These, in turn, are combined into national unions, the whole organisation being directed towards the "upper tertiary sector" (financial management, research and development, publicity, etc).

A partnership must be created, and this process has already started, with both co-operative societies and the capitalised companies. There is also a call for diversification and the implementation of new technologies, backed up by a "suitable financial strategy".

Of course, with such a programme, co-operation will ultimately no longer be "as it was in the past, the association for the poorest and most deprived, the organisation to defend them... but will tend to promote those members with the greatest ability to adapt" (Enel, 1989).

This modernisation effort also requires government intervention in order to modify the concept of co-operation, which is now somewhat outmoded, particularly if it means "remaining in the market in competition with the public and private capitalised companies". Thus, for example, in order to reinforce the "entrepreneurial criteria", law no. 59 of 31 January 1992 allows "financing companies" to undertake actions which are associated with a right to vote (Napolitano, 1992). However, a second law of 8 November 1992 concerns the "social co-operatives" which "carry out their activities within the context of agreements with state organisations, which they replace in the management of certain social, health and educational services.

Within the Christian Social Tradition

In Germany, this is represented by the Raiffeisen-Schulze-Delitzsch organisation and, in Italy, by the concepts and strategy of CONF COOPERATIVE (the Confederation of Italian Co-operatives).

According to the President of CONF COOPERATIVE, "the optimum size for a co-operative must be medium and thus governable. The small farmers, the real helmsmen, must continue to be able to find the tiller so that they can take the helm and, in particular, can see and control it" (Enel, 1989).

Inevitably, certain similarities can be seen between these statements and those of Professor H. H. Münkner: "The idea that money invested in the co-operative is a value which must be profitable in itself is, in my opinion, an idea which has been introduced into the co-operative philosophy from the outside ... I believe this to be a fundamental mistake: the illness to be cured has, perhaps, been badly diagnosed and the illness is not, perhaps, a demand for remuneration by the member, but rather that he does not feel that the co-operative is his "business" and it is down to him to provide its financing" (Münkner, RECMA, 1992).

Nordic and other Models

With reference to agricultural policy, we have alluded to the forms of co-operative organisation developed in northern Europe, which are regarded as exemplary. So, today, what is this

"Nordic model" from which we have decided to draw inspiration? A useful starting point is to consult Johannes Michelsen, the academic and president of the Danish association for co-operative studies. In a text published at the 19th International Congress of CIRIEC, reproduced and translated by the *Revue des études coopératives, mutualistes et associatives* (Review of studies of co-operative and mutual societies and associations) (1992). It states that the organisations (including the agricultural co-operatives), which are perceived as social movements, "pay more attention to the running of their organisational system, rather than to the co-operative values of the Alliance (ICA) as such. Thus, in the Danish co-operatives, the question is less and less one of the participation of the members. As a consequence, the decision-making process is becoming ever more centralised, while understanding of the logic behind the co-operatives has fallen for several years" (Michelsen, 1992).

After everything that has been said about Germany and Italy, it is clear that the "sin" of modernity is that which concerns the "third frontier" (cf E Boettcher), and which leads the co-operative societies - or at least the agricultural and therefore the largest co-operatives - gradually, and, for the moment, partly, to adopt the structures and behaviour of the capitalised companies. However, it is also important to understand that this does not just involve grafting new functions (for public purposes or in the "general interest") onto the original co-operative organisation defined by the German co-operative doctrine. The very heart

of this method of organisation is now affected, as shown in the French case by Claude Vienney in his analysis of the law of 13 July 1992 which modernised the French co-operative societies (and modifying the text of the "framing law" of 10 September 1947) (Vienney, 1992).

In the case of the French agricultural co-operatives, we have endeavoured to show, in a text prepared for the 20th International CIRIEC Congress (Austria, May 1994) that a period in which the sense of identity of the co-operatives was consolidated, stretching from 1885 to 1960, was followed by a period

in which this sense of identity declined, in both fact and in law. This decline is continuing today such that "the original and complete co-operative form was only implemented within the French agricultural system between two "agricultural revolutions": one towards the middle of the 19th century to bring about the use, in family-run operations, of the mixed farming/stock rearing system, and one which started in the early 1960s to bring about the "agro-industrial system" characterised by an agricultural business which has separate workshops and is dependent on peripheral food produce companies" (Nicolas, 1994).

Notes

- ¹ This survey only covered the old (West German) Federal States.
- ² *Quadragesimo Anno* Encyclical of 15 May 1981 (cited by Münkner, ADDES, 1992).
- ³ The *Beirat* (advisory board) is made up of representatives from the different areas of activity or different fields of production (BTI, 1992).
- ⁴ LEGA: "National League of co-operatives and mutual societies", the political orientation of which is close to that of the PCI and PSI. The other large grouping is CONF COOPERATIVE (Confederation of Italian co-operatives) which has inherited the Christian social tradition.

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Collectives and Worker Co-operatives in Europe

by Jean-Louis Laville*

The Resurgence of Worker Co-operatives

The workers' co-operative movement saw something of a resurgence in several European countries during the 1970s and 1980s. In some instances this interest was no more than a passing fad, whilst in others it represented a more significant redefining of the movement in modern terms. This study seeks to analyse this revival, illustrating the trend towards the current diversification of the social economy.

Following on from Vienney's research (1980), we shall try to determine whether this evolution has influenced the three relationships between activities and actors that he identified as characterising workers' co-operatives:

- a relationship between the qualification of workers and the amount of capital per worker, favouring qualification;
- a relationship between the conditions of production and the conditions of marketing the goods, favouring production;

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- a relationship between investment in production and professional promotion by the producers, favouring promotion through the reinvestment of profits.

His hypothesis is this: there have been two waves of co-operative formations. The first was the work of voluntary collectives equating to homogeneous groups - groups in which all members share a common bond arising from practising the same trade. The second was the work of enforced collectives equating to divided groups - groups in which the plurality of socio-professional allegiances creates differences between the members. In a homogeneous group, whilst all members may not be equally involved in its creation, individual responsibilities neverthe-

less emerge within a collective where all members have equal rights and duties and share the same objectives; the group reveals the leader and vice versa.

In divided groups the dynamics are quite different. The instigators of the plan persuade the others to form a co-operative backed by the force of their own credibility, based on competence and a prominent position within the hierarchy (Laville, Mahiou, 1984).

With reference to the characteristic features that have been described, voluntary collectives are introducing activities that differ from the traditional activities of co-operatives, intellectual services featuring predominantly here. In terms of the qualification of members, however, the historical relation to the activity identified by Vienney still holds good. The change in activities over time confirms the consistency of the common professional reference.

By contrast, enforced collectives demonstrate a diversification of actors, activities and the links between actors and activities which emerges in the methods of formation and is perpetuated in the structure and development of the group.

This diversification leads us to explore its effects on coherence both in individual co-operatives and in the movement as a whole. This study is therefore divided into three sections:

- the first focuses on voluntary collectives. A summary of the numbers concerned and the activities

in which they are involved is followed by an exploration of the internal dynamics they generate;

- the second section looks at enforced collectives, taking the same approach: quantification of numbers and details of activities are followed by a study of the internal dynamics;
- finally, part three draws on the changes identified in the first two sections to reevaluate the research problems associated with workers' co-operatives, before concluding with an assessment of the place of these co-operatives within the production system.

Voluntary Collectives

The renewal of interest in workers' collectives in the late 1960s and the 1970s began among the intellectual classes as a reaction against the values embodied by both the market economy and non-market economy. These groups of militant professionals devoted themselves to creating new services within the context of an alternative economy.

Some of the businesses that were formed in this way were able to establish themselves in niche markets on the basis of the influence exerted by their members within political and social networks. This ideologically-motivated volunteer force provided the businesses with enough capital to become established; subsequently they became increasingly independent. This was the process by which print co-operatives and organic food co-opera-

tives were set up in Great Britain. Apart from these particular cases where the production of goods and services was conceived as a response to specific demands, the alternative movement was primarily the basis for new methods of working associated with the service sector. Therefore, in a number of countries the workers' co-operative movement began to explore the provision of intellectual and cultural services. In 1985 those co-operatives appearing in the service industry accounted for 45% of co-operatives and 32% of jobs in Great Britain and 18.1% of co-operatives and 32% of jobs in France. In other countries, such as Italy, this sizeable movement was concentrated in the fields of education, counselling, technical training, media, arts and leisure. These small groups of young graduates, many of whom had already worked for a period in business and therefore had experience of customer relations, helped to swell the numbers of co-operatives being formed and to lower their average size.

The growth of the co-operative movement in the service industry was coupled with a gradual transition from alternativism to innovation. The origins of these ideas are linked to criticisms of hierarchical organisations and to a desire to act as a voice for new social demands. As such they could be classed as "interventionist collectives" (Corpet, 1982; Laville, 1984; Corpet, Hersent, Laville, 1986) because they advocated a change in working relations and set as their horizon the sharing of knowledge, encouraging ways of collectively reappropriating social

knowledge to allow "society to produce itself" (Touraine, 1973). These collectives were the subject of a functional adjustment during the course of which they created forms of intellectual work which were novel but were divorced from their original ideology. The earlier will to fight against social divisions both inside and outside the business was gradually replaced by endeavours to increase the responsibility of workers both on a management level and within a work context.

Conceived as "imaginary designs for alternative societies" (Desroche, 1976) and encapsulating an "associationist" ideology that had rediscovered the aspirations put forward in the previous century by Owen, Saint-Simon and Fourier, the aim of these alternative businesses was to prepare the way by example for an alternative economy "reuniting what contemporary society divides" (Vienney, 1980). They often chose co-operative status because it was "suited to the formation and management of businesses by those who work within the socio-economic system to which they belong". In this, the collectivist entrepreneurs who first started the workers' co-operatives presaged a return to favour for small businesses in the 1970s, and this was reinforced during the following decade. At the same time, however, they were forced to renounce their plans for social change by abandoning their economic initiatives or by resorting to innovative business plans. The regulations governing co-operative status meant that it is only appropriate for particular actors developing particular activities.

These voluntary workers' collectives were succeeded by enforced collectives which came to the fore in the early 1980s to such an extent that their predecessors were forgotten. Here priority was given not to "working differently" but to "saving jobs". Rising unemployment and economic restructuring form the backdrop to these co-operative buyouts.

Enforced Collectives

If the first resurgence in the co-operative movement came from voluntary initiatives, the workers' co-operative movement was profoundly influenced by a second wave of co-operatives, formed not of choice but of necessity: company buyouts. In Italy, although the statistics are not particularly accurate, approximately 1,000 companies were bought out in the period 1975 to 1985. Mostly located in the north of the country, these represented the textiles and clothing sectors, printing, machine tools, woodworking and transport, and employed on average between 30 and 100 workers. In Spain these were not always co-operative buyouts; some took the form of workers' limited companies where employees had a shareholding in the majority capital. While precise numbers are not known, there were at least 1,300 such buyouts, accounting for 50,000 jobs. In France between 1978 and 1983, a period of unequal growth in the movement, buyouts represented between 37 and 61% - depending on the year - of all new co-operative jobs. These countries have been most affected by this phenomenon. In the UK and Germany buyouts have been on a much smaller

scale; in 1986 the total number of buyouts in these two countries was 90 and 13 respectively.

The threat of closure or unemployment does not automatically lead to a co-operative buyout of a company. This option is often discounted or not even considered. Moreover, the situation differs greatly from one country to another, a fact which requires further explanation.

There are clearly other factors involved, one of these being the existence of support structures. Attempted buyouts are not simply a spontaneous initiative on the part of the workforce. An attempted buyout is much more likely to occur when the concept of buyouts is familiar to workers and appears credible. It is a response to the threat of closure which may, depending on circumstances, be encouraged or opposed, either explicitly or tacitly. Hence the stance adopted by local and national governments, by trade unions and co-operative groups and by the various sympathetic professional bodies, is very important. What is more, the attitudes of these various bodies are not shaped in isolation. They influence and strengthen one another. Success breeds success. One successful buyout will encourage others, just as the failure of a buyout or an absence of buyouts for a certain period of time or in a related sector may mean that this option is discounted. At the same time, the success of a buyout gives legitimacy to the support provided by the co-operative movement, the trade unions and governments or their agencies. The more widespread and established this sup-

port is, the greater the chance of success and the greater the chance of survival of those that do succeed. Buyouts may strengthen those sectors which already have workers' co-operatives, and these then become more able to support other buyouts. The lessons learnt from failure or success change the probabilities of company buyouts appearing as co-operatives. The distribution of buyouts or attempted buyouts over the past ten years does not simply reflect the distribution of industries undergoing restructuring or of unemployment rates. Certain concentrations can be seen within regions and in particular localities. These include the north of Italy and part of Spain. What is perhaps more striking is that almost one-third of buyouts in the FRG in the first half of the 1982 took place in Bremen, where a support network comprising alternative groups, workers' associations and government agencies has grown up. Similar networks and concentrations of buyouts have built up in the UK - in Scotland, Yorkshire and London.

The presence - or quasi-absence - of buyouts also seems to reflect broader institutional and cultural traditions. For example, there are large concentrations of buyouts in Andalusia, Catalonia and Emilia-Romagna - all regions with a strong tradition of mutual support and self-help evidenced by the powerful anarchist movements that emerged there at the start of this century. Within this perspective, the relative importance of company buyouts correlates to the kind of institutional compromises that have been agreed to historically by the labour movement in each

country. Germany and Italy demonstrate two opposing historical solutions to the labour movement's quest for greater economic security that reflect and reinforce the national cultures: strong welfare state and entrepreneurial individualism in Germany, but a more collective entrepreneurial class in Italy, where solidarity is expressed through the market and not merely in opposition to it. In Italy, company buyouts can be viewed in the context of a classic compromise between market principles and principles of solidarity. In Great Britain they tend to be solutions of last resort, in Germany they are a type of industrial deviancy, whilst in France in the early 1980s the not insignificant growth in buyouts led to ideological extrapolations that did not live up to their promises.

Response to Unemployment

The co-operative upsurge and the current interest being shown in the movement - which was largely overlooked during its period of growth - has in several countries been a response to a whole series of transformations. Nowhere, though, has the movement become established as a third sector of the economy (except in Italy, where this is explained by its earlier strength). Efforts by the state or by trade unions to use workers' co-operatives as a means of saving jobs on a large scale were cut short, in France by the left-wing coalition, in England by the minister, Tony Benn. Nevertheless, once these obstacles had been removed, relations between public collectives, trade unions and co-operatives formed

the subject of agreements that were less voluntary in nature and more detailed. High unemployment rates over extended periods of time resulted in a whole series of government initiatives. Some of these were introduced nationally: changes in social security rules and unemployment benefit intended to encourage the unemployed to set up new businesses, the Enterprise Allowance Scheme in the UK and legislation in France and Spain affecting the setting up of new businesses by the unemployed, the details of which encouraged company buyouts. Local and regional governments also tended to intervene more readily in the economy to support local initiatives. For example, French decentralisation put an end to these restrictions, whilst in the UK the regional development boards continued to grow at a time of general budgetary cutbacks. Support for co-operatives also came from autonomous bodies dedicated to small businesses, the best known of these being the Greater London Enterprise Board, or by independent co-operative development agencies set up in conjunction with representatives from co-operatives. In 1986 around 80 support organisations received local government aid, particularly from labour authorities where policies encouraging workers' co-operatives and community enterprise had gone some way to replacing the belief in the nationalisation of industry.

Furthermore, "ideological" disillusionment was followed by the discovery of the range of situations leading to company buyouts, resulting in a discrepancy in the unions between principles

at a central level that were marked by scepticism, and a more open-minded approach at a local level, where they were directly confronted by the problems faced by their members, as in France in the CFDT and in the UK. Discussions at grass-roots level often fed through to central debates and changed earlier options, as in the FRG, in the sense of a greater openness. In some cases the trade unions ended up redefining their relations with the co-operative movement.

In Italy, the key trade unions, which were already linked to various co-operative federations according to their political leanings, adopted a more prominent stance in 1985 by signing an agreement with the co-operative federations on the nature and level of public support required by the co-operatives and the joint initiatives needed to secure this.

The changing nature of the relations between the public authorities and the unions underlines the links between the creation or support of businesses and institutional change. The various faces of the collective entrepreneur manifested in particular by the formation of co-operatives have brought about institutional change which in itself acts as a support mechanism. By their concrete and defined contribution, these successive interactions contrast with the failure of centralised policies that seek to draw on the co-operatives that came before them. In France and the UK at least, they indicate a rejection of once cherished ambitions to build an industrial sector from company buyouts.

In any case, the new waves of workers' collectives are very much a product of their time. Their significance thus seems to be attributable to a particular economic climate and hence they are a passing phenomenon. Whilst their size may depend on national institutional and cultural considerations, voluntary collectives are closely linked to the crisis in values affecting the synergy between state and market, while enforced collectives are a consequence of the economic crisis that followed it. Workers' collectives thus illustrate the two phases of the crisis affecting the synergy of state and market (J. L. Laville, 1994).

The Problems of Research

These new modes of communal working, most of them taking the form of co-operatives, need to be placed in perspective with regard to earlier generations of workers' co-operatives. Recent trends in the evolution of workers' co-operatives extends and renews the focus of earlier studies.

In terms of their creation, the new co-operatives, which have proved their ability to perpetuate themselves, underline the importance of the workers being professionally qualified, even if the professions in question have shifted towards new information technologies or towards the provision of intellectual services. By contrast, earlier research showed that workers' co-operatives were formed by homogeneous groups. Involvement in the group was certainly not on a wholly equal basis; rather, it took the form of shared and individual responsibility within a close-knit collective founded on a sense of community. If this is so in voluntary

co-operatives, the flood of company buyouts onto the co-operative landscape has opened up opportunities to other groups organised on the basis of self-sufficiency, albeit with different dynamics.

Worker Involvement

If the eventual disappearance of direct democracy thus seems to be written into the legal status of the co-operative, representative democracy may, according to circumstances, be either real or formal. The possibility of retaining specifically co-operative regulatory mechanisms in the long-term seems to assume that the workers will be rewarded as compensation for this standardisation manifested by the abandonment of the homogeneous group or as compensation for the justification of the differences in status in the original group. The existence of a lively co-operative democracy does not proscribe economic success, provided that this is accompanied by a recognition on the part of the management of the rights of the other workers.

A study of participation in co-operatives shows us that their members feel a dual allegiance: to an association (membership) and to a business (work) (Houssin, Laville, 1989). The process of involvement is analysed not as a dimension of social functioning but as a product of both external and internal contingencies. The environment in which it operates forces the co-operative to adjust its activities. The process of accepting this imperative starts with the work itself by changing the way in which the wage-earners are involved in the business and in the membership,

by changing the way in which it is conducted and the way in which workers are represented within the group. Adjustment is achieved by means of an institutional acceptance of changes among the wage-earners and in the membership; this adjustment is conditioned by a cohesion between the measures taken among the wage-earners and the membership and it alters the conditions in which the co-operative takes on board the imperatives brought about by the environment in which it is operating.

Present and Future Trends

Our final theme arising from the formation of co-operatives during the 1970s and 1980s is that the revival of co-operative movements in industrialised countries coincided with the rapid spread of worker participation companies. In the USA, with the development of ESOPs (Employee Stock Ownership Plans), it is estimated that in 1990 some 30% of American wage-earners will be employed in companies where they own at least 15% of the capital. This figure should be compared with that for trade union membership, which is at 18% and falling. Whilst the figures in Europe are less striking, the trend is the same. Furthermore, debates in France about the "social economy", the "third sector" in Italy, "new social movements" in Germany, which touch on the role of co-operation and decentralised forms of social ownership in the modern economy, are symptoms of a search for coherence made all the more pressing by current uncertainties.

We can identify two possible alternatives for co-operatives:

- they will either be able to collaborate and strive towards a dynamic reflection of co-operative identity, which supposes that they will move beyond simple doctrinal reference to find their own place in the economy and consolidate their original support mechanisms as a means of democratising society;
- or, influenced by the spread of forms of participation and direct expression in other companies, on the one hand, and by the tightening of legal requirements pertaining to co-operatives on the other, the co-operative movement will gradually be diluted and merge with other forms of worker activism.

The collectivist business community has energised initiatives to create and support businesses at a time of economic restructuring. It has been based on self-organisation by homogeneous groups of projects drawing their strength from cultural and professional resources. It has also meant that the act of enterprise has become accessible to actors for whom it could not have been accessible on an individual basis. Initiatives have been launched by leaders bringing other actors in their wake, and these alliances have borne fruit in the long term when professional identities forged in earlier undertakings were strong enough to support the reorganisation of social relations inherent in a buyout. This is why, by expanding the ways by which co-operatives are formed, workers' collectives are playing their part in the diversification of the social economy that is a phenomenon of our times.

Mutual Guarantee Companies in Europe

by Etienne Pflimlin*

Introduction

The aim of a mutual guarantee in the framework of a Community structure is to supply a joint guarantee to each of its members when trading with third parties.

This concept of mutual aid emerged at the end of the 19th Century in the urban areas of France and Germany to make it possible for craftsmen, traders and small businessmen to achieve social progress through the modernisation of their working tools. In other words, to have access to loans which commercial banks had refused them hitherto. At the same time, in rural areas, there emerged the savings and credit co-operatives.

A mutual guarantee is ratified in France by a law of 1917 relating to the provision of loans to small and medium-sized businesses, and craftsmen. In fact, within *Crédit Populaire*, the same law governs the people's banks and the mutual guarantee companies (MGCs)



i.e. those banks having a co-operative status to collect savings and redistribute credit and the MGCs which organise solidarity between the borrowers and guarantee the loans.

Since then, this mechanism has spread to a number of European countries and has changed under the pressure of competition and technological and legal changes.

What is the position in Europe today and what are the future prospects?

The Situation in Europe

To my knowledge, the co-operative system of mutual guarantee exists in five countries of the European Community. Our European friends outside the Community must excuse me for not referring to them, but I am not

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familiar with the situation in their countries and I would be pleased if they could complete these gaps in my knowledge.

The mutual guarantee was introduced in Belgium in 1929, in Germany in 1954, in Italy in 1956 and in Spain in 1977, during times of crisis when there was a lack of objective financial analysis. It enabled small traders, who at the time did not have the individual guarantees necessary to obtain a loan to be solvent with respect to the banks.

A census of the strictly mutual MGCs carried out in these countries showed that there were 593 such organisations, covering almost 830,000 company members, and holding guarantee funds amounting to 20 billion ECUs. (See table 1).

The MGC network affiliated to the French banques populaires alone represents 65% of the European total, 73% of company members and 48% of SCM. Its average total funds per member is 21,612 ECU, i.e. slightly below the European average.

The German MGCs, which are much less numerous, have entered into commitments per company member which are more than twice as high as the European average, because of the number of craft industries in that country.

In fact, the MGC is marginally different from one country to another, if we take account of not only the specific statutory, regulatory and tax provisions of each, but also the economic

and social fabric in which they find themselves. (See table 2).

Thus, in Germany, with the backing of the Länder (County Councils) which frequently participate in their guarantee funds, the MGCs are enjoying quasi total tax exemption; in France on the other hand, the creation of the MGC is a totally private initiative. Benefiting at the outset from certain tax advantages, they are now totally in line with the banking establishments, and must now bear the same financial and prudential restrictions.

Depending on whether the professional or underwriting organisation prevails over local or regional ties, the MGC has a sectorial character at national level, as, for example, in Italy, or a multi-sectorial configuration at local or regional level, as is the case in Germany, where each Länder has one MGC and where five companies of this type have just been established in the Länder of the former East Germany. In some regions, such as in France or Spain, the coexistence of these two forms is feasible.

What have all these companies got in common?

They bring together some voluntary professionals who study the loan application files and who can supply one of three types of guarantee, depending on the case:

- a technical guarantee (knowing the applicant's profession, they can appraise the feasibility of the file, bearing in mind the projected investments and, in the event of failure,

the professionals can advise the MGC with a view to obtaining the security under the best possible conditions);

a moral guarantee (the fact that the administrators share the same location and profession, means that they can appraise the professional worth of the applicant, bearing in mind the latter's background);

a financial guarantee until completion, which results both in the setting up of a guarantee fund (with the aim of settling outstanding debts) and in the commitment of any company assets as a running stock for that part of the loan still outstanding.

In this context, the relationships between the mutual guarantee companies and the banks are limited and frequently depend on the legal status and composition of the company capital of the MGC.

The Auditors, Peat Marwick, have carried out a study of MGCs on behalf of the European Commission and make a distinction between:

- MGCs with loose ties, which most frequently work with several types of bank from which they obtain credit under preferential conditions (these are found in Belgium, Germany and France); and
- those MGCs which are closely dependent on the banking network which, generally, is of the shareholding nature. This is the case in Belgium and France for those MGCs linked with the *banques populaires* and in Germany for

those working with the savings banks or leading companies.

The French case is somewhat special because, since the banking law of 1984 which introduced the first European banking directive in France, the mutual guarantee companies are now credit establishments subject to the same financial and prudential restrictions as the banks with which they are associated.

Consequently, the French *banques populaires* have just pushed the organisational logic to its limits and have obtained for those mutual guarantee companies which are affiliated and which work exclusively with them, collective approval at regional level, as authorised by the first directive and known under the heading of 'RABOBANK system'.

Since then, the MGC has become no more than a specific participating structure within the banking establishment, which directly mutualizes the risks of its clientele and therefore, does more than we are already doing in our credit and savings co-operative networks: Schulze Delitzsch has now joined the Raiffeisen Bank!

What is the future of the MGC in Europe today?

If we look at the European initiatives, the prospects for the development of mutual guarantee companies are good. If we look at the consideration of the National Credit Council¹ in France, however, their growth in highly competitive countries such as France will remain very restricted.

Without showing preference, I shall outline the two arguments.

The European Community has rediscovered mutual guarantee following the initiative of the Spaniards who found in them a means of supporting the creation of small and medium sized enterprises (SMEs). This despite the fact that their own banking establishments were turning away from an altogether too risky sector because of the upheavals introduced into the market by the opening up of Europe.

Post-Franco Spain was in an ideal position to make use of the mutual guarantee formula: a strong tradition and a professional organisation which rejected the former corporatism whilst upholding the knowledge of people; and a high degree of regionalism which could, hereafter, be expressed at an economic level.

Knowledge of people, jobs and regions are, indeed, characteristics which allow the mutualization of risks on criteria which are not exclusively financial. This approach was also of interest to the Commission which, at the same time, was faced with the problem of developing an SME fabric. This alone prevented the desertion of certain regions in the Rhine Valley.

This is why, on 5th September 1991, the European Commission published a communication of the Role of the MGC in the financing of the SME within the European Community.

The following principal measures were published:

1. The promotion of seminars and

conferences with a view to disseminating information on the aims, financing and methods of the MGCs;

2. Support for the establishment of a European Mutual Guarantee Association, which was in fact founded on the basis of the DG XXIII 14 months later, chaired by M. Pombo Gonzales, who represented the Spanish movement;
3. The definition of pilot projects to identify the most efficient means of both improving their operations and encouraging the creation of such types of companies in those countries where such institutions do not exist.

In fact, the developments we are witnessing today play a major role in public funds or tax aids which allow a reduction in costs which, as private funds, would no longer be authorised in the highly competitive environment we have now come to know.

In fact, how does a mutual guarantee company operate financially? It was in answering this question that the National Credit Council voiced some doubt on the future of independent mutual guarantee companies, whatever their legal position.

When providing the bank with a guarantee, it is usual that the company's assets cover its commitments, so the company asks the lender to subscribe the capital (which is what happened with the co-operative MGC) and to participate in the establishment of a guarantee. Frequently involved in the

management of following up payment difficulties on behalf of the bank to which it acts as guarantor, it will charge management commission. The golden key to the job is that these high management commissions, augmented by the interest on investing the guarantee funds, cover both the management fees and outstanding amounts, whilst also showing a profit margin.

As far as the bank is concerned, MGC involvement is ideal. It benefits from the technical advice of the professionals working for it and also sees it as a guarantee for repaying outstanding amounts and a satisfactory conclusion of the loan.

How do things stand for the party standing surety?

In circumstances where there is scarcity of offers or a lack of guarantee, the party standing surety has no choice and has to accept this, even if this leads to additional costs, i.e. the costs incurred by becoming an MGC member. In this instance the MGC will stand surety for a maximum number of borrowers, whether they are risky or otherwise and they are thus able to mutualize the good and bad risks. Those companies whose risks are difficult to calculate may have access to a loan and may develop: the solidarity amongst the borrowers wins hands down.

In circumstances where there is an abundance of offers, as testified by our economic situation over the past ten years, the competition between the banks is such that, without exception, the good risks can not only negotiate

their rates but also their guarantees which have now become an element of competition.

The only things passing through MGCs are those loans whose risks are badly managed.

This demutualization now restricts the independent SCM operating limits which should either:

- be backed by public funds: this is the pattern envisaged by the European Commission and currently in force in the majority of Member States; or
- become part of a banking network which will mutualize the good and bad risks within the network and also develop privileged links with its professional clients: this is the option adopted by the people's banks in France.

If we do not choose either of the first two schemes, a third alternative would be a type of MGC which is completely private, of a sectorial or a syndicated character, and which has opted to work with many types of banks. But it is vitally necessary to have long-term contractual ties between the MGC and the banks. This is why I think that the only answer possible in an abundant open economy is to absorb the MGC into the banking network.

To conclude, I must underline the interests of the mutual guarantee mechanism, without placing any emphasis on its legal or financial structure but by reminding you that it can only operate

if it represents joint responsibility willing to commit both men and women, since these are the real driving forces of our economies.

Within this framework, it matters little what the interested parties are organising in the MGC or savings and credit co-operatives. What is of utmost importance is the fact that they take direct charge based on our experience whilst simultaneously adapting themselves to their own environment.

If fact, the mutual guarantee company and the savings and credit co-operative whilst fighting the attrition, were,

in fact, the promotional tools of those excluded from the industrial revolution. This is why today, despite the growth of the exclusion zones both in our own regions and in the developing countries, these community procedures are now finding renewed interest and it is our vocation to participate and share our experience within those organisations like the ICBA.

¹ French consultative body under the auspices of the Ministry of Finance, grouping together representatives of the French Government, the banking profession and employers' associations and also the trade unions of the various economic sectors of France.

Table 1 Mutual Guarantee Companies

Countries	Number of Mutual Guarantee Companies	Number of Members	Average Number of members/ Mutual Guarantee Companies	Total Guarantee Fonds (ECUs thousands)	Average Running Total per Member
Germany	27	20,640	764	1,160,032	56,203
Belgium	17	?		132,487	
Spain	26	37,125	1,430	685,129	18,455
France	277	603,000	2,180	13,032,164	21,612
Italy	246	165,407	672	4,897,776	29,610
TOTAL	593	826,172	1,393	19,907,588	24,096

Table 2

Comparative Study of Mutual Guarantee Companies in Member States of the EEC

Countries Column	Security on Loans	Inspection Bodies	Observations	Amount of Surety	Characteristics
FEDERAL REPUBLIC OF GERMANY	- Craftsmen - Traders - PME	Federal Credit Institution Inspection Office	- Counter-guarantee of the Federal State and the Lander (for 70%) - Tax exemption	- 80% of loan	- Inter-bank inter-professional
BELGIUM	- Professionals - PME	- Caisse nationale prof. et fonds de garantie (National professional and guarantee funds office)	- Counter guarantee - From 16 to 43% tax	- 80% or 95% of loan	- Single banks (Banques Populaires)
SPAIN	- PME	- Ministry of Finance and Economy - Bank of Spain - Audit	- Sogasa counter guarantee from 10 to 40% - 26% tax as against the general rate of 35% - Tax exemptions	- 100%	- Inter-bank and inter-professional
ITALY	- Industrialists - Craftsmen	- Internal	- Capital contributions by the regions - Exemption except for financial products	- 50% of loan	- Inter-bank
FRANCE	- Craftsmen - Traders - Professionals - Civil Servants - Private individuals	- CSBP - Bank commission - Auditor	- Consolidation with BP or ratio to be complied with individually - I.S. 33.3%	- Generally 100% of loan	- Single and multi-bank - Inter-professional and - Uni-professional

In Portugal, the State has abandoned beneficial loans - there are no mutual guarantee companies. In England, the government abandoned beneficial loans - there are no mutual guarantee companies. The government may guarantee the loans for the borrower: 2.5% per annum on the amount guaranteed.

Source SOCACO in *Banques des Professionels*, No. 5 Jan 1992

The Czech Co-op Movement

after its Political and Economic Transformation

by Ota Karen*

As early as in 1845, shortly after the establishment of the first European co-operative society at Rochdale, the initiative of a Catholic priest, by name of Jurkovic, gave rise to "Gazdovsky spolok" (meaning "Farmers' Association") as the first association of a co-operative type to come into being on the territory of former Czechoslovakia and, indeed, in all Central Europe. Its members, small farmers and craftsmen, occasionally brought their petty savings to the Association's cashier as deposits, while at other times they would come to his counter in order to borrow some money according to their needs. Two years later, the "Prager Viktualien und Spaarverein" (meaning Prague Food and Thrift Society) was established in the city mentioned in its name, marking the beginning of the co-operative movement's history on the territory of the present-day Czech Republic. In another field, the Czech co-operative movement's highly successful development was associated with the name of Dr. Cyril Kampelik, its propagator (after whom a wide network of Czech co-operative thrift and credit societies became known as "Kampelickas").

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In Czechoslovakia as a whole, the co-operative movement developed very successfully during the two decades preceding World War II. In 1938, there were tens of thousands of co-operative societies of all sizes in existence - consumer, industrial, artisanal, housing, agricultural, farm-supply, processing, credit and other co-operatives, affiliated to 83 co-operative unions set up by the Czech, Slovak or German-speaking citizens. During the wartime years, this co-operative network suffered considerable damage as a result of the forcibly imposed administration by the Nazi authorities, but soon after the end of the War the co-operative movement braced itself for new successful achievements. Towards the end of 1947, the existing 12,720 Czech co-operative societies had a total membership of nearly three and a half million.

Socialist Co-operation

Then came the period of "socialist" co-operation. On the basis of a special law, it became obligatory for the Czech co-operatives to be organized under the auspices of the Central Co-operative Council, besides which they were subordinated to the hierarchic system of what was known as plan-based management of the country's economy. In the course of the nineteen-fifties, the co-operative movement was misused by the totalitarian Bolshevistic authorities for what they termed "socialisation" (i.e. collectivisation) of farming and of village life.

The internationally recognized co-operative principles and values - particularly those of voluntary membership and of the members' participation in the co-operative property - were grossly misused, and in the agricultural sector completely abandoned, as was the principle of co-operative independence, for the co-operative societies and their unions were made fully dependent on the State and on the Communist Party and co-operative democracy became purely nominal. Co-operatives ceased to have, as their main task, to serve and benefit their own members; instead, it became their foremost duty to implement the tasks and targets of the overall State plan and to put into effect the intentions of the Communist Party.

Although the co-operatives of this country continued to develop - albeit in the formal respect - and to achieve a certain measure of successful economic results during the four decades under review, the fact remains that this period belongs to the dark pages in the

history-book of the Czech co-operative movement. Co-operative ownership was branded as a "lower", inferior form of what was regarded as socialist ownership. The "socialist" co-operatives were made into transmission levers for putting into effect the political aims and the economic policy of the Communist Party, and it only gradually became possible - against the will of the Party and of the Government and almost literally "behind their backs" - little by little, at least within some of the Czech co-operative movement's sectors, to achieve a certain shift of emphasis towards paying greater attention to the members' own interests, as well as to genuine co-operative principles and values.

The strength of the co-operative movement and of its ideas became evident in the fact that, in spite of the disfavour on the part of the government authorities, quite a number of co-operative societies became successful and prosperous businesses, serving their own members as well as the general public; in fact, they managed to hold their positions in competition with the preferentially-treated "Molochs" or state-owned enterprises, and in numerous instances they proved so efficient that their products and services ranked among the best available in this country in those years. A number of co-operatives also provided refuge for many excellent economists, lawyers, organizers, professional specialists and technicians who were persecuted by the all-powerful Communist authorities and therefore in most instances had no chance of being employed in enterprises and institutions belonging to the State or government.

Co-ops in the Market Economy

During the present period, following the "velvet revolution" of 1989, the Czech co-operative movement has to cope with a number of new problems, including those which do not arise only from the transition from a "planned" to a market economy, but which also have a distinct ideological character. As a result, a paradoxical situation has arisen: while for the bolsheviks, under the totalitarian pre-November regime, the co-operative movement seemed to be excessively "private-business-oriented" and its ownership was regarded as "inferior" and hence less protected than State ownership, for a number of the post-November politicians the co-operative movement became virtually "the last remnant of the socialist economy". It was not even exceptional that a number of people, including politicians, regarded co-operatives as a "Communist invention" and refused to be convinced by facts and figures about the Czech co-operative movement's illustrious traditions reaching back nearly one hundred and fifty years, or about its appreciable achievements recorded in the period preceding World War II.

From the very outset, accordingly, it became evident that the post-socialist co-operative movement must be transformed, which meant, in particular, that it must get rid of the deformations and adulteration implanted into it during the years of Communist rule. First and foremost, it was necessary to enable the co-operative members themselves to decide, in free and demo-

cratic elections about the new character of their co-operatives and about the people who should become their leaders. It was likewise necessary to ensure the Czech co-operative movement's return to the internationally recognized co-operative standards and, in particular, to a full and unexceptional application of the genuine co-operative principles, to policies and practices respecting the co-operative values. But even all this was not sufficient. In those instances where the co-operatives had received from the State, within the framework of the "socialisation" process, any property expropriated from shopkeepers, tradesmen, craftsmen and owners of other small businesses, it was necessary to return such property to the original owners or to their heirs. Such a concept of the transformation, ensuring a consistent severing of ties with the past, was supported by the entire new leadership of the Czech co-operative movement and - as far as I am informed - in essence also by the leadership newly elected in a vast majority of co-operative societies.

However, there were people and even, unfortunately, certain politicians, who pursued different aims: instead of transforming the co-operative movement, they wanted to break it up, to "privatize" it and, in actual fact, to liquidate it in accordance with the vested interests of a number of people who coveted specific parts of the co-operative property, hoping to obtain them through such "privatization".

It is obvious that the people who pursued such aims succeeded in bamboozling a number of others with their

"ideology", thus gaining the support of a number of citizens who had suffered injustice in the past (without differentiating whether a particular person had been wronged by the Communist-ruled state, or by a co-operative society, or by a specific bolshevist representative of the authorities); moreover, even the support of several politicians was recruited for such an anti-co-operative campaign. All this was possible as a result of a phenomenon (occurring not only in the past, but occasionally even at present) which can be termed "anti-co-operative fundamentalism", whose stalwarts apparently did not seem to mind that, in their "holy enthusiasm in favour of the privatization of co-operative property" they were using, in essence, the same methods as those resorted to earlier by the bolsheviks. Therefore, the transformation of the co-operative movement was accompanied by a bitter political struggle. In the course of this process, particularly in the field of disseminating information about the role and function of co-operatives under standard market-economy conditions and in explaining co-operative principles and values, an important part was played by the International Co-operative Alliance, specifically by its President, Mr. Lars Marcus, as well as by the support given us by several West-European members of ICA and by co-operative members of the European Parliament.

The above-mentioned political struggle resulted in the adoption of Law No.42/1991 of the Law Gazette, which became known as the Co-operative Transformation Act. The contents of

this law reflected the political compromise achieved - a solution which has to be regarded as rather rigorous, particularly for agricultural co-operatives, and indeed, problematic from our point of view. Nevertheless, this compromise has recognized the identity of co-operatives as integral parts of the newly-established market economy, thus enabling the co-operatives to revert to the traditional co-operative principles and values to the full extent, while simultaneously liberating the co-operatives from the after-effects of the property injustices for which they had been misused. Naturally, this law was unable, by itself, to prevent or thwart new and repeated attempts made by the anti-co-operative fundamentalists to achieve a concealed liquidation of the co-operatives and a "privatization" of their property. Such attempts were most clearly reflected in the subsequently adopted legislation, such as amendments to the Land Property Act, several special restitution laws and the Housing Property Act.

However, the transformed co-operative movement's right to exist and operated as a form of private business undertaking under the country's market-economy conditions is no longer denied or doubted by anybody - by important right-wing political parties, by the political representation of the state, by the legislature or by the executive (government) authorities.

At present, the Czech co-operative movement's representatives are partners enjoying full rights within what is known as the tripartite body, i.e. a political consultative and advisory

committee consisting of seven members of the Government, seven representatives of the entrepreneurial and employers' sphere (among whom the co-operative movement regularly has two nominees of its own), and seven members representing the trade unions. At the present stage of the Czech Republic's transition to a standard-type market economy, this tripartite committee has a role of paramount importance - to ensure not only the maintenance of social conciliation and peace, as well as dialogue with the executive powers, but also the preparation of new legislation in consultation with the entrepreneurial and trade union (employees') spheres. In the opinion of numerous politicians and economists, the existence of the tripartite body and its good work rank among the main reasons for the successfully continu-

ing transformation of the Czech Republic's economy, for the relatively low rate of inflation (which is not expected to exceed the single-digit dimension in the course of 1994), as well as for the progress that has been made in the privatization of the State-owned economic sector.

The Czech Co-op Movement after the Transformation

Obviously, the inevitable question is bound to arise: how has the co-operative transformation been quantitatively reflected in the Czech co-operative societies and their members, in the movement's actual performance?

Let some of the answers be found in the following figures.

Number of co-operative societies affiliated to co-operative unions, and number of co-operative members

Co-operatives	Number of co-op societies		Number of members	
	before transformation	after transformation	before transformation	after transformation
Producer (industrial)	397	461	88,000	62,000
Consumer	73	73	1,039,496	838,655
Housing	420	420	850,000	850,000
Agricultural	1,202	1,658	350,000	380,000
Total	2,092	2,612	2,327,496	2,130,655

The transformation process brought to light a most interesting circumstance. The "socialist past" had left its most distinct traces on the agricultural co-operatives. The methods used for the "recruitment" of members into these co-operatives in the course of the nineteen-fifties had grossly violated the principles of voluntary membership and of non-interference by the Party or Government. It was by no means an exception that certain people, stigmatized as "kulaks", i.e. village plutocrats and exploiters (often the best and most successful local farmers), were not allowed to become members of an agricultural co-operative society, while for other villagers, a refusal to join resulted in their persecution, eviction or even imprisonment. However, in the course of the two decades of existence of agricultural co-operatives, although the difficult conditions prevented co-operative democracy from being fully developed, everyday practice gradually proved the advantages of large-scale collective farming organized on a co-operative basis and the favourable effects of the decreasing "care" being given to the co-operative movement by the Communist Party and by government authorities; these factors, in turn, led to the development of entrepreneurial initiatives and successful economic ventures in fairly frequent instances, even before the downfall of the Communist rule.

In the course of the transformation process, consequently, the members of agricultural co-operatives did not succumb to the enticements of the anti-co-operative fundamentalist "Sirens". They had come to understand that

small farms with 5 hectares (i.e. 12.5 acres) of land lack the necessary prerequisites for efficient farming within the systems of modern agriculture and that they would have no chance of survival or prosperity under the conditions of a market economy. Therefore, they decided to stand by their co-operatives. They refused to allow their co-operative societies to be transformed into any other forms of business, because in such an event they would virtually renounce the distinctive features of genuine co-operation - the principles of democratic decision-making, equality, the right to participate personally in the management of the enterprise in which they are working. Thus, indeed, something has happened which the anti-co-operative fundamentalists find very difficult to understand: these co-operatives, including those most unfavourably affected by "socialism", have managed to survive - by their own members' free will.

Now, for a change, let us see how the transformation affected the Czech co-operative movement's other (non-agricultural) traditional sectors.

Under the planned economy conditions, consumer co-operatives had been assigned the position of a virtual monopoly in supplying the rural population with goods, but in the implementation of this task they were not allowed to give their own members any kind of preferential treatment. Under the subsequently introduced market economy conditions, in competition with the increasing numbers of newly-established private commercial enterprises and shops, however, the pro-

portion of the total retail turnover accounted for by consumer co-operatives has decreased from the original 23-24% to the present level of roughly 12-13%. Today, however, the retail trade operated by consumer co-operatives represents the only comprehensive system of retail outlets organized on a nationwide level. The co-operatives are gradually building up their own system of wholesale trade, while simultaneously continuing to diversify their retailing activities. Although it will probably be necessary to expect a further decrease in the proportion of the total retail turnover accounted for by the consumer co-operatives, there can be no doubt about the fact that this sector of the co-operative movement has proved its viability and competitiveness.

A successful development is also taking place within the sector of the transformed producer (industrial and artisanal) co-operatives. Within the framework of the transformation process, approximately 92% of these producer co-operative societies refused to be divided up (although, before the transformation began, such a division or break-up used to be a fairly frequent - albeit hardly rational or economically justifiable - requirement of some members of the older generation who had fond memories of the earlier small, unintegrated co-operatives), and they likewise refused to agree to a change of the business form into a non-co-operative commercial company (which was expected and would have been preferred by the anti-co-operative fundamentalists). One of the successful results of the transformation process and

simultaneously a proof of the viability of this co-operative sector's entrepreneurial activities can be seen, in my opinion, particularly in the fact that - in spite of all difficulties caused by fairly tough competition - the producer co-operatives that have remained in existence include 39 industrial and artisanal societies associating approximately 12,000 members, mostly people with impairment of health (disabled and physically or mentally handicapped workers), for whom it would be by no means easy to find suitable job opportunities if they were to lose their co-operatives. Furthermore, numerous producer co-operative societies, such as "Destila" in Brno, "Drupol" in Prague, or the furniture-makers' society called "Ledenicky nabytek" - to mention only three, because of lack of space, out of the many whose names I could add - continue to prove their competitiveness by means of the successful and economically most effective exports of their products to the challenging markets of West-European countries.

The transformation process has not yet been brought to an end within the sector of housing co-operatives. In accordance with the new Housing Property Act, a fairly large number of homes (mostly apartments), hitherto owned by the co-operative housing societies, are going to be transferred to the ownership of the members themselves. As a result, the present-day housing societies will be transformed into homeowners' co-operatives, whose main task will be to ensure for their members (i.e. the individual owners of the apartments) the operation and ad-

ministration of the residential blocks or houses, including regular maintenance, repairs etc. In those instances where the members occupying the apartments in the individual co-operatively-owned residential blocks so desire, and express their will democratically before the end of the year 1996, the ownership of individual residential buildings (apartment blocks) will be separated from the property of the present-day very large co-operatives (whose management is rather remote from the members in some instances) and entrusted to small co-operative societies, each of which will comprise only one residential block or a small group of such co-operatively-owned buildings adjoining one another. At the same time, the property of the hitherto-existing co-operative society will be divided up, between this society and the newly-established small societies which will have arisen by separation from it, in accordance with the law and with the members' will expressed in the appropriate manner.

During the process of transformation of the co-operative movement, the foundations were laid for the emergence and development of a specific form of consumer-type co-operatives - co-operative pharmacies, or co-operatives of dispensing chemists. This event took place in co-operation with a Belgian co-operative association of social pharmacies, with which we established a joint-venture enterprise bearing the name of "Euromedica Prague".

In the course of the past two or three years, the national co-operative un-

ions have established - in collaboration with the Co-operative Association of the Czech Republic - co-operative insurance societies and a co-operative bank. With regard to the legislation requirements, these institutions have been constituted in the form of joint-stock companies, but co-operative capital predominates in them and hence also controls them. The co-operative insurance societies as well as the "COOP-Bank" are developing very successfully. Within the Czech insurance business market, the co-operative insurance societies, bearing the name "KOOOPERATIVA", occupy the second and third places (among the 17 existing Czech and foreign insurance companies) at present, and it is envisaged that, by the end of 1994, the total of the insurance premiums received by them will exceed 2,000 million Kc (i.e. Czech crowns). The "COOP-Bank" has become a prestigious small banking institution in whose business activities main emphasis is placed on small and middle-scale enterprises, with preferential treatment being given to ventures and transactions involving co-operatives. The activities of the Bank help to enhance the economic effectiveness of the projects for which the co-operatives need to obtain credit, and thus contribute towards their greater competitiveness under the challenging conditions of the Czech market and of export opportunities.

One of the most recent appreciable achievements of our co-operative movement has been the fact that a group of Members of the Czech Parliament - with our participation - has come forward with a bill concerning

co-operative credit and thrift societies, submitted to the Parliament for consideration. This bill has been drafted to a considerable extent on the basis of the utilization of foreign co-operative experience, made available thanks to the help given us by WOCCU (World Council of Credit Unions) and the American CUNA (Credit Union National Administration) association, as well as with the use of the valuable information received from the Canadian Desjardins Movement and from the co-operative institutions of some other countries. After the preliminary discussions held with several representatives of the Government it appears quite realistic to expect that the envisaged new law will create the basic prerequisites for the re-introduction of the system of Czech credit and thrift co-operatives which operated in this country very successfully before World War II, as has been pointed out in the introductory part of this article.

The basic legislation for the existence and development of our co-operatives, as well as for the establishment of new ones, has been provided by the Czech Commercial Code, which contains a separate chapter devoted to co-operatives. The institutions and organizations which participated in the drafting of the provisions of this Commercial Code included not only the Czech co-operative movement, but also - by means of expertise, seminars for Members of parliament, as well as practical advice - the International Co-operative Alliance and several important co-operative institutions from some countries of the European Community (among them I must gratefully single

out the important contribution made and the selfless assistance provided by the French Credit Mutuel and by other French co-operative financing institutions).

Czech co-operatives are voluntarily organized within the specialized national-level co-operative unions set up for each of the movement's sectors, i.e. of housing, consumer, productive (industrial and artisanal) and agricultural co-operatives. These co-operative unions, with the exception of the agricultural co-operative sector, are affiliated as direct members to the Co-operative Association of the Czech Republic (the co-operative movement's umbrella organization), which represents the Czech co-operative movement (including the union of agricultural co-operatives, on the basis of a special contract) in international relations. The Co-operative Association of the Czech Republic, the co-operative unions representing the movement's individual sectors, as well as the co-operative insurance societies and the COOP-Bank pay considerable attention to contacts with other co-operative movements on an international level. In particular, they take part in the activities of the International Co-operative Alliance and of its specialized committees and organizations; furthermore, they are active as associate members of the specialized co-operative institutions of the European Community countries and they are represented within the multi-purpose organization for the promotion of the co-operative movements of Central and East European countries, known by the name of COOP-Network.

The Challenge Was Successful

People's Banks and Raiffeisen Banks in the New Federal Länder

by Claudia Paul*

The East German People's Banks and Raiffeisen Banks have established themselves successfully following the phase, difficult for all enterprises of the former GDR, of conversion from a planned economy to an economic system oriented on a market economy.

The 212 co-operative banks operating in the new Länder (at the end of 1993) offer their customers the full range of financial services according to the Western pattern. The original number of approximately 370 institutions (100 co-operative savings banks for craftsmen and small businesses, 270 farmers' trading co-operatives) has diminished considerably.

The reason: many mergers, especially on the part of Raiffeisen. Most farmers' trading co-operatives, which used to operate both banking and commodity business, eliminated the commodity business and founded independent Raiffeisen banks by merging several banks. Also, most subsidiaries of the former Co-operative Bank Berlin were taken over by Raiffeisen banks.

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The People's Banks in the new Länder employed, at the end of 1993, some 12,000, thus increasing the number of employees by about 10%. The average number of staff members, 56, is in line with West German conditions. Also the balance-sheet total per staff member is developing towards the Western level.

At the end of 1993, the balance-sheet total of the co-operative banking group in the new Länder was about DM41.6 billion. This represents an increase of 60% over 1990. This means that the average balance-sheet total per institution increased considerably, from DM72 million in 1990 to DM196 million in 1993, not least due to mergers. It is true that, in absolute terms, the West German level has not been reached yet, but the ration of sizes is getting closer to the all-German average.

At the end of 1993, credit business of the People's Banks and Raiffeisen Banks in the new Länder reached a volume of some DM14 billion, an increase of 80% since the currency conversion. This major expansion was accompanied by structural conversion.

Whilst in the early stages short-and medium-term loans prevailed, this ratio kept changing up to the present

structure with emphasis on long-term credit business. Its credit business of some DM billion accounts for two thirds of the overall credit business. Short and medium-term loans amount to DM 4 billion. Bill discount credits are approximately DM40 million.

The East German co-operative banks are deeply engaged in public promotional credits. By the end of 1993, they handled approximately 100,000 applications covering a credit volume of some DM7.4 billion. Emphasis is on credits for establishing an existence; this business has a market share of 30% of applications.

In addition to the development work within their own ranks, the co-operative banks thus contributed to the overall economic development in the new Länder.

At the end of 1993, the deposit business of the East German People's Banks and Raiffeisen was approximately DM32.7 billion, meaning an increase of 40% since the monetary union.

Whilst in credit business the structure has more or less adjusted itself to West German conditions, the East German liability side differs from the West German patterns due to a continued heavy requirement of liquid funds on the part of the savers. Sight deposits - approximately DM10.8 billion - account for roughly one third of all customer deposits. Their volume is only exceeded by time deposits of approximately DM11.5 billion, which, in the light of their relative significance, are in line with all-German importance.

This means that this form of investment unknown to the savers of the former GDR has taken a positive development. This worked at the expense of saving deposits which kept increasing and are now at a volume of some DM7.8 billion. Some DM2.6 billion were deposited on savings bonds.

'These figures are impressive evidence of the success of the generous help given by the West to the East German People's Banks and Raiffeisen Banks during the conversion phase. Had it not been for the energetic and financial support by the West German co-operative banks, in conjunction with DG Bank an IRU member, central banks and link-up system institutions, in an unparalleled solidarity drive, it would not have been possible to cope with this difficult task.

The same as all other enterprises in the former GDR, the co-operative banks for craftsmen and small businesses (now called People's Banks) and the farmers' trading co-operatives (now called Raiffeisen Banks) were subjected to the strict frame of a planned economy, and their entrepreneurial operations were very restricted.

With the opening of the Wall and the introduction of the economic, monetary and social union, the credit co-operatives had to adjust their business activities to Western standards. They had to learn to hold their own free competition vis-à-vis competitors on the market.

True to the spirit of the co-operatives' conception of themselves - help to self-

help - right from the start all measures were laid out to enable the East German institutions to stand their ground on the market all by themselves as soon as possible.

What began in regions neighbouring the border in individual activities developed fast into banking partnerships covering a broad surface. Each co-operative bank in the East had a People's Bank or Raiffeisen bank from the West on its side, giving valuable practical support in the field, from matters of daily banking business into the area of personnel and organisation.

Considerable funds were required to realize the extensive supporting services. This is why two solidarity funds were founded for personnel and investment measures.

The People's Banks and Raiffeisen Banks from the old Länder made a total of some DM45 million available, which were primarily used for training courses, exchange of staff, and the delegation of West German staff to East German credit co-operatives. The training courses, most of which were held in a centralized way via the West German regional unions, dealt mainly with general matters of banking operation, product information in active and passive business and conversion to West German EDP systems. This benefited all staff members of the East German People's Banks and Raiffeisen Banks, from the managers to the trainees.

These training courses covered a wide range of information on the nature and

substance of the banking business in a market economy, and facilitated the familiarization of the students with their new tasks.

The solidarity fund "Investive Measures" shouldered by the co-operative link-up system institutions, including DG Bank and central banks, with a total volume of approximately DM40 million, subsidises credits for building measures required in order to operate the banking business according to West German standards.

These activities, which enabled the conversion from banking operations rather oriented on winding up to an active, market oriented operation in a relatively short time, helped to develop structures within the co-operative group of banks comparable to the West.

With the exception of Saxony, where an independent audit organisation was founded, the people's Banks and Raiffeisen Banks in the new Länder joined the neighbouring West German regional unions. Moreover, all co-operative banks of the former GDR joined the security institution of the Federation of German People's and Raiffeisen Banks, an IRU member. DG Bank exercises the central banking function for all credit co-operatives in the new Länder.

Additionally, co-operation with the link-up system institutions was successfully established, and enabled the East German co-operative banks to offer, at short term, a broad range of services in the entire financial services field.

New Calls for the Revival of the Co-operative Basis

by Ralf Künert*

Future Challenges

"New ways for the future" was the theme for representatives from residential co-operatives from all over Germany at the first South Western Co-operative Workshop, with top speakers from the scientific and political fields, along with experts in residential economics.

The building co-operatives in particular, with their construction and residential activities and their social engagement, truly justified their existence in these times of social change. In the light of increasing housing shortages and economic difficulties, with all the related increases in social tension, special priority is being given to the co-operative approach. The main themes are self-help with an underlying principle of solidarity, self-administration and a willingness by groups to accept responsibility for themselves.

The Director of the South West German Residential Co-operative, Paul

Leo Giani, underlined the current relevance of these underlying co-operative principles. With the upheaval in the former Eastern bloc states, these concepts reflect the latest objectives and modern principles.

Emphasis on Self-responsibility

A gradual growth, even in some instances a re-awakening, of co-operative thinking, benefits both the State and society, as well as a large number of very varied groups of people such as families, single-parent households, disabled persons and elderly people.

Accommodation is becoming ever more expensive. With above average land prices and building costs, and despite state grants or tax benefits, building one's own house remains impossible for many people, added Giani. He went on to state that accommodation with good security of tenure, enough space to live comfortably and a pleasant environment counted now more than ever as part of a person's fundamental needs.

This explains the yearning for one's own house or apartment. For financial reasons, many families are unable to attain this dream. And, given the

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ongoing price rises, the number of people in this category is growing as fast as the number of young families who search in desperation for an apartment of any kind.

Against a background of increasing privatisation of services, Paul Leo Giani outlined the subsidiarity principle: "The state and society itself are both based on the citizen, and both must have an interest in as many citizens as possible helping themselves and taking responsibility for solving their own problems when it comes to housing, without calling on the state's resources."

To this end, stated Giani emphatically, the state must establish a suitable legislative infrastructure so that co-ops can develop.

Legislative Infrastructure

Development of co-operative thinking, however, flies in the face of the public sector's demand for a certain proportion of subsidised social housing and of the limitations imposed by tenancy legislation. The legislative infrastructure must be changed: for example, property owned by co-operatives should be treated in the same way as property in individual private ownership.

It is no longer acceptable that the state should spend billions in tax subsidies to encourage private ownership, yet should penalise co-operative ownership. In the medium term, a constitutional review of this inequity in tax legislation cannot be ruled out. In ad-

dition, the campaign against legislation which holds back co-operative thinking and legislation on co-operatives will continue.

One particularly restrictive factor in this context was the Federal Building Ministry's refusal to increase the income limits for social housing construction. For residential co-operatives in particular, the fact that the income limits relating to the provision of social accommodation have not been increased for more than ten years, whilst real incomes have increased, has been taken to absurd extremes.

Increasing numbers of residential co-operatives are no longer able even to provide their own members with social housing, despite the fact that paragraph 1 of the co-operative Law states that promoting the members of the co-operative is the main *raison d'être* and concern of co-operatives.

The Federal Building Ministry's inactivity, described as "stagnation politics", is also leading to increasing amounts of ghettos in many cities, to a worrying degree. As landlords, residential co-operatives have the lowest rate of fluctuation. For some of these property enterprises, an annual change of five or six per cent in accommodation stock is deemed high. But even a five per cent fluctuation adds up over a five or six year period to a change in housing stock amounting to 25 to 30 per cent.

The only way to counter the substitution over the years of one third of the residents in the housing stock of one of

these enterprises by the socially weakest families is through timely, realistic increases in the income limits. This is the only way to minimise potential conflict in the housing stock.

Finally, tenancy legislation and fair rent legislation fly in the face of co-operative thinking. The main objective for their members and the principle of equality (in the sense of solidarity and self administration) contradict tenancy legislation.

For example, if a member of a co-op lives alone in an 80 square meter apartment, whilst another member of the co-op with a family of four has to be housed in the same locality in a 60 square meter apartment, the co-operative principle of equality, solidarity and self administration would necessitate examination, with appropriate encouragement if necessary, of the possibility of swapping apartments. Current tenancy legislation, however, forbids such a reasonable measure because it is based on the assumption of a strong landlord and a weak tenant who must be protected.

GdW president Jürgen Steinert also applied the solidarity principle to the question of the generation distribution in housing. Besides the public purse, financing of appropriate quantities of new residential accommodation would only be possible if one took the solidarity principle and applied it over the long term to rent levels.

Consequently, we should consider using appropriate rent increases for the older generation's relatively low-cost housing stock, in order to involve them in the generation redistribution from old to young so that there is sufficient living space available for the next generation.

However, this model is not applicable for co-operatives, since they themselves decide on the criteria for housing usage and allocation, based on the principles of self-determination and self administration. Tenancy legislation must therefore acknowledge the specific peculiarities of co-operatives by making provision for their derogation.

Housing Co-operative Ludwig-Frank, Mannheim, Germany

Winner of the World Habitat Award*

The Housing Co-operative Ludwig-Frank provides an outstanding and innovative example of how a dilapidated residential area, housing a multi-cultural population from fifteen different countries, can be transformed into an attractive and habitable district through co-operative self-help and solidarity. It demonstrates that genuine renewal of an area cannot be achieved simply through technical improvements, but that social and cultural development is a key aspect of inner city renewal.



Situated on valuable land close to the city centre of Mannheim, two delapidated housing blocks were due for demolition in 1990. 100 of the 400 dwelling units were vacant and uninhabitable. Despite the appalling quality of the accommodation after twenty years of neglect, a large number of the remaining occupants strongly resisted the idea of demolition. They wanted to retain their inexpensive housing and

stay in their homes where they were well established. Despite burgeoning waiting lists for low cost housing, the city authorities favoured demolition and rebuilding.

The establishment of a housing co-operative was seen as a way forward, enabling the residents to gradually improve the quality of accommodation using the rental income. Against official expectations, tenants were prepared to participate in the co-operative by contributing their own financial resources in the form of buying shares as well as providing other voluntary services. In November 1991 the

* The World Habitat Award trophy was presented to Walter Pahl by the President of the General Assembly of the UN, HE Mr Samuel Insanally. Dr Pahl received the trophy on behalf of the Housing Co-operative Ludwig-Frank Mannheim, Germany.



dwellings were handed over to the residents at no charge, together with a DM 5.5 million grant, in respect of the maintenance work not carried out over the previous twenty years. A year later, the most important repairs and modernisation works had been completed at a total cost of DM 33,500 (\$19,100) per flat. Financial self-help has played an important part in the project, although there has been help from state grants. These grants have been used to bring forward work that would otherwise have had to wait. The 533 members of the co-operative have deposited well over DM 1,000,000 i.e. a credit balance of approximately DM 2,000 (USD 1,143) per member. Although rent levels have increased since the modernisation has been carried out, they have been modest compared to what they would have been had the blocks been demolished and rebuilt



Good housing together with leisure activities help to make healthy and happy citizens.

and have been discussed and agreed with all members of the co-operative.

Extensive improvements were carried out on the dwellings, particularly with a view to improving their energy efficiency. Single glazing was replaced with double glazing and roller shutters and new interior and exterior window sills were provided. Full heat insulation and cladding completed the insulation works. Sanitary facilities, including supply and disposal systems, were replaced and central heating was provided linked into the municipal district heating system. Door entry systems, new letter boxes and replacement balconies helped provide a much improved quality of life for residents.

Considerable work was also carried out on environmental improvements in the area, the most spectacular of



Particular emphasis is placed upon educating the women residents and helping the children.

which being the removal of 800 tons of asphalt and rubbish by German and American military engineers to create a new green environmental area in the centre of the district.

It was accepted by all however that maintenance, modernisation and administration of the dwellings was not everything. The human aspect needed also to be considered and priority was placed upon the provision of a community centre to act as a focus for social and community activities. This was particularly the case since there were fifteen different ethnic groups living in the 400 dwellings. The community centre was opened at the end of 1991 and has both paid and volunteer staff helping to provide a range of courses and training schemes, including language courses for the many different nationalities housed in the project.

Particular emphasis is placed upon educating the women residents and in helping the children, both at kindergarten age and when they first join school, to overcome the language barriers and avoid being disadvantaged at an early age. Homework supervi-

sion is provided for 38 children. All services are provided free of charge to residents. A Sponsorship Committee is responsible for obtaining donations from local companies and other organisations, together with the membership fees which are used to fund these courses and events. In addition to working in the community centre, volunteer workers also help to look after the grounds, saving considerable maintenance costs for the co-op members.

The aspect of the project which is seen as particularly valuable in the work that is carried out is integrating the fifteen ethnic groups and helping to awaken understanding and tolerance in the neighbourhood. The opportunities provided to share leisure and cultural programmes is seen as crucial in this process. The project is recognised as a lighthouse project, both within Germany and beyond, showing the way for many other cities which are attempting to cope with similar problems. With increasing numbers of migrants moving around Europe, the coming years will see increasing need for an example such as that provided by the Housing Co-op Ludwig-Frank.

Industry and Distribution in Italy

An Interview with Coop Italia Chairman*

In your report to the Coop Italia annual general meeting, you clearly emphasised the positive trading results for the financial year but also pointed out that 1993 has been a year of change. What has this change been, what is the nature of this change?

I believe that 1993 has marked the end of a ten-year cycle of major successes, a cycle which has enabled the Co-ops to consolidate their leadership in the distribution market and to take a big leap forward in terms of size and structure. It is not by chance that we are now in the forefront of modern distribution in Italy, consumers support us with their loyalty, the number of members is increasing. But in my view it is the market, people's attitudes, that are changing radically. This economic crisis which involves Italy as well as the West as a whole is in fact causing a profound change, as though new stages are being set.

What are the main features of these changes?

There are three. Primarily there is a drop in consumption which goes way

beyond what the Institute for Statistics (Istat) forecast some time ago, and that was big enough. The economic crisis is with us and it is biting, but it is not the crisis itself that is producing direct repercussions on the market so much as the concern it has generated among the people. A phenomenon which is typical of the United States is now happening in Italy, i.e. a kind of negative circle in which the direct effects of the crisis (overall drop in wages, incomes and pensions in real terms) are coupled with a reduced propensity to the consumer caused by widespread awareness of the country's problems. Unemployment, wages which increase less than inflation and tax burdens therefore end up having a two-fold impact.

Are we talking about a simple drop in consumption or is there more to it than that?

Much more. Consumers are being more careful, less inclined to spend money on things they don't need, taking more notice of prices. We are now moving from the twin concept of quality and service, which held sway in the eighties, to the one of convenience and price which illustrates expenditure on consumption, including food purchases. It is the fundamental question, not an incidental event, which leaves every-

* The above is based on an interview with A. Tassinari, Chairman of Coop Italia, which appeared in "Consume Societa", Sept./Oct. 1993.

thing as before once economic development is sorted out.

That is the first feature of the change that is under way. The second relates to the arrival of the major European distributors on the Italian market. In the Eighties they were virtually non-existent, now they are making headway and trying to improve their standing and their presence. For too long the commercial service sector has concealed unemployment behind the fragmentation of points of sale. Now, the tune is changing and further acceleration is taken for granted in the next few years.

Among those involved in the changes, the foreign distributors - who have strong financial and managerial bases built up from their long-standing experience in their own countries - are seeking position and space. It is not reckless speculation to expect a scenario like Spain, where foreign mass-market outlets predominate. I think that in 1994 we will really have to get to grips with this problem, which some regard as a threat.

I prefer to see it as a serious challenge for Coop. A challenge to our efficiency, our managerial acumen, our flexibility and our market leadership qualities. Because it is one thing to compete with Italian competitors, and quite another to find yourself up against an organisation that has been turning over more than USD 15 billion for years and has experience and know-how which are undoubtedly superior.

So, the first two factors in the general change of picture are the change in the

public's disposable income and the arrival in force of foreign distributors. Are there others?

Yes, the third comes directly from the first two. It is the arrival in Italy of new forms of selling. It is hard discount, which represents on the one hand a response to the drop in consumption and consumers' greater price awareness, and on the other hand it is a form of selling exported by the Germans to Italy. And this is no transitory phenomenon either, which will pass when the economic crisis is over.

There are things that we have been talking about at Coop for some time.

Primarily, in fact, we will have to squeeze prices as much as possible, and then there is another new phase of research and re-organisation for us.

Secondly, there will have to be a serious and constructive discussion with our domestic producers. Industries will have to realise that the greatest efficiency and competitiveness are not created by processes which are adopted unilaterally.

I believe that we have now reached the time for co-operation between ourselves and the producers. There is an enormous amount of scope for agreements. In logistics, for example, and in administrative/financial affairs, in marketing. We need to transcend the company viewpoint and develop an outlook that is more general and in tune with the times, to reach a product and price positioning which leaves less discount margin.

Finally, it is my belief that the time has come for a policy of supra-national alliances in the field of co-operation, both for Italy and the other countries of Europe. In Europe the Co-ops represent a turnover of USD40 billion and above all a clear intention to support consumers' interests. Alliances are natural, we need to look into them and set them in motion. There will be prob-

lems, no doubt. But in my view, the search for a European co-operative venture is the most natural response to the needs of a society which wants the market economy but is not inclined to give up co-operation, its own cultural roots, its own needs in terms of consumerism and protection of nature and the environment.

Co-operatives in the Slovak Republic

by Silvester Adamca*

In 1994 and 1995, the Co-operative Movement will be celebrating significant anniversaries of its foundation and gradual development all over the world. This year is the 150th anniversary of the establishment of the "Rochdale Society of the Equitable Pioneers", and the 100th anniversary of the International Co-operative Alliance will be celebrated at the Manchester Congress in 1995.

Within the framework of these anniversaries there is also the 150th anniversary of the founding of the Co-operative Movement in the territory of the Slovak Republic, which we will celebrate on the 9th of February 1995.

The Co-operative Movement has significantly participated both within Slovakia and within the worldwide context in every historical development stage in order to meet the needs of citizens. From the international viewpoint, there is general knowledge about the Rochdale Pioneers, but very little is known about the long term tradition of Slovakian co-operatives. Therefore, we wish to use every opportunity to in-



form about the co-operative traditions in our country.

In 1845, when the co-operative movement was born in Slovakia, our country was a part of the Austrian Hungarian Empire, a dual State, until its disintegration in 1918. The Empire at that time consisted of Austria, Bohemia, Slovenia, Croatia, present-day Hungary, Slovakia, Transylvania, Halic and Vojvodina.

Czechoslovakia was established after the disintegration of the Empire as a new state, incorporating Bohemia, Slovakia and Subkarpathia, which was previously a part of East Halic.

Within the framework of the democratic State of Czechoslovakia, the Co-operative Movement was developing

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very progressively and relatively independently based on the legislative in force from 1918 to 1939. In 1939, due to the Munich agreement signed in 1938, Czechoslovakia broke up and a new independent Slovak state was established, which existed from 1939 to 1945. The co-operative system continued to develop within the new State framework, even though practically under war conditions.

After World War II, in 1945, Czechoslovakia was reestablished without Subkarpathia which was allotted to the former Soviet Union.

The Co-operative Movement in Slovakia continued to develop on the basis of democratic legislation, which was similar to that found in European democracies.

After the installation of the Communist regime in 1948, the Communist Party of Czechoslovakia reserved the right to decide on everything. It was later laid down in its rules that the Party is the leading power of socialist society. Even after the Second World War from 1945 to 1948, the Communist leaders promised that co-operatives could freely exercise their activities and continue to develop independently as recognition for their active participation in the resistance movement against Hitler.

Co-operative democracy and principles became the target of criticism after 1948. Therefore, only those co-operatives, which submitted to the new conditions and legislation were allowed to survive. The political bodies of the Communist Party didn't even

allow the further existence of credit co-operatives and, without the agreement of members, dissolved these co-operatives. As part of this process, the co-operative societies were transformed into state enterprises or new state enterprises were formed to replace the co-ops in accordance with a theory that the state form of ownership is a higher form in the creation of a socialist society, than the co-operative form of ownership.

The co-operatives which submitted to the new regime had to accept three main tasks: actively help the regime in so-called socialisation (i.e. in suppressing capitalism), engage in the centrally-planned economy, and recognise the territorial bodies of the Communist Party as the institutions which decide on the candidates for important positions. Co-operatives could not get support from their Unions during this period because these were also outlawed. They were replaced by the Central Council of Co-operatives in the Czech Republic and in Slovakia, the Slovak Council of Co-operatives. The leading officials of the Council were not elected, but appointed by the authorities. The different co-operative sectors were only allowed to form their own unions in 1952 and 1953.

The Unions which were given the mandate by the Communist Party to supervise co-operatives during the last 40 years were, however, able to lobby the State in the interests of member co-operatives and some level of co-operative democracy was achieved.

For the Slovak co-operatives an increased independence was in evidence

from the 1st of January 1969 - after the acceptance of the Law on the Czech - Slovak Federation. Since then, the Central Council of Co-operatives in Prague as the superior body, covered independent Czech and independent Slovak Unions of housing, consumer and producer co-operatives, until 1990.

The agricultural co-operatives were controlled through the Ministry of Agriculture and the central planning.

The Uniform Union of Co-operative Farmers which was established in March 1948 to replace the dissolved Agricultural Chamber, was organised in accordance with the new political situation and existed only until March 1952, when it too was dissolved. A Union did not exist until 1968 when "The Slovak Union of Co-operatives and Single Working Farmers" was again established within the framework of the democratisational process. But its activity from 1969 to 1989 was only modified thanks to the efforts of the co-operative members.

The principle changes in the movement took place after November 1989, when the transformation process changed working conditions in accordance with the internationally recognized co-operative principles. In accordance with the Law No.42/1992 on property relations and the restitution of co-operative property, the principal property transformation of co-operatives took place in 1992.

The transformation process has since been aimed at these spheres:

a) the realization of legislative changes especially in housing and agricultural co-operatives;

b) the successful transition of co-operatives to a market economy.

In connection with the separation of the Czech and Slovak Federation into two independent states, i.e. Slovak Republic and Czech Republic, the Co-operative Union of the Slovak Republic was established on the 29th of December 1992. The Union was established in accordance with the legislation regulating the four member unions of housing, consumer, producer and agricultural co-operatives. Besides the tasks which it has to fulfill in relation to the government, Ministries, and the National Council of the Slovak Republic (Parliament), the Union has also become the member organisation of the International Co-operative Alliance for the Slovak Republic.

For the first year of its existence, the Co-operative Union of the Slovak Republic has assumed the coordination and collaboration of activities previously performed by the sectorial co-operative unions, such as representing the Co-operative movement with the State authorities and Parliament and coordinating international collaboration, especially within the framework of ICA.

The main tasks for 1994 are dictated by the economic and social development of co-operatives, the needs of member co-operative organisations and the rules. This will be connected with the growing competition on the internal market for both consumer and producer co-operatives, with the solving of economical and other issues in the agricultural co-operatives and with the

concept solving of the state housing policy regarding housing co-operatives.

The topical tasks solved in the legal sphere are especially:

- the issue of the non-divided fund of consumer and producer co-operatives
- the preparation of legislative assumptions for the establishing of credit co-operatives.

There is a need to perform tasks connected with the activities of the ICA bodies in the sphere of international relations. One of the priorities will be our active participation at the 1st Regional Assembly of the ICA European Region, which will be held in October 1994 in Prague. Our active work on ICA Specialized Bodies is also important.

There is a need in 1994 to more intensively extend our participation at the PHARE programme with the use of the Co-op Network for Co-operative Development possibilities.

It would be useful to organise an international workshop this year focussing on topical issues for the movement. Another important activity this year will be to participate in exhibitions, especially the all Slovak co-operative exhibition COOPEXPO 94, which will be held in June 1994 in Nitra.

As in other countries there is a pressing need to extend promotional activities. To fulfil this task, we will exploit more fully the International Co-operative Day.

In this regard preparations for celebrations to mark the 150th anniversary of the Co-operative Movement in the Slovak Republic and the 100th anniversary of the ICA are extremely significant. In connection with the ICA celebrations, we are preparing some activities in 1994 and 1995, which should contribute to the positive image of co-operatives in the Slovak Republic and to their further successful economical and social development. The all co-op exhibition COOPEXPO 94 should also serve this aim. This exhibition will be held from 22 to 26 June 1994 at the exhibition ground, Agrokomples Nitra and we intend for it to become an annual event with wide international participation, with a view to extending the possibilities of collaboration with other ICA member organisations.

Activities to mark the 150th anniversary of the Co-operative Movement in the Slovak territory will include international workshops on the themes: "150 years of Co-operatives in Central and East Europe" in November 1994, and "The development of co-operative democracy in the Slovak Republic territory during 150 years" in February 1995. These two projects which we propose to include in the PHARE Democracy Programme for 1994, should result in the publication of a book which will be used as educational material in schools, as well as for the education of all co-operators and ordinary citizens. The entire Co-operative Movement has a significant position in the Slovak economy. It jointly represents more than 200,000 co-operative employees and 1 million co-operative

members, out of a total of 5.3 million Slovak Republic citizens.

The Slovak Union of Housing Co-operatives runs 22% of the housing fund of the Slovak Republic. In accordance with the new Laws, the new economical environment requires structural changes in state housing policy including the control of housing co-operatives. Simultaneously, there is a need for co-ops to collaborate with towns, villages and other interested parties concerned with housing development.

The most important task is to initiate an amendment to the Law on the ownership of appartments which favours the co-operative sector. We wish to be involved in amending the present legislation as a part of the social economy.

The restructuring of communal sources of energy and of the housing fund, in accordance with the programme of energy saving, will be future priorities. We would like to solve these issues and projects in collaboration with international organisations such as World Bank, within the PHARE programme, or within other aid programmes from foreign countries.

The Slovak Union of Consumer Co-operatives currently represents one of the most important trade systems that provides services in the retail and wholesale trades and catering establishments. The consumer co-operatives' share of retail turnover represents approximately 13% of the total Slovak Republic turnover.

1991 represented an important turning point for the consumer co-operatives. Bank credits were increased after prices had been liberated. These covered and still cover the means of turnover and include the co-ops' stock. The interest rate until 1990 was only 6%, but since early 1991 it has increased to 19%, a 3-fold increase. This, combined with other market influences, has created economic problems for many co-operatives.

Several operational and conceptional measures have been taken, aimed at restructuring the purchase, wholesale, retail and catering activities of consumer co-operatives and solving any information or control system problems they may have.

When preparing and realizing concrete measures, consumer co-operatives benefit from the knowledge and experiences gained from the work of consumer co-ops in economically developed European countries, used to working in a competitive market economy.

The Slovak Union of Producer Co-operatives produce 4% of consumer goods and one percent of the total production in the building industry in the country.

The producer co-operatives were also affected by the transformations of 1992. Property relations between the co-operative and member and between the co-operative and the state were worked out. Producer co-operatives' rules were also changed to bring them in line with those regulating co-ops in economically developed European countries.

The transformation of producer co-operatives also has to change the employee and work relationship to a member and interest relationship. But this process needs more time.

The producer co-operatives play an important role in providing employment for handicapped people. The government has made concessions, giving these co-ops economic advantages which help these types of co-ops to survive.

Structural changes and technical support are also imperative; these should include the creation of international joint ventures.

The Union of Agricultural Co-operatives of the Slovak Republic represents the agricultural co-operatives which farm 70% percent of the arable land in the Republic.

A significant transformation has also been carried out in accordance with the Law No. 42/1992 Zb. and restitutions. An amendment to this Law is being prepared in order to extend the business activity.

Financial issues are the current priority due to the present non-profit activity of agricultural production within the changing macro-economic conditions. Measures have been taken to prevent a decrease in production, and indeed to foster the necessary conditions for a qualitative growth.

An area we would like to revitalise is credit and saving co-operatives. We are preparing a legislation that could allow us - after its acceptance by our Parliament - to extend their activity as another co-operative system working



Production co-ops provide working places adapted to the needs of handicapped people.

for the benefit of its members and for the development the whole Co-operative Movement. The Co-operative Union of the Slovak Republic and its four member unions work today to successfully master the transition of co-operatives to the market economy and to give them the necessary know-how to face growing competition of other local and international competitors. We are aware of our duty to work more actively with our members in solving their problems and meeting their needs.

We believe that the spirit of the 150 years' tradition of the movement in Slovakia and increased international collaboration with members of the International Co-operative Alliance will help us master the present problems. We also try to contribute to the development of the Co-operative Movement in Europe and in the world.

Agricultural Co-operatives in the Republic of Slovenia

by Franci Avsec*

Tradition is Rich but Contradictory

Farmers' co-operatives in Slovenia have a tradition of over a hundred years. They have managed to survive a variety of economic and proprietary systems with numerous and often contradictory changes. It is difficult to understand the present situation, obstacles and possibilities of farmers' co-operatives without an insight into those changes.

Although the first Slovenian co-operative is considered to be the Society for Assistance to Craftsmen and Artisans in Ljubljana (founded in 1856), the farmers' credit and other co-operatives began to develop faster in the last decades of the 19th century, initially in the north-eastern parts of present day Slovenia. Following the Czech example and under the leadership of the patriotic intelligentsia (brothers Dr. Joze and Mihael Vosnjak), the co-operatives were characterised by a sense of national self-protection. As early as 1883, Mihael Vosnjak initiated the foundation of the first co-operative union - the Union of Slovenian Loan Societies in Celje, which started auditing its members five years later (1888).

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Towards the end of the 19th century, the farmers' credit and other co-operatives played a distinct social role during the great debtors' crisis, which ruined many farms and forced numerous people to flee the country. The most famous organiser of co-operatives at the time was Dr. Janez Evangelist Krek, the spiritual leader of the Christian social movement.

The situation of the co-operatives was exacerbated by the world depression in the 1930s. Numerous state regulations postponed any settlement of the farmers' debts and failed to offer any solution, although the Yugoslavian monarchy unified co-operative legislation by adopting the Act of Economic Co-operatives in 1937.

Farmers' debts were written off during the agrarian reform which followed the Second World War. The pre-war co-operative unions, and soon afterwards the credit co-operatives were wound up and their property was nationalised, so that agricultural marketing co-operatives began to play the most important role. An enthusiastic post-war recovery caused the number of co-operators to reach the pre-war level by 1946.

New constitutional provisions and regulations on co-operatives were initially modelled on the Soviet example. Co-operative property was introduced as a special, 'inferior' kind of socialist property. However, as the political campaign for collective farm co-operatives flagrantly violated the principle of voluntariness and the collective farm co-operatives were economically unsuccessful, a decree, issued in 1953, made it possible for the farmers to wind up these so-called co-operatives. The land shares and other equipment were then mainly returned to members. Irrespective of the land limit, introduced at that time, most of the agricultural and forest land continued to be privately owned.

Later, the transition from the state-administered system to the system of the so called workers' and social self-management was constitutionally regulated, which was partly due to the failure of collectivised co-operatives. This resulted in more efficient, relatively well-organised mass-farmers' supply and marketing co-operatives, which united nearly all the farmers. By the end of 1956, there were 695 farm-

ers' co-operatives with approximately 126,000 members.

New regulations on farmers' co-operatives, issued in 1958 and 1965, however, put farmers' co-operatives on the same level as social enterprises. The agricultural policy of that time considered the large, socially-owned non-co-operative agricultural combines as the prime movers in agricultural development. In the early 1960s, all representative co-operative unions at regional and country level were administratively merged with the united economic chambers, while the business co-operative unions were transformed into non-co-operative enterprises. Farmers' co-operatives had to cede work in forests to special forestry management units. These changes were followed by a massive merging of farmers' co-operatives among themselves and with agricultural combines, as well as by the attainment of independence of former processing co-operative plants transformed into autonomous social enterprises. Co-operatives were denied all proprietary rights and managerial influence in those social enterprises. There were only 78 farmers' co-operatives with 48,713 members in Slovenia by 1965.

Towards the end of 1960s, the unfavourable political position on private farmers and their co-operatives began to change. One of the first signs evidencing this political change was the 1969 Act, introducing a special financial system into the agricultural co-operation, based on the "savings and loans sections" within the agricultural and forestry co-operative organisa-

tions. These sections played an important role in gathering savings from farmers' and co-operative employees as well as granting investment loans for the modernisation of private farms. The Slovenian Republic supported the financial activities of the sections, guaranteeing the savings deposits and granting low interest rates for investment loans. The investment structure was not always economically optimal, because of the limitation imposed on the private farms' land ownership (the land maximum was not abolished until 1991).

In 1971, the farmers' co-operatives founded the Union of Savings and Loans Sections as the central financial institution in agricultural co-operation. On the basis of the first Slovenian Act on Farmers' Associations, the Co-operative Union of Slovenia was re-established in 1972.

After the introduction of the multiparty political system in 1990, the Republic of Slovenia became an independent state. In March 1992, the Act on Co-operatives was one of the first to be adopted.

Present Changes and Problems

The operating of farmers' co-ops is to a large extent defined by natural features, as well as the social and economic structure of Slovenian agriculture. Slovenia has a lot of forests and meadows, if compared to other European countries. Approximately half of its total territory (the total territory of the Republic of Slovenia extends over 20,000 square kilometres) is covered by forests, and more than a half (53%)

of the cultivated land is grassland. Approximately 70% of agricultural land lies on territories with limited production capacities (hilly, mountainous, alpine and karst regions). Private ownership accounts for 83% of agricultural (arable) land and 62% of forests. It is expected that the share of private agricultural land and forests will increase due to denationalisation.

The most difficult problem of further agricultural development is an extreme fragmentation of land. A rapid transition of the population from agriculture to other activities was indeed not followed by the process of land concentration. Private agricultural land has been fragmented especially in the lowlands. The Slovenian agrarian structure is therefore characterised by a great number of small farms, which have to earn an income not only from agriculture but also from other sources, which is primarily through employment outside the farm.

In the total agricultural production animal husbandry prevails (60%, especially cattle breeding), before cultivation of fields and meadows (34%), whereas wine cultivation (3%) and fruit growing (3%) have much smaller shares.

According to the data issued by the Co-operative Union of Slovenia, there were 130 agricultural co-operative organisations with approximately 30,000 members in Slovenia in the middle of 1993.

Since wood trading has been deregulated according to the newly adopted

Forestry Act (1993), important changes are expected also in the co-operative organisation of formerly privately-run forestry that will no longer be obligatory separated from agricultural co-operatives.

The share of farmers' co-operatives in the purchase and sale of agricultural products is substantial in animal husbandry (milk and meat), and important in cereals (wheat), industrial crops (sugar beet) and vegetables. Co-operatives also supply farmers with reproduction material, consumer and other goods.

Since the agricultural and forestry co-operatives have for many years been mostly product-oriented, their marketing function being combined with the distribution of state subsidies to the private farmers, they are now having problems adapting to increasing competition. This cannot be done overnight, so that improvements are very likely to be slow, without any spectacular breakthroughs.

Due to the past trend for processing units to become independent, there is a very small share of farmers' co-operatives in the processing industry (for example, only 10% in the production of dairy products). It is expected that the co-ops' share will be increased due to the right of co-operatives to participate in the privatisation of the food-processing industry and the denationalisation (restitution of co-operative property which has previously been nationalised).

There are 63 savings and loans societies in membership of a Union, which all provide financial services to farm-

ers' co-operatives. A special Act stipulates that savings and loans societies are organised as savings banks (not co-operatives). They accept deposits of co-operators and co-operative workers, and underwrite liquidity and investment loans raised by farmers and co-operative organisations.

Central Co-op Organisations

The (Agricultural) Co-op Union of Slovenia
According to the 1992 Co-operative Act, the union became a voluntary association of agricultural and forestry co-operatives and their tourist organisations at national level. The Union's main objective is to promote and support the interests of its member co-operatives.

As the first steps were taken towards a more open market economy, the Co-operative Union became aware of the challenge of increasing competition. In order to concentrate the crumbled financial and marketing co-operative forces, the Union took the initiative and acted as the main promoter for the establishment of the Slovenian Co-operative Agricultural Bank, the Co-operative Tourist Agency (both founded in 1990) and the Co-operative Agricultural Wholesale Society (founded in 1991). In 1993, the establishment of the Co-operative Insurance Company was planned. However, plans may have to be postponed due to the deteriorating economic position of farmers co-operatives' and the introduction of more rigorous criteria for new insurance companies.

Among its tasks, the Union sees co-operative education and auditing as

the most urgent. Since co-operative education has been neglected for decades, it is necessary to develop the members' capabilities for solving their problems by co-operative decision-making. On the other hand, competent employees are badly needed in marketing and financial management.

Because many co-operatives are in financial trouble, co-operative auditing is equally essential, not only to safeguard members' interests, but also to regain the confidence of existent and potential members. Therefore, the Union is striving to restore the system of co-operative auditing which functioned efficiently from 1903 till 1961.

The Union of Savings and Loans Societies

In 1980, the savings and loans sections within the farmers' co-operatives formed themselves into autonomous savings and loans societies, while the farmers' co-operatives retained the founder's control rights. Also other legal persons, but not individuals (like farmers), could join the co-operative as founders of the savings and loans society. In this way, the savings and loans societies could expand into other activities such as the food-processing industry.

In the recent years of the economic recession, the savings and loans societies, with their widely-spread network have proved to be efficient and have guaranteed the liquidity of the whole farmers' co-operative system. However, they are also facing serious difficulties arising from the restrictive monetary policy and reduced long-term investments in private agriculture. The

banking authorities are pressing to introduce similar capital and control requirements for co-operative savings and loans societies as those used to regulate other financial organisations. Although the measures for financial stability cannot be disputed, it must be borne in mind that the savings and loans societies are legally allowed to operate within a narrower range of activities than banks.

The Slovenian Co-op Agricultural Bank

For example, the Co-operative Bank was established because some important financial transactions, like giro accounts for legal persons, and foreign currency transactions, were not allowed to savings and loans societies, and that is still the case today. The Bank was established as a company limited by shares (joint-stock company) in January, 1990. The shareholders of the Bank are not only farmers' co-operatives and their savings and loans societies, although they are holding the majority of ordinary (voting) shares. In order to gather the minimum capital required and then raise it through new emissions, the Bank accepted several forestry and food-processing enterprises as important shareholders, while the nonvoting, preference shares were allotted to farmers and other individuals.

After several emissions of shares, it could be said that increasing the capital and maintaining more than half of the shares in the hands of the farmers' co-operatives has become a problem for the future development of the Bank, while the financial authorities are introducing more severe criteria here

also, directly binding the range of activities with the amount of the guarantee capital of a bank.

The Bank concentrates on transactions with legal entities, above all, farmers' co-operatives and food-processing enterprises. There is some informal division of activities between the Bank and the savings and loans societies. The basic financial services for rural farmers and individuals are almost exclusively provided by savings and loans societies, acting at local level and having a better knowledge of the circumstances (credit capability and so on) of their numerous customers.

Since the Bank has begun to establish its first branches in the most agricultural regions of Slovenia, it would appear that the co-operation between the two financial systems will be even more important in the future.

The Co-op Agricultural Wholesale Society

The Society was founded as a company with limited liability by farmers' co-operative organisations in June 1991. It is registered for wholesale and retail trade as well as import and ex-

port activities, market research, consultancy, and the organisation of fairs and commercial exhibitions, and acts as an intermediary and representative with consignment and similar business services.

Through joint purchasing power, the co-operatives have rapidly managed to become one of the greatest national wholesalers for agricultural requisites, like fertilisers, feeding-stuff, seeds and other materials. Agricultural inputs, especially final branded products seem to be subject to far greater import barriers than other products. Moreover, the agricultural co-operatives still have a small share of the market not only in the food-processing industry, but also of the large shopping centres.

The Co-operative Tourist Agency

The Agency was established in 1990. The major shareholders of this limited liability company are individual farmers and a few co-operatives. The main object is to sell the tourist facilities which farms have to offer but the agency also deals with other tourist services for farmers and tourist services connected with agriculture.

The Contribution of Co-operatives to Job Creation

The Swedish Case

by Per-Olof Jönsson*

Poor Tradition of Worker Co-operatives

The Swedish Co-operative Development and Research Institute, Koopi, is the organisation which coordinates the development work of six national co-operative federations and represents their interests with Government by acting as a lobby. In Sweden, as you may know, we have a very poor tradition of worker co-operatives. The co-op sector has a yearly turnover of some 20 billion ECU or 8% of the GNP. Less than 1% of this overall turnover is represented by the worker co-ops. The main figures belong to consumer and agricultural co-ops with some 8-9 billion ECU each. We had two small booms of new worker co-ops in the early 70s and early 80s. Many of those unfortunately became bankrupt during the current recession.

Currently, new worker co-ops are becoming established within the public service sector - some 100 new co-ops during the last two years with some 1,000 employees. These, however, are

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not new jobs but replacements for former public jobs and for the co-operators themselves an alternative to unemployment or privatisation through buy-ups. A network of 20 local co-op development agencies financed through central and local government as well as the co-op business, are playing an important role to stimulate and advise people to set up new co-ops.

Survival Means Change

However, the Swedish economy is undergoing a deep recession caused by both global and domestic structural reasons in the public and the private sectors. Unfortunately, the recession happened at the same time as the deregulation of internal rules and the privatisation of public services. The present rate of unemployment is ex-

tremely high in relation to the normal level in Sweden.

The recession has also forced the co-ops to a very hard and tough modernisation and rationalisation in each of the sectors where they are active. During the boom in the 80s, the Swedish co-ops had a strategy for buying up-market concerns to boost their own image. The consumer co-ops, for example, brought non-food retail chains in order to introduce them in city shopping-malls.

The insurance co-ops went into the medical care sector, bought a medium size hospital and created some ten new centres for medical rehabilitation.

The housing co-ops were pioneers in the building of high quality apartments and developing new technical and environment-friendly systems.

Most of the co-op expansion during the 80s was dependent on general market signals, consumer patterns or public regulation systems, such as income taxation reform and different forms of subsidiaries.

Then the time came when the "Swedish model" has to be refreshed and modernised, the co-ops were also obliged to change in order to survive. Concentration on the core businesses is the key solution at the moment for all Swedish co-ops.

Sell-outs and reductions have replaced the strategies of the 80s.

Co-ops today contribute to the escalation of the unemployment. In 1992,

thousands of jobs were lost in the co-op sector, most of them through the selling off of assets and the pruning of activities.

Co-ops and Job Creation

With this perspective as a background, one might be pardoned for asking whether there is any contribution at all in the co-op sector to job creating activities? The most important answer is that the co-op sector has survived in its present state. All co-ops have survived the present recession so far, although with some financial difficulties related to the lack of capital interest and the ensuing dependence on external capital loans.

However, we should recognise that co-operation is a long-term activity. There are some interesting characteristics :

Firstly, the Swedish co-ops are rationalising more than their private competitors; it means that they will stay strong and become even stronger in the future. This is a very important strategy in order to contribute to the division of social resources and new jobs in the long run. A reduction of 10% in the workforce has ensured the stability of the remaining 90% of jobs.

Secondly, more and more non-members are joining co-operatives and the total membership is continually increasing. The crisis has forced the co-ops to place higher attention on basic issues, members' fortunes in terms of price and quality, which are playing a more important role than the number of shops or new apartments. It is also

interesting to notice that environmental questions take second place, after the price, as the reason why the consumers choose the co-op alternative in the retail sector. This increases the market shares and can also create new jobs.

Finally, the crisis has also forced the co-ops to modernise the decision making and logistic structures. The federation is almost an historical phenomenon. Centralisation of business decisions however will be followed by new forms of member participation, communication and democratic influence.

The following are examples of present job-creating activities in the co-op sector:

I will mention the first one as "infra-structural co-operative development" which takes place mainly in the countryside in the north of our country. This type of development is a part of the regional policy for replacing former industrial jobs. These were often concentrated into one big industry - such as the forest or steel industry. Now small scale co-operatives within sectors, where the producers are at the same time consumers in a local economic system, are established. In the county of Jämtland, some 100 new co-ops, providing approximately 1,000 new jobs, have been created during the last five years, in social services, handicraft, retail, transportation and so on. They are said to deliver their facilities to each other!

The alternative to those 1,000 jobs should have been a new wave of emigration. This development should not have been possible without the total

support of all regional and municipal administrations as well as from the banks and other financial institutions.

My second example I will mention as "social co-operative development". The number of child daycare centres and kindergartens is still increasing. We now have more than 1,000 such co-ops with 20,000 children and 4,000 employees. These do not replace existing public services but complement them, so the number of new jobs is a net contribution.

The third example I will characterise as "integrated co-operative development" which is taking place mainly within the housing co-ops as an alternative to privatisation. The housing co-op, HSB, has established a special branch for social services named "HSB neighbourhood services". The name indicates that this idea is a continuing part of the core housing co-op idea. HSB is, so to say, taking over former public services such as housing for the elderly, mobile home services and primary health care.

This has already created several hundred new jobs in the very short term and hopefully will escalate rapidly.

New Ideas for the Future

Finally, I think there will be a high number of similar examples in the future as a result of the many experiments of the new liberal theory. Mutual solutions will again be considered important. At the present time we are lobbying the government and the trade unions in order to get unemployment benefits transformed into share capital

in co-op societies. This system would be combined with a duty to employ young people.

One such sector for the creation of new co-op jobs is, of course, environmental systems and structures. Recycling and refilling-systems must be developed on both the industrial and household levels.

Must then the consumer and housing co-ops leave this development to private multinational oligopolistic interests? Could we solve our needs by creating new co-ops and new jobs? I indeed hope that my answer can be related to the contribution of the social economy to the creation of employment.

Points for Consideration

Finally, some remarks to the discussion: The cost difference between giving a person his notice or keeping him

employed, in accordance to Swedish and Danish studies is only 1,000 to 2,000 ECU/annum.

This fact should be used by the actors of the social economic sector to persuade their national governments and the EC-structure to make more efforts for job creation in the whole of Europe.

There are so many ideas, needs and uses for the co-ops to fulfil that there need be no conflict between the social economic sector and the government-steered public sector.

Co-ops cannot take more economic responsibility than their private competitors because, as they are acting on the market on behalf of their members, they have to be competitive.

I believe that there is no need for another transnational network. We can use the vast number of already existing networks.



PHOTOGRAPH OF THIRTEEN OF THE ORIGINAL MEMBERS
OF THE
ROCHDALE EQUITABLE PIONEERS' SOCIETY.

1. JAMES STANORING. 2. JOHN BENT. 3. JAMES SMITHIES. 4. CHARLES HOWARTH. 5. DAVID BROOKS. 6. BENJ. RUDMAN. 7. JOHN BODDSCROFT.
 8. JAMES MANOCK. 9. JOHN COLLIER. 10. SAMUEL ASHWORTH. 11. WILLIAM COOPER. 12. JAMES TWYDALE. 13. JOSEPH SMITH.



The first little store of the Rochdale Equitable Pioneers Society began business in 1844.

1994 - Why the Co-op Has Something to Celebrate

by Iain Williamson*

It is not the sort of scene where you imagine momentous history should be made: a small, gaunt warehouse situated half way up the bleak hillside on one of the cobbled streets leading out of a grimy Northern town.

This is a windswept Saturday evening on the longest night of the year, December 21, and the bells of the parish church are ringing out a Christmas peal. Outside the warehouse a crowd of townsfolk has gathered; some just to gawp, others to make fun and to jeer, and a few to watch with a mixture of anxiety and pride - mainly anxiety! Inside, as the shutters are taken down from the windows, a humble shop begins trading for the first time.

So it was that the first little store of the Rochdale Equitable Pioneers Society began in 1844. It may have seemed quite insignificant at the time, but it is no exaggeration to say that what happened when the Rochdale Pioneers set up shop changed the course of history for millions of ordinary people. Now, 150 years later, the Co-operative Move-



ment in Britain is preparing to celebrate the anniversary of that event and the aim is to show that Co-operatives are as relevant in the 1990s as they ever have been.

Today, the Co-operative idea has been taken up by more than 700 million people in over 100 countries, with co-ops providing jobs for skilled craft workers in India, marketing expertise for farmers in the United States, healthcare for Japanese and precious credit for rural peasants in Africa. It's a great invention which has been refined and improved upon wherever it has been adopted. And like so many good ideas, it has been given a new impetus by every new generation who rediscovers it.

* Mr Williamson is Chief Information Officer at the Co-operative Union Ltd in Manchester (source: *Members Magazine*, Spring 1994).

In Britain alone, consumer co-operatives provide thousands of retail outlets from giant hypermarkets to neighbourhood convenience stores, and from car showrooms to travel agencies, enjoying an annual turnover of more than £7 billion. The Co-operative Insurance Society serves four million families - one of the largest market shares in the country - while the Co-operative Bank carves a growing market niche for its financial services which provide an impressive blend of ethical concern and technical innovation. Co-operatives work successfully in many other sectors of the economy too. Worker co-ops, agricultural co-ops, credit unions, housing co-ops and many other common ownership enterprises all inherit the fundamental aims of mutual aid and self-help derived from the Pioneers.

While the story of the Pioneers has certainly never been forgotten, this year does provide a chance for the remarkable message of triumph over adversity to reach a new and wider audience. Life was almost unimaginably harsh in the Lancashire textile town of Rochdale in 1844. The conditions of the time, combined with a contempt for consumers which led to widespread adulteration of food and selling by false weight, persuaded the Pioneers to seek a radically new approach to the supply of basic provisions by setting up a retail co-operative society.

Saving a few pennies every week, these 28 working men scraped together enough capital to rent the ground floor of the warehouse in Toad Lane and set up a shop selling wholesome food at

reasonable prices. The competing shopkeepers who watched in derision the first opening on that December evening may have scoffed at the idea of a shop run by its own customers, but they didn't laugh for long as the Co-op business began to prosper.

We should remember, too, that what the Pioneers established was far more than just a shop. In an upper room of the Toad Lane warehouse they opened a school and a free lending library for members and their children long before the state provided education for working people.

This was certainly not the first Co-operative in Britain, but what made the achievements of the Pioneers so special were the decisions and practices that they adopted, which became known the world over as the Rochdale Principles of Co-operation. These included voluntary and open membership, democratic control, the provision of educational facilities and the return of profits (or surplus) to members in proportion to their purchases - the famous Co-op dividend.

From these humble Lancashire origins the idea of consumer Co-operatives spread rapidly and by the end of the nineteenth century Britain had more than 1,400 separate societies adhering to the Rochdale Principles, while the system was also taking root vigorously throughout Europe and beyond.

Today the legacy of Rochdale is enshrined in the Co-operative Principles promoted by the Co-op's world body,

the Geneva-based, International Co-operative Alliance. In this country it lives on directly through two of the Co-op's major institutions, the CWS and the Co-operative Insurance Society, both of which owe their very existence to the foresight and enterprise of the Pioneers themselves. The Pioneers' own 'Equitable Society', meanwhile, has become part of United Norwest Co-operatives, the largest regional Co-op in the country with a successful retail presence that extends from the North Midlands to the English Lake District.

There is much to be grateful to the Pioneers for in 1994, and appropriately the first shop at Number 31 Toad Lane has been lovingly preserved and transformed into a museum which is visited by thousands of co-operators from across the world. "Some of our visitors literally kiss the walls of the building when they arrive," says the Museum Curator, Roy Garratt. "In developing countries the Co-operative system is still transforming people's lives, just as it did those of our forefathers, so when they come to Rochdale they regard the building as something of a shrine."

The Museum contains precious documents and other memorabilia dating back to the time of the Pioneers and shows the simple layout of the original store, with bare planks across wooden barrels forming the counter where the basic commodities such as butter, sugar, flour, oatmeal and candles were served to members. Visitors in 1994 can also see a special photographic exhibition on the upper floor which

gives an insight into the way the Movement has developed in other countries.

Celebrations of the Pioneers' anniversary will begin in May and - appropriately enough - Rochdale will be the focus for many of the events that are planned. A national exhibition running until December in the town centre Esplanade building, with free admission to schoolchildren and the public, will highlight the Co-op's modern achievements and latest developments, in deliberate contrast to the historic perspective of the Rochdale Pioneers Museum.

On August 13 and 14 a National Celebration of Co-operation in Rochdale will take the form of a massive carnival-style family weekend with a mixture of funfair attractions, street entertainment and a worker co-operative 'fayre'. Other events include sponsored community arts initiatives; an environmental improvement project which will provide a lasting legacy to the town; and the inauguration of a long-distance circular walk starting and ending in Toad Lane.

There will be many national events too, such as a special tour by Manchester's acclaimed Hallé Orchestra, sponsorship of the 1994 National Brass Band Championships, a touring festival of films on the theme of Co-operation and a musical play for children which is being offered for performance by schools throughout the UK.

The celebrations will reach their climax on December 21 - the actual anni-

versary of the opening of the Pioneers' first shop - when all sections of the community in Rochdale will join together for a memorable torchlit procession through the town, followed by a fireworks and laser display which will be a spectacular conclusion to this anniversary year.

The Co-operative Movement has come a long way from its humble origins of 150 years ago, and the anniversary provides a rare occasion to celebrate past achievements. More important though, it reminds us all - members and employees alike - that even more exciting prospects lie ahead. The Pioneers were

practical folk who looked to the future with enterprise and vision. Co-operators in Britain and all over the world will see 1994 as a chance to show their own determination to carry the spirit of the Pioneers into the next millennium and beyond.

NOTE: The Rochdale Pioneers Museum is open daily except Mondays. Opening hours for 1994 are 10am - 4pm Tuesdays to Saturdays, and 2pm - 4pm Sundays. A full programme of special events planned for 1994 can be obtained from the 1994 Celebrations Office, Holyoake House, Hanover Street, Manchester M60 0AS. Tel: 061 832 4300, Fax: 061 831 7684.



Diary of Events

May

- 1st, 8th BBC-TV transmit editions of Mastermind from Rochdale Town Hall to mark the 150th Anniversary Celebrations
- 10th, 17th First performance of Out of the Red, by Cartwheel Community Arts at the Pump House, Bridge Street, Manchester
- 22nd Inaugural walk of Pioneers Round for long-distance walkers From Toad Lane, Rochdale
- 26th Opening of National Co-operative Exhibition, Esplanade Building, Rochdale
Provisional first performance of sponsored M6 Theatre project Esplanade Performance Area
- 29th - 31st Co-operative Congress, Town Hall, Rochdale
Launch of the book The People's Business Rochdale

July

- 1st Official opening of the period Co-operative shop recreation at The Pump House, Bridge Street, Manchester, National Museum of Labour History's new exhibition centre.
- 8th - 10th Co-operative History Workshop, Co-operative College, Loughborough
- 12th 150th Anniversary Seminar, House of Commons
- 13th Co-operative Women's Guild Picnic, Co-operative College
- 22nd - 24th Women's Celebration of Co-operation, Co-operative College

August

- 1st - 14th During this period the Co-operative Film Festival will be launched at the South Bank, London, followed by screenings at regional film theatres around UK
- 9th - 13th International Youth Seminar, Co-operative College
- 13th - 14th National Celebration of Co-operation Rochdale
Proposed performance of sponsored AFTER theatre project Rochdale Town Centre
Cartwheel Community Arts perform Out of the Red Esplanade, Rochdale
- 17th - 21st Music, Drama & Dance Festival Co-operative College

September

10th Pioneers Round - fun walk and evening barbecue,
Rochdale

17th - 18th Staff Sports Finals, Loughborough University

October

1st - 2nd British Brass Band Championship Finals, Lower Divisions,
Wembley Conference Centre

15th British Brass Band Championship Finals, Premier Division
Royal Albert Hall, London

December

21st Grand Finale of the Anniversary Celebrations, Town Centre,
Rochdale

Please note that this diary of events is provisional and subject to change.

Co-operative Democracy in the CWS

by Edgar Parnell*

The term "democratic deficit" is widely used to describe the situation - common in many types of organisation - in which the level of involvement and participation in the democratic process is in decline. This trend may readily be observed in local government, trade unions, political parties and many voluntary organisations. Much of the blame is attributable to the fact that what were once small, community-based enterprises have become large-scale organisations serving far wider geographic areas.

It was not so long ago that every village and town had its own Co-operative Society which was an integral part of the local community and influenced nearly every aspect of the daily lives of its members and their families. Now most parts of Britain are served by co-operatives which cover large regions, as in the case of the CWS which provides services through the length and breadth of the country. Within small organisations it is relatively easy to generate a sense of belonging and a feeling of direct involvement; but the



greater the size and geographic area of an organisation, the more difficult it becomes to engender interest in the democratic process.

Old minute books of the former local retail societies provide fascinating insight into their members' active involvement in even the most minute details of their operations. Democratic participation in the large-scale modern-day co-operative cannot possibly follow such a tradition, as the scale and complexity of operations require decisions that affect large networks of shops and stores, which of necessity must observe common policies. Nevertheless, democracy remains one of the key ingredients of a successful co-operative enterprise, whatever its size and scale of operations. Yet the ways in which the democratic process can be successfully applied within the large-

* Mr Parnell is Director of the Oxford-based Plunkett Foundation which for the past 75 years has supported the development of co-operatives both within the UK and internationally (source: *Members Magazine, Spring 1994*).



scale co-operative must be specifically designed to meet the new situation.

It is important to remember that the democratic process is not an end in itself, but rather the means to ensuring that the co-operative continues to serve the best interests of its members and is responsive to their needs. Above all else, this means that the democratic framework must ensure that the organisation remains in the control of its members.

"Democracy" entails much more than simply casting a vote when it is time for elections to committees and the board. "Hands-on" democracy should include the opportunity to participate in a two-way communications process, with members expressing views on how the business ought to be run for their own benefit and being kept informed about what is happening

within their business. Professional managers have a duty not only to manage a successful business - but to provide "members with explanations". Members need to feel that their participation is welcome and that their views will be listened to. At the same time, they need to be realistic in their expectations, for, of course, it is not practical - or possible - to act on the specific suggestions of every individual among many thousands of members.

The media has given extensive coverage to the recent development of warehouse clubs and so-called "membership" schemes offered by some retail companies. However, none of these businesses offers the opportunity provided by co-operatives - that of participating in the ownership and control of the business - nor do they offer universal acceptance to all who wish to take up membership.

The CWS must now be the largest democratically controlled business in the United Kingdom offering ordinary men and women the opportunity to be involved in the democratic process - all the way from the local branch committee to the board room.

Last year the CWS updated its rule book, and in so doing adopted provisions to ensure that the democratic process was maintained and strengthened, allowing individual members to participate fully in the affairs of the Society. Previously many of the retail co-operative societies which are now integrated within the CWS had not actively promoted the recruit-

ment of members or provided a branch structure which encouraged member involvement in their affairs. As a result, member participation was often limited to the "old faithful".

However, in recent years the CWS has addressed the co-operative "democratic deficit" by taking positive steps to encourage meaningful active membership participation throughout the organisation. For example, there is now a senior manager with corporate responsibility for rebuilding and revitalising the democratic structure. His tasks include implementing a membership strategy based on recruiting new members and re-registering former members among those shopping directly in co-operative stores. Already some 200,000 individuals have been placed on the list of active mem-



bers. Steps have also been taken to raise the level of interest among members, and this magazine is one of the products of that policy.

The process of member involvement starts at the branch committee, which is designed to provide opportunities for members in a specific locality to become involved in the affairs of the Society, and leads to a regional level or organisation which equates to the management structure of CWS retail operations. In many areas, new branch committees have been established where no local democratic structure previously existed. Paralleling this, new and existing branches of auxiliary Co-operative organisations (namely the Co-operative Women's Guild, the Woodcraft Folk and the Co-operative Party) are being supported.

The degree of member participation within any co-operative depends largely on the impact which the co-operative has on the daily lives of its individual members. If the member depends upon the co-operative to meet only a few needs, there is less motivation to participate actively in the affairs of the Society.

In the future we could expect that member interest in the democratic process may need to be built upon the foundation of more specific interest in the goods and services provided by the Co-operative. Members encompass many different areas of interest, and it is no longer sufficient to rely upon that interest being generated by the link to a community in a specific geographic location. The source of motivation for a commitment to participation may now be more specialised, such as services provided in respect of travel, motor cars or home improvements.

It is the responsibility of not only the professional management, but also the individual members and their leaders, to welcome into the democratic process both new members and all those who have not previously participated. It should come as no surprise that most people are put off participating in an organisation if they are not made wel-

come and helped to understand the processes that make democracy work.

The democratic structure in any large-scale co-operative has to provide the twin functions of an effective channel of communication between the members and the management and the structure for an "electoral college" which seeks out and prepares individuals for leadership roles within the higher levels of decision making. To remain successful and dynamic every Co-operative needs the best available members to serve, in the board room, the interests of all its members.

In an age when most of the goods and services in our daily lives are provided by large multinational companies acting mainly in the interests of their investor-owners, a unique opportunity exists for the members of co-operatives to continue to influence the way in which the business is run. This is an opportunity that the intelligent consumer should not let pass by. However, it needs to be accepted that participation in the democratic process does require both time and commitment. In return, the active member is rewarded with a worthwhile means of influencing what happens within a major business enterprise, and of contributing towards an improved quality of life for ordinary people.

Book Reviews

The Nature of Co-operation

by John G. Craig, Published by Black Rose Books, Montreal, 250 pp.

In about 250 pages, John Craig has covered in this book an amazing range of subjects. It provides an overview of how co-operatives function and traces their evolution; it explains, as well, why co-operatives have been spectacularly successful in some parts of the world while failing dismally in others. The eight chapters deal with the roots and evolution of Co-operation, the international spread of the movement, comprehensive co-operatives, the situation in developing countries, co-operatives which lack co-operative content, social inequality, gender, race and class and, finally, a chapter is included on the empowerment of women in consumer co-operatives in Japan. The book approaches the subject from a sociological point of view; economic analysis is kept to a minimum.

Chapter two is devoted to a discussion of the roots and evolution of the movement. Reference is made to Co-operative Values. These are very much under discussion now and the last Congress of the ICA in Tokyo was devoted to the subject. Co-operation in its generic and specific senses is interpreted. This subject has received scant attention in co-operative literature. The basic philosophies and ideologies underlying the movement - Co-operative

Commonwealth, Co-operative Sector, Co-operative Socialism, Modified Capitalism, New-age Co-operation - are briefly discussed and the teachings of early thinkers - Robert Owen, Christian Socialists, Charles Fourier, Michel Derrion, Dr William King - are discussed. This part overarches the relationship between economic and sociological thinking and the co-operative movement.

Chapter three discusses the growth and state of the movement in industrialised countries. Short historical accounts are followed by descriptions of co-operatives in North America and Europe - service, agricultural, consumer and workers' production - and statistics are cited to show their presence. With the creation of the EEC, co-operatives face new challenges and provide an excellent opportunity for practising the principle of inter-co-operative collaboration, not the least, to counter the multinationals' operations.

Under the title 'Comprehensive Co-operatives', Craig concentrates on workers' production co-operatives. Cases are cited from Israel, Western Europe, Eastern Europe and India. This is an increasingly important branch of the movement, partly for its employment potential. The subject has been

dogged by some definitional unclarity and a forthcoming international Conference on the subject sponsored by CICOPA, an ICA Specialised Organisation, will, it is hoped, bring into focus the latest researches on the subject and relate them to the wider issue of participatory democracy in industry. The roles of workers and employers tend to get confused. There are also some problems of classification; should co-operative sugar factories be regarded as part of the workers' production group or the agricultural processing sector? In any case, these co-operatives are gaining increased importance. They have been traditionally strong in the Mediterranean countries - SCOP affiliates in France and Mondragon in Spain are two examples - but they are now at a take-off point even in Scandinavian countries.

For the reviewer, Chapter five on the state of the movement in developing countries is the most interesting. Co-operatives there are numerous; so are the failures. Reasons generally advanced are: poor management, illiterate or ignorant members, lack of trained leadership, complicated rules and regulation, and lack of capital resources. To these Craig adds the following: lack of development alternatives in agriculture outside co-operatives, absence of industrial development opportunities to wean away the high population engaged in agriculture, lack of a suitable model for development and hence the need for constant experimentation, close control of the movement by the State. In support of his argument, Craig cites the cases of India, Tanzania and China.

A chapter devoted to co-operatives without co-operative content is particularly timely. Pakistan is a case in point. Several finance organisations are registered as co-operatives. These are controlled by small groups of private financiers and control is highly centralised. The Federal Bank for Co-operatives is not a co-operative bank but is entirely controlled and financed by the State Bank of Pakistan.

The final chapter deals with consumer co-operatives in Japan. How consumer co-operatives help to empower women is illustrated through a detailed description of women's groups called 'Hans' which play a significant role in the consumer movement. The achievements of Coop Kanagawa are described and particular attention is given to the issue of member involvement. Future issues described by Coop Kanagawa's President Yamagishi at a recently held SAARC meeting in Colombo are: the strategy to counter the decline of the Han groups; facilitating participation by working people in co-operative activities; effective internal communication system; member and leadership education; combination of pyramid and network forms of organisation; better employee education to enable them to visualise members' perceptions of a co-operative.

All in all, Craig has produced a very useful work. It is backed by careful research and the writing is lucid. The work will be helpful both to University students and to practical Co-operators. An extensive bibliography is included.

S.K. Saxena

The World of Co-operative Enterprise 1994

Published by the Plunkett Foundation, 190 pages, price £14.95.

The World of Co-operative Enterprise 1994 is published by the Plunkett Foundation at a time when interest in co-operation is stirred by the celebration of significant anniversaries. The 150th anniversary of the opening of the Rochdale Pioneers' store in Toad Lane, the centenary of the Irish Co-operative Organisation Society and the 75th anniversary of the Plunkett Foundation itself all occur this year in the UK.

The temptation to contemplate the past has been rightly resisted by Plunkett. This year's publication is totally concerned with the present position and future prospects within the various co-operative sectors. At a time when the different types of co-operatives are becoming more aware of similar interests and shared problems, the work of the Plunkett Foundation, with its world-wide involvement with co-operatives, assumes greater relevance. This is reflected in *The World of Co-operative Enterprise* which, describing the position of co-operatives in different sectors and in different countries, brings out their many common interests and problems. The search by co-operatives for means of enhancing their capital position is reflected in almost every article. This in turn leads to expressions of views on co-operative values and principles - views which in some cases appear almost directly opposed.

In his concise, positive article "The Future of Co-operative Banks", Terry

Thomas envisages a search for a vehicle, e.g. preference shares, whereby capital can be raised in the open market. G. Ravoet, on the other hand, in "The Challenge Facing European Banks" avers "*it is crucial to remember that, by nature, the capital of co-operative banks is not open to outside investors*". Clearly there is here, as in other attitudes revealed in this publication, much to discuss. The Plunkett Foundation serves all co-operatives by allowing the differences to be brought to light.

Global Perspectives

The World of Co-operative Enterprise contains 25 Articles, grouped according to their relevance for the future of co-operatives globally, in regions overseas, and the United Kingdom. The first article is by Lars Marcus, President of the International Co-operative Alliance, whose work has become increasingly important particularly following the collapse of command economies in former communist countries. The ICA's new structure, objectives and main challenges are discussed. The first challenge concerns the current approach to co-operative values and principles. The second is the economic challenge and the urgent need to improve co-operative economic efficiency and competitiveness. Marcus also comments significantly "*the issue of capitalisation is, like most economic issues, ultimately linked with co-operative values and principles. No matter what imaginative financing programmes are developed ...*

success will depend in the final instance on the link between the co-operative and its members. Co-operatives which have maintained a strong membership base will be able to first turn to this source of capital, as well as for other forms of support. But those which have neglected this base ... can be expected to have much greater difficulty".

The second article by Dr Hans H. Münkner is a perceptive presentation of recent developments and problems among different types of co-operatives and the legislation running them. His arguments and conclusions will be of great relevance and help to co-operators and legislators in those countries where co-operators are making improvements in their legislation.

These first two articles should be regarded, in my view, as essential reading for all serious co-operators. The remaining twenty-three also provide valuable information and ideas which make an enormous contribution to co-operative knowledge and thought. Not one of them should be missed by those with an interest in co-operatives.

"The Co-operative Role in Travel and Tourism" by R.M. Grindrod will, I believe, provide an original insight into the travel "industry" and its problems - its rapid and continuing growth, with implicit changes for the existing environment and cultures in or near the most popular tourist destinations. The size of the industry and its importance in the economies of many countries is also an important factor. Mr Grindrod's interesting articles gives some reassurance, and cause for some pride, that

the co-operative travel sector sees itself in the vanguard of the movement seeking proper control of the delicate balance between environmental needs and the damage tourism can do.

Lord Plumb's article "Agricultural Co-operation in a Changing World" is one of the most important, giving an authoritative account of the factors shaping the future of agricultural co-operatives. He considers the problem involved in the deployment of "outside" capital and calls for a "more even balance" between the various "stakeholders" in the co-operative enterprise including primary producers and providers of capital, professional managers, consumers and workforce. "Legislation" writes Lord Plumb "which does not provide for a fair even balance between these groups only drives co-operatives to use ways of securing a corporate identity which are outside the established co-operative laws".

"The Dual Origins of Producer Co-operatives" by Y. Régis, Chairman of the French Association of Producer Co-operatives, is a lively account of the formation and growth of new types of producer / worker co-operatives especially in China and the East. He also comments realistically upon co-operative values and principles.

Overseas Reviews

The second group of articles includes important pieces on co-operatives in Europe. The Netherlands co-operatives dominate the milk and dairy industries and are substantially involved in other agricultural interests. Those involved in these fields will find much of

interest in G. Van Dijk and C. Mackel's closely-reasoned article on European Agro-Food Industries where the effect of contemporary changes in structures, marketing, consumer influence, etc., are convincingly set out. The suggestion is made that in certain circumstances the traditional structure of co-operatives is nearing the end of its useful life.

Also in this group is an article on US agricultural co-operatives which paints a fairly optimistic picture of their present and developing condition. In Canada, too, the country of many initiatives and successful development in co-operative organisation, the future is faced confidently. But here too, in M. Doray's article, is the prominent suggestion that competition, international standards, more demanding members and ever-advancing technology will require more capital; and that we need to revise our philosophy and find ways to reconcile democracy and a capitalization. In the process, says M. Doray, we will have to acknowledge the importance of capital.

Further funding is also being actively considered among Irish co-operatives. The Director General of the Irish Co-operation Organisation Society Ltd., provides a perceptive analysis of the factors which impose the need for change in the mainly agricultural co-operatives in Ireland - applicable in other sectors and other countries. He refers in particular to the co-operatives' vulnerability to take over attempts because of the conflict of interests between the inactive and the active shareholder.

J. Wesierski on Farmers Co-operatives in Poland provides an optimistic picture of co-operative development since 1989 - in which the Plunkett Foundation has played an important part. "The Growth of Farmers' Co-operative Development in the New Independent States" reveals the more severe difficulties for co-operative development in the former USSR. Many have their roots in history, as much as in the collapse of the communist economy, but there are hopeful signs that true co-operatives are beginning to emerge.

Articles about Nigeria and Bangladesh carry a somewhat depressing picture of co-operative development and raise the question of whether the structures of conventional co-operatives on the western model are the most appropriate for other cultures. In Nigeria the problems are aggravated by excessive bureaucracy, incompetent management and, not infrequently, sheer dishonesty. In Bangladesh the question is not so much the future of co-operatives, but rather how can even a small start be made to alleviate extreme poverty, illiteracy and ignorance.

W. Wentzel, on co-operatives in South Africa, brings out forcibly the past difficulties for co-operatives brought about by racial segregation and discrimination, and the fierce competition from capitalist organisations. More co-operation among co-operatives is likely to bring more hope to the future, according to Mr Wentzel who also stresses the importance of research, development and educational programmes. Certainly a strong co-operative movement with roots in impover-

ished black communities should aid economic growth and political stability in the crucial period ahead.

Developments in the UK

The third group of articles focuses attention on the UK. Ted Stephenson devotes much of his article to the CWS - rightly in my view, as I believe the future of the retail co-operative movement may depend on the attitudes and policies of that society. Stephenson believes that to assume a merger of CWS and CRS would put co-operative trading in the topmost rant of British retailing would be a mistake. He explains his belief with what is, in my view, a powerful analysis of the issues.

M.J. Sargent's "The Chequered Career of UK Agricultural Co-operation: A Continuing Story?" gives an interesting and fairly comprehensive picture of the matters to be addressed by the agricultural co-operatives, and if readers then return to Van Dijk and Mackel's article on European Agro-Food Industries and study both articles together, they will be very well briefed on the purpose and needs of agricultural co-operatives and their members, and impressed by the general coincidence of views which emerges.

Housing co-operatives and the UK have had a particularly difficult time in the past three years or so - partly through the failure of the co-operatives themselves to give full support to their representative body. Andy Brittan's article explains convincingly the circumstances which now face housing co-operatives of several sorts. His conclusion appears that self-build

housing co-operatives represent the best ray of hope. It is to be hoped, however, that an increase of "*co-operation among co-operatives*" may give strength to this sector as a whole.

The articles on Worker Co-operatives and Credit Unions each convey an almost ebullient optimism for the future. These sectors do indeed present a success story. They are virtually the youngest, but in a very short time each is showing a capacity for growth which all co-operatives must find encouraging. Each sector recognises the need for strategies to be promoted to proclaim to the government, the media, and to the public the uses and virtues for which they stand. Each also recognises the need for efficiency and appropriate expertise.

The concluding article by Lord Carter, Chairman, UK Co-operative Council, summarises the role of the UKCC and some of the valuable work it is engaged upon in the interests of the co-operative sector. Much needs to be done and a valuable contribution is provided by the Plunkett Foundation, not least by this present collection of articles.

In his article already mentioned, Ted Stephenson expresses the view that "*survival depends upon re-thinking many long-held assumptions and upon a reappraisal of every aspect of co-operative activity*". He is referring to the important retailing sector, and goes on to say "*innovative thinking within the broad framework of co-operative ideas is essential if the movement is to play a significant role in the future*". His remarks must

apply in some measure to all co-operative sectors, and the Plunkett Foundation is to be congratulated on providing so valuable a source of information to allow that "innovative thinking" to take place.

The World of Co-operative Enterprise 1994 is available from the Plunkett Foundation, 23 Hanborough Business Park, Long Hanborough, Oxford, OX8 8HL, fax (0993) 883576.

Keith Brading

News from the Library

New Acquisitions in the ICA Library

Albinson, Folke

Training for Co-operative Leadership. A Study of SCC's International Co-operative Seminars 1962-1983, Utan Gränser/SCC, Stockholm, 1993, 103pp.

Alianza Cooperativa Internacional (ACI), Oficina Regional para Centro América, el Caribe, Mexico, Colombia y Ecuador.

El Estado de Cooperativas en Ecuador, 1993. ACI, San José, 1993, 79pp, tabs., graphs, bibliography.

Amand, Catherine

L'Evolution des SCOP françaises depuis 1978 et leurs chances en Europe. Mémoire en vue de l'obtention du diplôme d'expert comptable. Unpublished, 126pp, tabs, graphs.

Birchall, Johnston

Co-op : The People's Business. Manchester University Press, 1994, 217pp, photos, bibliography, index, ISBN : 0 7190 4421 9 hardback.

Confederación de Cooperativas del Caribe y Centroamérica

Mujer y Participación Social. Hacia la Concertación de Generos en el Cooperativismo Centroamericano. CCC-CA, San José, 1992, 268pp, tabs, graphs, ISBN : 9977-82-010-4.

Confederación de Cooperativas del Caribe y Centro América/Programa de Naciones Unidas para el Desarrollo

Cooperativismo y Desarrollo Humano. EDICC-CA, San José, 1993, 140pp, photos. ISBN : 9977-82-015-5.

Co-operative Centre Denmark

CCD Co-op Register. CCD, Copenhagen, 1993, 84pp.

Craig, John G.

The Nature of Co-operation. Black Rose Books Ltd., Montreal, 1993, 254pp, tabs, graphs, bibliography, index.

Hardcover ISBN : 1-895431-69-7

Paperback ISBN : 1-895431-69-9

Délégation générale à l'innovation sociale et à l'économie sociale

Europe : Guide pour l'économie sociale, DGISES, Paris, 1993, 94pp.

Deshayes, Gérard

Logique de la coopération et gestion des coopératives agricoles. Skippers, Paris, 1988, 316pp, tabs, graphs, bibliography, ISBN : 2-907292-01-3

La mutation exemplaire d'une entreprise coopérative. L'Union laitière normande. Skippers, Paris, 1990, 246pp, tabs.

La nature de la coopérative.

Mimeographed, 1991, 24pp, tabs, graphs

Food and Agriculture Organization / Organization of the Co-operatives of America

IV Encuentro Internacional de Organismos Gubernamentales y Dirigentes Cooperativos. Informe Consolidado de los Resultados Obtenidos en las Investigaciones Realizadas sobre Datos Estadísticos de las Cooperativas Agrícolas en Países Seleccionados de América Latina. FAO/OCA, Montevideo, 1993, 116pp, tabs.

Hall, June D. / Hanson, Arthur J.

A New Kind of Sharing. Why We Can't Ignore Global Environmental Change. IDRC, Ottawa, 361pp, tabs, index.

Hebb, Andrew O.

Management by Majority. The Early Days of Co-operative Insurance in Ontario. The Co-operators Group Ltd., Guelph, Ontario, 1993, 286pp, index, photos

Institut supérieur panafricain d'économie coopérative

Manifeste pour le Renouveau Coopératif en Afrique, Cotonou, 1993, 39pp.

International Co-operative Alliance, Regional Office for Asia and the Pacific

Co-operatives in Vietnam. Report of the ICA Study Mission. ROAP, New Delhi, 1993, 170pp, tabs.

Rural Women Leaders of Agricultural Co-operatives in Asia, 1993. Third ICA/ Japan Training Course. A report. ROAP, New Delhi, 1993, 74pp, tabs, graphs, photos.

Monzon José Luis; Zevi Alberto

Cooperativas, Mercado, Principios Cooperativos. CIRIEC, España, 1994, 319pp, ISBN : 84-604-9765-8.

Paassen, Volker

Die Finanzielle Beteiligung an Einer Kreditgenossenschaft. Institut für Genossenschaftswesen der Universität Münster, Münster:Regensberg, 1991, 327pp, bibliography, index.

Rauter, Anton E. (Hrsg.)

Genossenschaftliches Management. Unternehmenspolitik im Spannungsfeld zwischen Oekonomie und Oecologie, Service Fachverlag, Wien, 1993, 183pp, maps, graphs, ISBN : 3-83428-275-3.

Société de développement international Desjardins

Cahier 1 : Projet d'appui à la micro et petite entreprise. Ottawa, 1991, 18pp, bibliography, annexes, ISBN : 2-9801759-3-5.

Cahier 2: Giguère P. : La coopérative d'épargne et de crédit. Structure. Fonctionnement. Enjeux. Ottawa, 1992, 40pp, graphs, bibliography, annexes, ISBN : 2-9801759-4-3.

Cahier 3: Giguère P., Caros J. : La sécurité de l'épargne à la coopérative d'épargne et de crédit. Modélisation et l'étude de cas : Desjardins au Québec. Ottawa, 1993, 34pp, graphs, annexes, ISBN : 2-9801759-5-1.

Cahier 4 : Fournier J.B., Giguère P., Moreau C.G.: Définition d'un cadre juridique et opérationnel d'un réseau financier mutualiste: Donner la parole aux acteurs. l'Expérience du projet ATOBMS au Sénégal. Ottawa, 1993, 23pp, tabs, annexes, ISBN: 2-9801759-6-X.

Sozanski Gabriella

Co-operatives in Eastern & Central Europe - Romania. ICA, Geneva, 1994, 71pp, tabs.

List of Periodicals Received by the ICA Documentation Centre 1993 - 1994

Argentina

ACAECER, El Agrario, Boletín Crédito Cooperativo,
Cotagro, Cuadernos de Economía Social, FEDECOPA Informa,
IDELCOOP - Revista del Instituto de la Cooperación,
Noticiero, Notico

Austria

Konsum Info

Belgium

Forum de l'Economie Sociale, Revue du Travail

Brazil

Cecrej Informa, Informativo OCB, Informativo UNIMED,
Jornal elo Cooperativo

Canada

The Atlantic Co-operator, The Co-operator, Le Coopérateur Agricole, Le
Coopérateur Laitier, Coopresse, Credit Union Way, CU Contact, Enterprise,
From the Rooftops, Info Coop, International Affairs Update, Ma Caisse, The
Manitoba Co-operator, La Revue Desjardins, Réseau Coop

China

Chinese Supply and Marketing Cooperative Review

Colombia

Gaceta, Signos y Hechos

Costa Rica

Dialogo Cooperativo Regional, Infocoop, Mensaje Cooperativo

Czechoslovakia

Czechoslovak Co-operatives

Denmark

Andelsbladet, CCD Newsletter, Kooperationen

Dominica

Dominica Co-operative Newsletter

Egypt

Burg al-Taawun

Federal Republic of Germany

BFG Wirtschaftsblätter, DESWOS-Brief,
Entwicklung und Zusammenarbeit, Der Verbraucher,
Die Wohnungswirtschaft,
Wohnungswirtschaftliche-Informationen,
Zeitschrift für das Gesamte Genossenschaftswesen

Finland

Eureka, Finland Consumer Co-ops, Me, Samarbete, Yhteishyva

France

Animation & Education, Les Cahiers du Crédit Mutuel,
La Coopération de Production, Copropriété Coopérative, GNC La Lettre,
Information Sociales, La Lettre du Crédit Coopératif,
Paysans, Revue des Etudes Coopératives Mutualistes et Associatives, SCOP
Hebdo

Guatemala

CENDEC Informa

Hungary

Hungarian Co-operation

India

Agricultural Situation in India, AIRD News,
The Co-operator, IFFCO Marketing News, Landbank Journal, NAFED
Marketing Review, NCDC Bulletin, NCHF Bulletin

International Co-operative Alliance

Asia-Pacific Consumer Coop News,
Asia-Pacific Cooperative News,
Banking Journal
CICOPA News
Co-op Dialogue
Co-op News
Co-operative and Mutual Insurance Network
Co-optrade Bulletin

ICA News
Info-Coop
Insurance News
Luna Nueva
Review of International Co-operation
TICA News

International Publishers (other than ICA)

Afrique Relance
Annals of Public and Cooperative Economy
América Cooperativa
CEA Dialog
CEPAL Notas sobre la Economía y del Desarrollo
COLAC Noticias
Le Courrier des Pays de l'Est
Credit Union World Reporter
Development
ECE Highlights
FAO Quarterly Bulletin of Statistics
Flashes from the Trade Unions
Habitat News
IFAP Newsletter
ILO Information
ILO Official Bulletin
ILO Press
INSTRAW Nouvelles Femmes et Développement
International Labour Review
IRED Forum Information
IRU Courier
Journal of Rural Cooperation
Naturopa
Naturopa Newsletter
OCA Noticias
OECD Economic Surveys
The OECD Observer
OECD Press Release
PNUD Actualites
Rural Development
Together
UN Chronicle
UNCHS Shelter Bulletin
UNCTAD Bulletin
The UNESCO Courier
UNESCO Sources

UNICE Information
UNIDO Newsletter
World Development
World Food Programme Journal
World Trade Union Movement

Ireland
Co-op Ireland

Israel
Spectrum

Italy
Cooperazione 2000, La Cooperazione Italiana,
Credito e Cooperazione, Libera Cooperazione in Agricoltura, Rivista della
Cooperazione, Unipolis

Japan
Co-op Japan Information, IDACA News, Ie No Hikari,
Japan Agrinfo Newsletter,
Journal of Consumers' Co-operative Institute, ZENCHU Farm News

Kuwait
al-Hasad

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Mexico
El Puente, Reflexiones Superación por la Educación

Nigeria
Co-op News

Panama
Ultimas Noticias

Philippines
The Coop Sector, CUP Gazette, Farm News & Views,
Pakikiisa Philippine Development NGO Update

Poland

Rolnik Spoldzielca-COOP, Spolem, Spolem - Biuletyn Informacyjny

Portugal

Boletim do Crédito Agrícola Mútuo, Boletim Informativo,
FENACAM Boletim Informativo, Informaçao Cooperativa,
Linha do Sul, O Pioneiro

Puerto Rico

Puerto Rico Cooperativista,
Revista Cooperativa Puertorriqueña

Republic of Korea

The Credit Union Newsletter, Monthly Review, NACF News

Spain

Agricultura y Cooperación,
Andalucia Cooperativa,
CIDEDEC Noticias de la Economía Publica Social y Cooperativa, CIRIEC España,
Compartir, Cooperació Catalana, Crédito Cooperativo, Eroski, Gatza,
IberCoop en Defensa de los Consumidores, INFES - Revista de Economía
Social, Madrid Cooperativo, Revista de la Economía Social y de la Empresa,
Revista Iberoamericana de Autogestión y Acción Comunal, T.U.Lankide,
Tendencias, Treball Cooperatiu

Sweden

Development Dialogue, Koopen, Kooperatören, Ledarforum, Tindingen

Switzerland

Coopération, Swissaid

Thailand

Asia-Con News

Turkey

Batikent, Co-operation in Turkey, Karınca,
Kooperatif Dünyasi, Kooperatifcilik

Uganda

Co-op News

United Kingdom

British Overseas Development,
CB News the Journal of the Community Business Movement,

Co-operative Gazette, Co-operative News,
Co-operative Progress, Co-operator's Platform,
Coop Developer, Coop Members,
Journal of Co-operative Studies, The Link,
London Co-op News, Network, The New Co-operator,
New Sector, ODI Briefing Paper, The Society, XSA Briefing

Uruguay

Boletín Prodeco, El Bulletin CUDECOOP, Caminando,
Dinámica Cooperativa, El Solidario

USA

Banknotes, CHF Newsbriefs, Co-operative Enterprise,
Cooperative News International, Farm Journal, Farmland News, NCBA
Cooperative Business Journal, View

Yemen

Al-Magalis

New Publications on the Horizon

In addition to the last ICA Studies and Reports on Eastern and Central Europe, two reports will be available on co-operation in Slovakia and Bulgaria within the next few months. These will be published between June and September and cost CHF 12.- each plus postage.

Please note that payment for all publications must be made before these can be sent out.

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ICAHORP/001 Review of International Co-operation,
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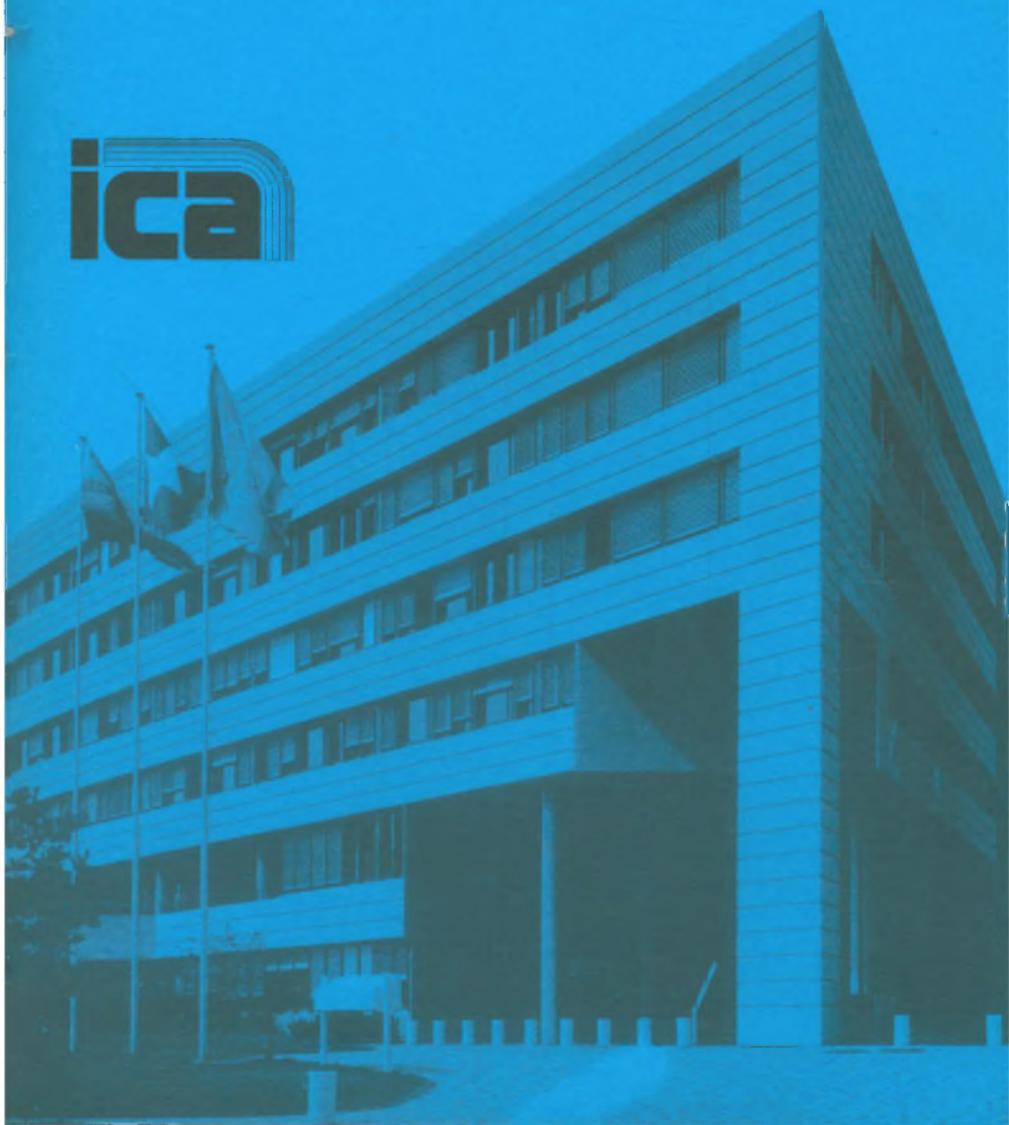
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Review of International Co-operation



Volume 87 No. 3 1994

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The length of articles submitted should be a maximum of 10 pages typed in double spacing. If possible, please submit both a hard copy and a disquette stating which word processing software was used on IBM compatible or Macintosh hardware.

Front cover: Location of ICA head office, Geneva.

Review of International Co-operation

Vol. 87 No. 3/1994

Editor: Mary Treacy

Editorial Assistant:  Cox

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ICA Publication List - 20 page insert

Editorial

As mentioned in last issue of ICA Review, this issue will contain the first draft of Ian MacPherson's report on the Co-operative Principles and the Co-operative Charter plus the working documents for the European Regional Assembly which have been contributed by the different coordinators of Working Groups I (internal matters) and II (external matters).



Between September and November 1994, the four Regional Assemblies will meet for the first time under the new ICA structure in Africa, Asia, Europe and the Americas. All will have on their agenda the first draft of the report which Dr. MacPherson is preparing for the 1995 ICA Centennial Congress, and the participants' comments will largely shape the final version which will be presented next year in Manchester.

This draft documentation — a statement on co-operative identity, including revised principles; a background paper; and a co-operative "declaration" for the 21st century — is included in this issue in order to ensure that it reaches all ICA members. We naturally think that our readers will also be interested in this report, and may wish to share their views with Ian MacPherson. This article is followed by a report by Alexandra Wilson of the Co-operative Housing Federation of Canada. It shows how the members of the housing sector in Canada are applying the principles in practice.

As the newest of the ICA's regions, ICA-Europe has begun its work in several specific inter-sectoral areas. In Prague the member organisation will discuss how to continue, modify, or perhaps even terminate the work which has begun in these different areas. We think that ICA members in other regions will also be interested to see how this European work is progressing which is why we have included the draft documents submitted by the Co-ordinators of Working Groups I and II.

Some European readers might wonder why we have not included in this issue a detailed and thoughtful report by Sven Åke Book on the co-operative principles, which was commissioned by the European Advisory Council earlier this year. The European Advisory Council concluded in May that this report had fulfilled its main purpose of providing useful input into the work of Ian MacPherson. It has also contributed significantly to the ICA's own documentation on this important subject. Interested readers may of course obtain copies of

Sven Åke's report, either from the ICA or from Sven Åke himself, at the following address: Kooperativa Förbundet, Box 15200, 10465 Stockholm, Fax: (46-8) 641 6773.

The other areas which are not covered are the report on the East-West Co-operative Relations (Coordinator - Ivan Fidler) and Promoting New Co-operative Enterprises and Sectors (Coordinator Reimer Schlüter). Neither of these sub-groups had finalised their draft reports at the time of going to press, but both hope to present full reports in Prague.

Finally, we have a very moving account of how self-help women's groups can help empower women and break the circle of poverty and dependence.

We hope you will enjoy this issue.

Mary Treacy
Director of Communications

The next issue of the Review of International Co-operation will be the 1993 - 1994 Annual Report, which will include the reports of the four Regional Assemblies.

To the Editor of the Review of International Co-operation

A Letter from Loughborough



Dear Mary Treacy,

Your review 1 of 94 contained an interesting article by Zvi Galor called "The Co-operative, The Member and the Question of Ownership". It is an article which deserves a response and, since we understand nobody is responding in time for 2 of 94, we hope you will publish this response in 3 of 94.

Zvi Galor started his article by saying:

"That the member and the co-operative are one and the same. The co-operative was established by its members and its property belongs proportionately to each individual member"

He went on to say

"The value of the share is ALWAYS the real value of the co-operative's assets divided by the number of members. When a new member joins the co-operative, he must pay it the real value of a share on the day he joins" "Another method of calculation is based on the number of years's membership of each member of the Co-operative" (the emphasis on "always" has been added by us for reasons which will become apparent later)

Earlier on the same day that one of us came across Zvi Galor's article, we had been pooling our experience and views on matters related to the "indivisible reserve"

clause in many Co-operative Acts. This clause implies the opposite of Zvi Galor's view when it rules that assets remaining after liquidation of a co-operative should not be divided among the members but should be allocated to some other purpose similar to that of the defunct co-operative.

In our discussion, we came to a consensus which leads us to disagree most strongly with the ALWAYS in the above quotations. We suggest that Zvi Galor is asking us to replace one undesirable dogmatism with another.

Most of us would like co-operatives to have the freedom to follow Zvi Galor's prescription if they want to. For that reason, the "indivisible reserve" clause should not be in the Co-operative Act but it should be in model by-laws available to those co-operatives which choose to adopt it.

We can see some merit in Zvi Galor's prescription, especially in cases in which a group of people build up a co-operative entirely by their own efforts and have greater interest in serving their own needs than in leaving behind a ladder which will assist future generations in their climb.

However, it is important to restate some of the valid reasons which have so far led most co-operators to reject Zvi Galor's prescription. For example:

- If new members have to pay their share of the asset value the co-operative ceases to be open to those who are still poor. The ladder has been knocked away. This will often be true notwithstanding Zvi Galor's suggestion that "The co-operative can help the new member to obtain a loan from the cheapest sources in order for him to make up the entire value of his share"
- A co-operative which has been long established belongs to the generations which built it up, and to future generations, just as much as to the current generation. In our generation we are entitled to use the assets but not to appropriate them.
- Takeovers become too easy when existing members can be persuaded to turn their shares into large amounts of cash
- Many co-operators put great value on the idea that their co-operative offers an alternative to the capitalist system. The idea that capital should be the servant of the members has acquired an enhanced value during the recent unhappy years in which the opposite ideology has predominated. Those who have seen or suffered the consequences of the doctrine that the interests of the shareholder and the tax payer should always predominate tend especially to appreciate co-operatives.
- Some good co-operatives enhance the effect of their mutual self help by accepting donations, soft loans or support from governments and other donors. Usually, these gifts are intended for the continuing betterment of the

community. They would stop if the current members could divide the spoils. The pattern Zvi Galor is suggesting is primarily suitable for co-operatives which do not expect any help from anyone.

So we say "let many flowers bloom". Let those who will build co-operatives on Zvi Galor's model. But we hope the greater number will continue to follow one of the several alternative models.

In signing this letter we add our job titles to show that these views are based on experience over many years in many countries. However, we write as individuals and not as official representatives of our countries or our employers.

With best wishes!

J.M.Jno Baptiste
Commissioner for Co-op.
Development, DOMINICA

Donat Mubalya
Asst. Commissioner for Co-op.
Development,UGANDA

Ibrahim Jalil
Asst. Commissioner for Co-op
Development, BRUNEI

Noah Simelane
Chief Executive,
Central Co-op. Union, SWAZILAND

M.S.Matanyaire
Dep. Secretary, Min. of National
Affairs, Employment Creation &
Co-ops., ZIMBABWE

Peter Yeo, Senior Tutor,
International Co-op Management
Centre, Loughborough, UK

The Co-operative Identity in the Twenty-First Century

A Background Paper

by Ian MacPherson*

Preamble

The International Co-operative Alliance, at its Manchester Congress in September, 1995, will consider a Statement on Co-operative Identity. The Statement includes a definition of co-operatives, a listing of the movement's key values, and a revised set of principles intended to guide co-operative organisations at the beginning of the twenty-first century.

This paper explains the context within which the statement has evolved, and it elaborates upon some of the key issues raised, particularly in the reconsideration of principles.

Since its creation in 1895, the International Co-operative Alliance has been the final authority for defining co-operatives and for elaborating the principles upon which co-operatives should be based. The Alliance has made two formal declarations on co-operative principles, the first in the 1930s, the



second in the 1960s. As in the case of the 1995 statement, the two earlier versions were attempts to explain how co-operative principles should be interpreted in the context of the contemporary world.

These periodic revisions of principles are a source of strength to the co-operative movement. They demonstrate how co-operative thought can be applied in a changing world; they suggest how co-operatives can organize themselves to meet new challenges.

The co-operative movement is constantly changing and evolving. Beneath the changes, however, lies a fundamental respect for all human beings and a belief in their capacity to improve themselves economically and

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socially through mutual help. Further, the co-operative movement believes that democratic procedures applied to economic activities are feasible, desirable, and efficient. It believes that economic organisations, democratically administered, make a contribution to the common good. The 1995 Statement of Principles is based on these core philosophical perspectives.

There is no single tap root from which all kinds of co-operatives emerge. Co-operatives exist around the world in many different forms, serving many different needs and thriving in a rich diversity of societies. One of the main reasons for preparing a document on the co-operative identity is to reflect that variety and to articulate the norms that should prevail in all co-operatives regardless of what they do and where they exist. In particular, the Statement provides a common base on which all of the main co-operative traditions can prosper and work effectively together.

Historically, the most powerful tradition has been associated with the Rochdale Society of Equitable Pioneers, organized in 1844. In its original form, the Rochdale tradition envisioned the creation of a new world order based on consumer co-operation. Its more specific contribution was as the forerunner of the powerful consumer co-operative movements that emerged in the United Kingdom and other countries around the world during the late nineteenth and early twentieth centuries. Consumer co-operatives continue to play prominent and important roles in many countries around the world. They promise to become even more

important in an age when a growing global population will be confronting increasingly difficult food issues.

On a theoretical level, the consumer movement, because of the historic roles of some of the rules and operating procedures in the "Laws and Objects" of the Rochdale Society, have always been central to any discussion of co-operative principles. The Rochdale influence was fundamental to the two previous ICA statements of principles, and it retains its centrality in the 1995 restatement.

A second powerful tradition (actually a set of traditions) is associated with co-operative banking in its many forms. Much of the co-operative banking sector around the world is derived from the pioneering efforts of Frederick Raiffeisen and Herman Schultze-Delitsch in Germany during the mid-nineteenth century. The movement they were largely responsible for starting has spread around the world. Its structures and underlying purposes were widely and ingeniously adapted to meet the needs of many different peoples, first in Italy and France, and, in the form of credit unions, in North America. More recently, co-operative banking has been thriving in virtually all other parts of the world and continues to evolve dramatically; it is the most rapidly growing sector in the international movement.

A third tradition is associated with the marketing of commodities within primary industries, for example, agriculture, fishing, and forestry. This tradition owes much to the innovations of

Danish farmers in the late nineteenth century, but it varies significantly around the world, reflecting the creativity, adaptability, and culture of primary producers adjusting to technological and marketing change. Internationally, it has been, and continues to be, one of the most commonly applied and successfully operated forms of organized co-operation.

A fourth tradition embraces co-operatives that provide a wide range of services. It includes, for example, insurance, health, housing, and child-care co-operatives. This tradition has produced some very large co-operatives, sometimes in association with other kinds of co-operatives, sometimes independently. It too is a tradition capable of extensive and diverse growth.

A fifth tradition consists of producer co-operatives in which workers directly control their own work places. Its earliest most successful enterprises were located in France, Italy, and Belgium. This tradition has created a rich and diverse sector in virtually every country. It is capable of apparently endless adaptation, and its potential in a world where the work-place is changing rapidly is immense.

Through its 1995 statement on The Co-operative Identity, the International Co-operative Alliance will formally accept as equals all five of these traditions. It will recognize the vitality each possesses, and it recognizes that, whatever the original sources, each tradition is adapted in different ways within different societies and among different cultures.

Further, the Statement is intended to serve equally well co-operatives in all kinds of economic, social and political circumstances. It recognizes that all groups create their own co-operative movements in very distinctive ways, adhering to the basic principles and borrowing from others, but shaping their organisations according to their own needs, experiences and cultures. The 1995 Statement accepts and celebrates that diversity.

Further, the Statement of Identity provides a general framework within which all kinds of co-operatives can function. Each co-operative tradition or sector, however, can have its special needs and priorities. Each sector, therefore, has prepared or is preparing a statement on Operating Principles to demonstrate what the general principles mean for its operations, especially in light of contemporary circumstances.

Finally, the Statement implicitly recognizes that the international movement has a unique opportunity to assist in the harmonization of interests among groups of people organized as producers and consumers of goods and services, as savers and investors, and as workers. By providing a common framework, the Statement should foster understanding, joint activities, and expanded horizons for all kinds of co-operative endeavour.

Rationale for the Restatement of Principles

There are particular challenges confronting the international co-operative movement that make articulation of

The Co-operative Identity necessary and beneficial in 1995.

Between 1970 and 1995 there has been a rapid expansion of market economies around the world. Traditional trade barriers have changed significantly and many of those changes — for example, the creation of free trade areas, the decline in government support for agriculture, deregulation in the financial industries — threaten the economic frameworks within which many co-operatives have functioned. To prosper, in many instances merely to survive, co-operatives have to examine how they will react to these changed circumstances.

Inevitably, these changes mean that most co-operatives are facing much more intense competition. Using the advantages of modern forms of communications, capital now roams the world with minimal interference seeking out the most prosperous investments.

Economically, this means that many co-operatives find themselves directly confronting large transnational firms, many of them with capital and legislative advantages co-operatives do not possess.

On intellectual and attitudinal levels, co-operatives are also confronted by international media and educational institutions that uncritically proclaim the virtues of the investor-owned firm. The value of the democratically-controlled enterprise, therefore, has directly and indirectly been brought into question.

Indeed, the celebration of capitalist enterprise has challenged the confidence of many within co-operatives, particularly in the North Atlantic countries. Consequently, there is a need to provide a clear vision of what has made — and makes — co-operatives unique and valuable.

In Central and Eastern Europe, the decline of the centrally controlled economies has also brought into question the role of co-operatives. Paradoxically, it has also opened the way for the rebirth of co-operative enterprise, but that can only occur if there is a clear understanding of how the new movements should be fostered.

At the same time, the rapid expansion of many Asian countries, along with economic growth in parts of Latin America and Africa, poses unparalleled opportunities for co-operative development. These developments bring new perspectives to the international movement and challenge some traditional assumptions; above all, they contribute new enthusiasms. For such opportunities to be seized, however, there is a need to identify clearly how co-operatives should play a role in societies undergoing rapid change.

There are other challenges. As the century draws to an end, there is a growing recognition that the world population is threatening to increase at a faster rate than human beings can produce food and other commodities. There are ample reasons to be concerned about how the human family can sustain itself for the indefinite future. There is a growing recognition

that there are limits to what the earth can produce, that human beings must be more respectful of the environment, that they have to learn how to use resources more wisely.

There are concerns about how individual communities can be organized to be as sustainable as their resources will permit. The transfer from an industrial to a post-industrial society in some parts of the world has completely altered the economic basis upon which many communities, even entire countries, have been developed. For them, there is a need to find new ways to organize their resources to adjust to the new realities. Co-operatives can help respond to these challenges, but first there has to be an understanding of the sensitive and nuanced way in which they operate.

There are also deep concerns about issues of human justice, issues which co-operatives, as institutions based on a fundamental respect for human beings, can help to resolve. To a considerable extent the social justice issues are the results of poverty. Co-operatives can do much to reduce poverty because they allow people to organize their resources in the most effective ways possible for their own interests. Before they can do so, however, co-operatives must project a clear image of what they are and how they operate.

Co-operatives also encourage people to transcend the deeply divisive issues of religion; ethnicity, gender, and language. They have done so frequently in the past; they can do so in the future if they are committed to do so.

The Statement of Co-operative Identity, therefore, must be seen within both an historical framework and a contemporary situation. The remainder of this paper elaborates, albeit briefly, on each section of the Statement from these two perspectives.

Definition — The First Part

The first part of the Statement's definition of a co-operative reads: "A co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly-owned and democratically-controlled enterprise."

This description of a co-operative is intended as a minimal statement; it is not intended as a definition of the "perfect" co-operative. The description is broad in scope, recognizing that members of different kinds of co-operatives will be involved differently and that members must have some freedom in how they organize their affairs. It is hoped that this definition will be useful in drafting legislation, educating members, informing the public, and preparing textbooks.

This part of the definition also emphasizes the following characteristics of a co-operative.

- (a) The co-operative is autonomous: that is, it is as independent of government and private firms as possible.
- (b) It is "an association of persons". This means that co-operatives are free to define "persons" in any legal way they choose to do so.

Many primary co-operatives around the world choose only to admit individual human beings. Many other primary co-operatives admit "legal persons", which in many jurisdictions include companies, extending to them the same rights as any other member. Members of co-operatives at other than the primary level are usually co-operatives. In all cases, the membership should decide how it wishes the co-operative to deal with this issue.

- (c) The persons are united "voluntarily." Membership in a co-operative should not be compulsory. Members should be free, within the purposes and resources of the co-operatives, to join or to leave.
- (d) Members of a co-operative "meet their common economic and social needs," emphasizes that co-operatives are organized for the members. Member needs may be singular and limited, they may be diverse, they may be social as well as purely economic, but, whatever they are, they are the central purpose for which the co-operative exists.
- (e) The co-operative is "a jointly-owned and democratically controlled enterprise." This phrase emphasizes that co-operatives genuinely distribute ownership among members and that they do so on a democratic basis. These two characteristics of ownership are particularly important in differentiating co-operatives from other kinds of organisations, es-

pecially capital-controlled firms or government-controlled organisations.

Definition — The Second Part

The second part of the definition reads: "Co-operatives are joined together locally, regionally, nationally, and internationally in federations, alliances and other joint undertakings so that they can meet member needs most effectively."

This part of the definition informs and reminds members, government officials, and the general public that co-operatives are not just local institutions. Almost invariably, they are associated with other co-operatives in joint endeavours. This is an important point when considering co-operative legislation, the taxation of co-operatives, and the possibilities for future co-operative development.

Indeed, co-operatives fulfill only some of their potential through what they do for members at the local level. They achieve their full potential only by effectively amassing their economic and social power in wider frameworks.

This sentence also means that local co-operatives have the responsibility to ensure that their members understand the nature and importance of the wider relationships. It challenges members to recognize the need to devote the same loyalty to the wider co-operative structures as they extend to their local co-operative.

Finally, this part of the definition specifically mentions three characteristics

of the way in which co-operatives work together.

- (a) They can be, and usually are, associated "locally, regionally, nationally, and internationally." Within the current economic situation, it is important to emphasize that the possibility for collaboration exists on all four levels.

As globalisation takes place, there can be opportunities to mobilize resources on local or regional bases to further community economic development or to fill market niches. Globalisation also could make it desirable and increasingly more necessary for co-operatives to pool resources at the national and international levels; perhaps it is only by doing so that some of them can hope to survive in what is becoming, more than ever before, an international market place.

- (b) Co-operatives are associated in "federations, alliances and other joint undertakings." Historically, when they have worked together, co-operatives have preferred to form federations, partly because federations are easily adapted to systems of democratic control. They have, however, also organized different kind of alliances and undertaken joint initiatives in economic activities, educational programmes and government relations.

The need for such collaboration will grow and the benefits could be immense, so it is important that the ways of uniting be flexible.

Traditional boundaries between economic activities are breaking down, and co-operatives should be in a unique position to take advantage of these changes. For example, in an age when agribusiness is becoming more dominant in food production and distribution, there must be increased and mutually-beneficial opportunities for producer co-operatives to work together with consumer co-operatives; in an age when financial services are being integrated around the world, there should be increased opportunities for the different kinds of financial co-operatives to work together.

There is also an increasing necessity for co-operative organisations to lobby all levels of government. The political structures within which co-operatives must exist are changing as never before; it behooves co-operatives to mobilize their strength and to become well understood by all levels of government — the local, the regional, the national, and the international.

- (c) Co-operatives work together so that "they can meet member needs more effectively." This phrase indicates that it is member needs — not the needs of the organisation, the management, or the elected leadership — which should determine the nature of collaboration among co-operatives. Those needs should also be met "effectively," which implies efficiency and assumes good value.

It does not, however, necessarily mean that the co-operative should be concerned with only immediate returns to the member. In many instances, the member needs are long term — for food, housing, financial services, for work — so prudent management of resources, with the long-term interests of members in mind is essential.

Values

The co-operative movement has a long and distinguished intellectual history. There have been major contributions to co-operative thought in each of the last ten generations, and much of that thought has been concerned with co-operative values.

At the same time, co-operatives around the world have developed within a rich array of belief systems, including all the world great religions and ideologies. Inevitably, co-operative leaders and groups have been influenced by those belief systems, meaning that there is a long-standing concern about, and debate over, ethical behaviour within the movement.

Achieving a consensus on the essential co-operative values, therefore, is a complex task. Between 1990 and 1992, under the direction of Mr. Sven Ake Böök of Sweden, members of the International Co-operative Alliance and independent researchers engaged in extensive discussion about the nature of co-operative values. The results of that study are available in the book "Co-operative Values in a Changing World", written by Mr. Böök and published by the International Co-opera-

tive Alliance. That book, along with "Co-operative Principles: Today and Tomorrow", written by W.P. Watkins, largely provided the theoretical context out of which the Statement on Co-operative Identity was derived. The two books are particularly recommended to anyone wishing to pursue the topic in greater depth.

The 1995 Statement on Values reads as follows; "Co-operatives are based on the values of self-help, mutual responsibility, equality, and equity. They practice honesty, openness and social responsibility in all their activities."

"Self-help" is based on the belief that all people can and should strive to control their own destiny to the maximum extent. The distinctive contribution the co-operative movement can make to individual betterment, economic and social, is through association with others. As an individual, one is limited in what one can try to do, what one can achieve; through joint action one can achieve more, especially by increasing a group's collective influence in the market and before governments. In facilitating the growth of their co-operatives, individuals also develop as people through the skills they learn; through the understanding they gain of their fellow-members; through the insights they gain about the wider society of which they are a part. These skills and understandings can be transferred to other endeavours, becoming a significant form of empowerment for people who previously had limited influence.

Self-help, though, should not be understood as simply a disguised form of

limited self interest. That is why mutual responsibility is so important. A co-operative is more than an association of members; it is also a collectivity. Members and leaders have the responsibility to ensure that all members are treated as fairly as possible; that the general interest is paramount; that there is a consistent effort to deal fairly with employees (be they members or not) and non-members associated with the co-operative.

Mutual responsibility also means that the co-operative has an existence on its own. It has a responsibility to the collective interest of the members; it possesses financial and social assets that belong to the group, that are the result of joint energies and participation.

Co-operatives are based on equality. The basic unit of the co-operative is the member, who is either a human being or a grouping of human beings. This basis in human personality is one of the main features distinguishing a co-operative from firms controlled in the interests of capital.

Members have rights of participation, a right to be informed, a right to be heard, and a right to be involved in making certain decisions. Members should be associated in a way that is as equal as possible, sometimes a difficult task in large co-operatives or in federations of co-operatives. In fact, concern for achieving and maintaining equality is a continuing challenge for all co-operatives. In the final analysis, it is as much a way of trying to conduct business as it is a simple statement of rules.

Similarly, achieving equity within a co-operative is a continuing, never-ending challenge. Equity refers, first of all, to how members are treated within a co-operative. They should be treated equitably in how they are rewarded for their participation in the co-operative, normally through patronage dividends, allocations to capital reserves in their name, or reductions in charges. From a theoretical perspective, equity is so important to co-operatives because it is the way in which they try to distribute earnings or wealth on the basis of contribution not speculation.

The statement on values concludes by affirming that co-operatives "practice honesty, openness and social responsibility in all their activities". It can be rightly argued that other kinds of organisations might affirm such practices and follow them. They are included, however, because they have a special place within co-operatives.

Many of the early co-operatives of the nineteenth century, most obviously the Rochdale Pioneers, had a special commitment to honesty — in measurements and quality — which distinguished them in the market place. Financial co-operatives in many parts of the world have gained excellent reputations for the honest ways they calculate interest payments. Many agricultural co-operatives have prospered because of their commitment to high quality, honestly labelled produce.

Aside from a special tradition of honesty, co-operatives must have a commitment to honest dealings with their

members, which in turn should lead to honest dealings with non-members. For the same reason, co-operatives have a bias towards openness: they are public organisations which regularly reveal to their membership and usually to governments considerable information about their operations. They should also be prepared to provide all the information a customer, member or not, needs to know in purchasing a good or service.

Finally, co-operatives are partly social institutions. They are open to members of the community; they have a commitment to assist individuals in helping themselves. They are partly collective institutions which exist in a community, in many instances, more than one community. They have also inherited traditions, going back to Robert Owen and Henri Saint Simon, which have been concerned about the health of individuals within communities. They, therefore, have an obligation to strive to be socially responsible "in all their activities".

In short, honesty, openness, and social responsibility are values which may be found in all kinds of organisations, but they are particularly cogent and undeniable within co-operative enterprise.

Principles

An Introductory Comment

Many people understand principles as iron-clad commandments that must be followed literally. In one sense that is true, in that principles should provide standards of measurement: they should indicate how co-operatives

should be organized, while restricting, even prohibiting, certain actions and encouraging others.

Principles, however, are more than commandments; they are also compasses. It is not enough to ask if a co-operative is following the letter of a given principle. It is equally important to know if it is following the spirit — if the vision each principle affords, individually and collectively, is ingrained in the daily activities of the co-operative. In that sense, principles are not a stale list to be reviewed periodically. They are empowering frameworks — energizing agents — through which the future can be grasped.

The principles that form the heart of co-operatives are not independent of each other. They are subtly linked; when one is ignored, all are diminished.

There are seven principles listed in the 1995 Statement. They are: Membership, Democracy, Economic Organisation, Education, Co-operation among Co-operatives, Autonomy, and Community. The first four principles address the internal dynamics typical of any co-operative; the last three address how a co-operative relates to other co-operatives and the external world.

The Membership Principle

The opening sentence in the Membership principle reads:

"The primary purpose of co-operatives is to serve their members and, as applicable, non-members, in a prudent and effective manner."

Co-operatives should be member-driven organisations. They should be developed around member needs, as conceived from both short and long-term perspectives. Member meetings, properly called, are the final authorities in any co-operative. Elected leaders, managers, employees (if applicable), and the general public interest all play important roles in co-operatives; in the final analysis, however, it is the members who should approve the co-operative's structure, purposes, and basic policies.

Many co-operatives also serve non-members, the most obvious case being many insurance co-operatives. Serving substantial numbers of non-members can diminish the co-operative commitment of many co-operatives, but, much more importantly, it can provide new ways in which large numbers of people can learn about the benefits of the co-operative movement.

Whether a co-operative serves only members or also includes non-members is a matter to be decided by the co-operative, dependent upon the kinds of business(es) in which it is engaged, the attitudes of the members, and the legal framework under which it operates.

Regardless of whether a co-operative serves only members or not, it should conduct its business in a "prudent and effective manner." This means that it must strive to provide good value in whatever business it undertakes. It can not indefinitely rely upon assistance from other co-operatives or governments; it should not become de-

pendent essentially upon the loyalty of members. It must concentrate or mobilizing its own economic and social resources; it must build reserves consistently and accept responsibility for its own development.

The second sentence of the Membership Principle refers to how co-operatives admit members. It reads: "Within their capacity to admit members, co-operatives are open on a voluntary basis, without political, religious, gender or social discrimination, to all who can contribute to, and benefit from, their activities."

The phrase "Within their capacity to admit members" acknowledges that co-operatives are organized for specific purposes, and, in many instances, they can effectively serve only a certain kind of member or a limited number of members. Fishing co-operatives essentially serve fishing people; a housing co-operative can only house so many people.

The statement "Co-operatives are open on a voluntary basis" reasserts the idea that people should not be forced to join a co-operative. A coerced member will not be an enthusiastic or, likely, even a supportive member. This emphasis on the voluntary nature of membership must be seen in conjunction with the Democracy, Education, and Autonomy Principles.

Co-operatives should be open "without political, religious, gender or social discrimination," reaffirms a general commitment fundamental to the emergence of co-operatives in the nine-

th century. The co-operative movement possesses a universalist perspective. For example, over the years it has allowed people with different political allegiances to work together harmoniously for economic and social purposes. In that sense, it has been beyond the traditional ideologies that have created so much tension, unrest, and warfare in the late nineteenth and twentieth centuries.

Almost all co-operatives admit members regardless of religious beliefs. There are some, most commonly financial co-operatives, that are organized by churches and religious communities. Such organisations do not negate the principle as long as they do not impede organisation of like co-operatives among other religious groups; as long as they do not exploit non-members in their communities; and, particularly as long as they accept their responsibilities for fostering the development of the general co-operative movement in their areas.

The co-operative movement believes in the fundamental dignity of all individuals, indeed of all peoples. Co-operatives, therefore, should do everything possible to ensure that there are no barriers to membership because of gender. In their education and leadership development programmes, co-operatives should ensure that women — and all other evident groups within the membership — are welcomed and encouraged.

The economic benefits of recognizing a special responsibility to women could be significant. In many co-operatives,

the most active users are women, either as members in their own right or as spouses of members (who, for example, may do most of the shopping at a consumer co-operative). In many co-operatives, too, the majority of members are women. In most parts of the world, women are slowly but inevitably, increasing their economic, social and political influence. A movement that clearly indicates it is as prepared to serve their needs as well as it does those of men will be on the side of one of the great social revolutions of the twenty-first century.

The Membership Principle also addresses "social discrimination." First of all, "social" refers to discrimination based on class. Since its earliest years, the co-operative movement has sought to bring together people of different classes; indeed, that is what distinguished it from some other nineteenth century ideologies.

"Social" also refers to culture, in which might be included ethnic and, in some instances, national identity. The general approach, in this regard, is similar to the approach to religion.

Most co-operatives are genuinely open to people regardless of culture and language. A few, however, are organized specifically among cultural groups, very often minority cultural groups. These co-operatives have every right to exist as long as, in the case of co-operatives organized by religious groups, they do not impede organisation of like co-operatives among other cultural groups; as long as they do not exploit non-members in

Co-operatives should be member-driven organisations. They should be developed around member needs, as conceived from both short and long-term perspectives. Member meetings, properly called, are the final authorities in any co-operative. Elected leaders, managers, employees (if applicable), and the general public interest all play important roles in co-operatives; in the final analysis, however, it is the members who should approve the co-operative's structure, purposes, and basic policies.

Many co-operatives also serve non-members, the most obvious case being many insurance co-operatives. Serving substantial numbers of non-members can diminish the co-operative commitment of many co-operatives, but, much more importantly, it can provide new ways in which large numbers of people can learn about the benefits of the co-operative movement.

Whether a co-operative serves only members or also includes non-members is a matter to be decided by the co-operative, dependent upon the kinds of business(es) in which it is engaged, the attitudes of the members, and the legal framework under which it operates.

Regardless of whether a co-operative serves only members or not, it should conduct its business in a "prudent and effective manner." This means that it must strive to provide good value in whatever business it undertakes. It can not indefinitely rely upon assistance from other co-operatives or governments; it should not become de-

pendent essentially upon the loyalty of members. It must concentrate on mobilizing its own economic and social resources; it must build reserves consistently and accept responsibility for its own development.

The second sentence of the Membership Principle refers to how co-operatives admit members. It reads: "Within their capacity to admit members, co-operatives are open on a voluntary basis, without political, religious, gender or social discrimination, to all who can contribute to, and benefit from, their activities."

The phrase "Within their capacity to admit members" acknowledges that co-operatives are organized for specific purposes, and, in many instances, they can effectively serve only a certain kind of member or a limited number of members. Fishing co-operatives essentially serve fishing people; a housing co-operative can only house so many people.

The statement "Co-operatives are open on a voluntary basis" reasserts the idea that people should not be forced to join a co-operative. A coerced member will not be an enthusiastic or, likely, even a supportive member. This emphasis on the voluntary nature of membership must be seen in conjunction with the Democracy, Education, and Autonomy Principles.

Co-operatives should be open "without political, religious, gender or social discrimination," reaffirms a general commitment fundamental to the emergence of co-operatives in the nine-

teenth century. The co-operative movement possesses a universalist perspective. For example, over the years it has allowed people with different political allegiances to work together harmoniously for economic and social purposes. In that sense, it has been beyond the traditional ideologies that have created so much tension, unrest, and warfare in the late nineteenth and twentieth centuries.

Almost all co-operatives admit members regardless of religious beliefs. There are some, most commonly financial co-operatives, that are organized by churches and religious communities. Such organisations do not negate the principle as long as they do not impede organisation of like co-operatives among other religious groups; as long as they do not exploit non-members in their communities; and, particularly as long as they accept their responsibilities for fostering the development of the general co-operative movement in their areas.

The co-operative movement believes in the fundamental dignity of all individuals, indeed of all peoples. Co-operatives, therefore, should do everything possible to ensure that there are no barriers to membership because of gender. In their education and leadership development programmes, co-operatives should ensure that women — and all other evident groups within the membership — are welcomed and encouraged.

The economic benefits of recognizing a special responsibility to women could be significant. In many co-operatives,

the most active users are women, either as members in their own right or as spouses of members (who, for example, may do most of the shopping at a consumer co-operative). In many co-operatives, too, the majority of members are women. In most parts of the world, women are slowly but inevitably, increasing their economic, social and political influence. A movement that clearly indicates it is as prepared to serve their needs as well as it does those of men will be on the side of one of the great social revolutions of the twenty-first century.

The Membership Principle also addresses “social discrimination.” First of all, “social” refers to discrimination based on class. Since its earliest years, the co-operative movement has sought to bring together people of different classes; indeed, that is what distinguished it from some other nineteenth century ideologies.

“Social” also refers to culture, in which might be included ethnic and, in some instances, national identity. The general approach, in this regard, is similar to the approach to religion.

Most co-operatives are genuinely open to people regardless of culture and language. A few, however, are organized specifically among cultural groups, very often minority cultural groups. These co-operatives have every right to exist as long as, in the case of co-operatives organized by religious groups, they do not impede organisation of like co-operatives among other cultural groups; as long as they do not exploit non-members in

their communities; and, particularly as long as they accept their responsibilities for fostering the development of the general co-operative movement in their areas.

The Principle does not include a reference to "race"; rather, it includes under "social" attributes that many might think of as "racial". It does so in the belief that the idea of "race" should be rejected as an inappropriate way to categorize human beings. "Race" implies biological differences and has created cleavages within the human family in the last 150 years that have resulted in bigotry, wars and genocide almost beyond comprehension. In its broadest social role, the co-operative movement exists to unite people; it can not accept a categorization of human beings based on a false assumption.

The Membership Principle has a close connection to the Education Principle and the Democratic Principle. The membership can only play its role if it is informed and if there are effective communications among members, elected leaders, managers, and (where applicable) employees.

Moreover, the membership can only feel involved if it is consulted and if the elected leadership reflects the diversity of the membership. There is, of course, a necessity that elected leaders, managers, and staff be competent; there is also a need that they reflect the membership they serve. In voting for leaders, members must insist that they be competent or be capable of quickly becoming competent; they should also recognize that one measure of compe-

tence is the capacity to represent members whatever their religious and political background, whatever their genders or sexual preference, whatever their culture, and whatever their age.

"Membership" is arguably the most powerful — but often the most underrated — of all the Principles. In essence, it means there should be a special relationship between the co-operative and the people it essentially serves. That relationship should define the business conducted by the co-operative, affect the way it does business, and shape its plans for the future. Further, a recognition of the centrality of "membership" must mean that co-operatives will be committed to a particularly high level of service to members, the main reason for their existence.

The "Democracy" Principle

"Democracy" is a complex word. It can usefully be thought of as a listing of rights, and the struggle for those rights on a political level is a common theme of the history of the last two centuries. Within co-operatives, "democracy" includes considerations of rights; indeed, rights and responsibilities. But it also means more: it means fostering the spirit of democracy within co-operatives, a never-ending, difficult, valuable and essential task.

The first sentence of this Principle in the 1995 Statement reads: "Co-operatives are democratic and participatory organisations actively controlled by their members." This sentence indicates the open-ended quality of the democratic process. They are demo-

cratic, a term which is described in a structural sense in the following sentences. They are also "participatory organisations" "actively controlled by their members". The extent of the participation and the active control is not defined. In practice, there will be variations: members of a worker co-operative, for example, will likely have a greater interest in the day-to-day operations of their co-operative than will the members of an insurance co-operative in theirs.

The inescapable requirement of the Principle, however, is that co-operatives must assess the level of participation by members; they must be concerned about the quality of the democracy they practice.

The second and third sentences read: "In primary co-operatives, members enjoy equal voting rights, on a one member, one vote basis. In co-operatives at other levels, administration is conducted and control is exercised in a suitable democratic manner."

These sentences describe the customary rules for voting in co-operatives. The rule for primary co-operatives is self-evident. The rule for voting at other than the primary level is open-ended in the belief that co-operative movements themselves are best able to define what is democratic in a given circumstance. In many secondary and tertiary co-operatives, systems of proportional voting have been adopted so as to reflect the diversity of interest, the size of memberships in associated co-operatives, and the commitment among the co-operatives involved.

Such agreements should be reviewed periodically, and it is usually unsatisfactory if the smallest co-operatives in such arrangements have so little influence that they feel essentially disenfranchised.

The last sentence reads: "Men and women responsible for the administration of co-operatives involve members, managers and other employees, according to their roles, in making decisions and setting policies."

This sentence does not deny the primacy of members in having the final authority within co-operatives. Members, either in their own meetings or through their properly elected representatives, are supreme. Each group, in a co-operative, however,—members, elected leaders, managers, and other (if applicable) employees — has specific roles and responsibilities. The sentence merely reminds those who direct a given co-operative in trust for the members that they should seek appropriate advice and participation from all the groups intimately associated with the co-operative. How they undertake to do so can not be set down because it will vary significantly according to the type of co-operative and the culture within which it exists.

Financial Structure

The Principle on Financial Structure reads as follows: "Members contribute equitably to the capital of their co-operative and share in the results of its operation. Usually, at least a portion of a co-operative's capital is owned collectively, intended to further the long-term purposes for which the co-

operative exists. Co-operatives may pay interest on their capital; they compensate employees fairly, according to the standards of the society in which they exist. Members allocate surpluses for any or all of the following purposes: (a) developing the business of the co-operative; (b) benefiting members in proportion to their involvement with the co-operative; and (c) encouraging the further development of the co-operative movement."

The control and purpose of co-operatives are based on the needs of members. In carrying out their activities, virtually all co-operatives require capital and employ people. One of the perpetual challenges they face, therefore, is how members should organize their mutual interest so as to raise and deploy capital in sufficient quantities to meet contemporary and anticipated needs. In co-operatives that employ people, another constant challenge is to be a fair employer. These three elements of co-operative enterprise - member control, capital formation and employment of people - can not be entirely separated, since they each have a claim on the co-operative's resources. This principle discusses the economic structure on which co-operatives should base their activities.

The first sentence in this principle reads: "Members contribute equitably to the capital of their co-operative and share in the results of its operation."

This sentence points to a problem that has emerged within co-operatives particularly within the last few decades: how to raise sufficient funds to meet

growing capital requirements. The sentence indicates that members have responsibilities, within their capacity to do so, to invest in co-operatives, just as they have the right to benefit from the activities of their co-operatives. Too many co-operatives have asked their members only for small initial investment in share capital; more need to consider how members can be asked or required to contribute to capital throughout the period of their participation.

"Usually a portion of a co-operative's capital is owned collectively, intended to further the long-term purposes for which the capital exists." Co-operatives are in part a collectivity; they are not just associations of individuals. For that reason some portion of a co-operative's assets should be indivisible, a recognition of the mutual help upon which the enterprise is partly based.

"Co-operatives may pay a competitive rate of interest on capital..." means that co-operatives have to make a decision whether or not to recognize that capital is a form of participation that should be rewarded - but in such a way as not to undermine the dominance of members. Normally, where member investment in co-operatives is minimal, as is normally the case for joining a co-operative, no interest would be paid. Similarly, many co-operatives expect that members will regularly contribute to co-operatives a portion of their dividends on some rotating basis or until retirement; in those cases, most co-operatives would not pay interest, the member benefiting from continu-

ing participation and future dividends. Co-operatives, however, may make special appeals for capital, and, in those cases, may choose to pay interest.

Many co-operatives, however, will have to become more concerned about raising funds and they will have to become more imaginative in doing so. In doing so, though, they must be concerned that any new initiatives do not reduce the essential dominance of members by placing greater emphasis on the needs of capital. In the years ahead, this is predictably one of the biggest challenges confronting co-operatives.

Co-operatives "compensate employees fairly, according to the standards of the society in which they exist." Co-operatives, over the years, have been good employers. As organisations based "on a fundamental respect for all human beings", they have an obligation to compensate employees fairly. It is impossible for co-operatives to accept employee costs significantly above those of their competitors, and for that reason the phrase "according to the standards of the society in which they exist" is added.

"Members allocate surpluses for any or all of the following purposes: (a) developing the business of the co-operative; (b) benefiting members in proportion to their involvement with the co-operative; and (c) encouraging the further development of the co-operative movement."

When co-operatives earn a surplus, the members, as well as the elected

leadership, management, and other employees have a responsibility to ensure the long-term viability of the co-operative. Thus they should always consider first how the co-operative's business could and should be developed. Secondly, they should allocate surplus to members on the basis of participation. Finally, they may choose to use some portion of surplus for the general development of the co-operative movement. This is to be encouraged because, in many countries, the general promotion of the movement is inadequately supported.

Education

The co-operative movement has a long-standing commitment to education. The 1995 Principle on education reads: "Co-operatives foster reciprocal, on-going education programmes for members, leaders and employees so they can teach — and learn from — each other in understanding and carrying out their respective roles. Co-operatives have a responsibility to inform the general public, particularly young people and opinion leaders, about the nature of the co-operative movement."

This rewording of the Principle is intended to indicate that there is a special reciprocal quality to education within co-operatives. This special quality has great benefits for co-operative leaders trying to understand the needs of their membership and for identifying new opportunities. It is valuable for the further development of all those intimately involved with any particular co-operative.

Co-operation among Co-ops

The Co-operation among Co-operatives Principle reads: "In order to best serve the interests of their members and their communities, co-operatives actively co-operate in every practical way with other co-operatives, locally, regionally, nationally and internationally."

This Principle is of growing importance. As in the case of other Principles, it emphasizes the centrality of member interest in developing joint initiatives. It also indicates how important such activity can be for communities, and that it is crucially important to consider joint activities at all levels of organisation.

Autonomy

Co-operatives in all parts of the world are very much affected by their relationship with the state. Governments determine the legislative framework within which co-operatives may function. In their taxation, economic and social policies, governments may be helpful or harmful in how they treat co-operatives. For that reason, all co-operatives must be vigilant in developing open, clear relationships with governments.

The Autonomy Principle addresses the essential need for co-operatives to be autonomous, in the same way that enterprise controlled by capital is autonomous in its dealings with governments.

The Principle reads: "Co-operatives are autonomous, mutual-help organisations controlled by their members. If they enter into agreements with governments and other organisations, they do so freely, on mutually-acceptable terms which ensure their autonomy."

The Principle also refers to "agreement with other organisations." More commonly than ever before, co-operatives around the world are entering into joint projects with private sector firms, and there is no reason to believe that this tendency will be reversed. This Principle points out the importance of ensuring the long-term viability of the co-operative as a co-operative in negotiating such arrangements.

Community

The last Principle refers to the importance of co-operatives being aware of the needs of the communities in which their members live or upon which they have an impact. The Principle reads: "Co-operatives are concerned about the communities in which they exist. While focusing on member needs, they strive for the sustainable development of those communities through policies that are respectful of the environment and acceptable to the membership."

This Principle again reaffirms the centrality of member interest but it also recalls a long-standing commitment within co-operatives to create healthy environments and to sustain economic activity.

The International Co-operative Alliance

Statement on Co-operative Identity

(draft)

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic and social needs through a jointly-owned and democratically-controlled enterprise.

Co-operatives collaborate locally, regionally, nationally, and internationally in federations, alliances and other joint activities so that they can meet member needs most effectively.

Values

Co-operatives are based on the values of self-help, mutual responsibility, equality, and equity. They practice honesty, openness and social responsibility in all their activities.

Principles

Co-operatives reflect these values by applying the following principles as general guidelines for their activities.

Membership. The primary purpose of co-operatives is to serve their members and, as applicable, non-members, in a prudent and effective manner. Within their capacity to admit members, co-operatives are open on a voluntary basis, without political, religious, gender or social discrimination, to all who can contribute to, and benefit from, their activities.

Democracy. Co-operatives are democratic and participatory organisations actively controlled by their members. In primary co-operatives, members enjoy equal voting rights, on a one member, one vote basis. In co-operatives at other levels, administration is conducted and control is exercised in a suitable democratic manner. Men and women responsible for the administration of co-operatives involve members, managers and other employees, according to their roles, in making decisions and setting policies.

Financial Structure. Members contribute equitably to the capital of their co-operative and share in the results of its operation. Usually, at least a portion of a co-operative's capital is owned collectively, intended to further the long-term purposes for which the co-operative exists. Co-operatives may pay interest on their capital; they compensate employees fairly, according to the standards of the society in which they exist. Members allocate surpluses for any or all of the following purposes: (a) developing the business of the co-operative; (b) benefit-

ing members in proportion to their involvement with the co-operative; and (c) encouraging the further development of the co-operative movement.

Education. Co-operatives foster reciprocal, ongoing education programmes for members, leaders and employees so they can teach — and learn from — each other in understanding and carrying out their respective roles. Co-operatives have a responsibility to inform the general public, particularly young people and opinion leaders, about the nature of the co-operative movement.

Co-operation among Co-operatives. In order to best serve the interests of their members and their communities, co-operatives actively co-operate in every practical way with other co-operatives, locally, regionally, nationally and internationally.

Autonomy. Co-operatives are autonomous, mutual-help organisations controlled by their members. If they enter into agreements with governments and other organisations, they do so freely, on mutually-acceptable terms that ensure their autonomy.

Community. Co-operatives are concerned about the communities in which they exist. While focusing on member needs, they strive for the sustainable development of those communities through policies that are respectful of the environment and acceptable to the membership.

Fulfilling the Co-operative Dream

A Declaration for the Co-operative Movement in the Twenty-First Century

The international co-operative movement has played, is playing, and will play a major role in improving the lives of people around the world. That is a simple truth made evident by its historic roles, its present condition, and its future prospects.

Co-operatives have existed as formal institutions since the early years of the nineteenth century. They have been organized to meet virtually all the social and economic needs which people have to face. They can be found in nearly every country, among all kinds of people, under all kinds of governments, and within every kind of economy. Co-operatives have prospered amid all the divisions that plague the human family — race, religion, politics, and culture. They have contributed significantly to the betterment of families, the health of communities, the stability of nations, and the building of a fairer international economy. Their future is limited only by the capacity of their leaders and members to envision what might be and to plan for what is possible.

Most obviously, co-operatives are economic organisations that strive to meet specific economic needs in a business-like fashion. They are also social insti-

tutions — part of a movement which helps people create a more just social order through the building of better communities and more humane societies. As the twentieth century draws to a close, co-operatives within the organized international movement boast over 750,000,000 members. Those members, in turn, represent many more millions of people who are their family members.

Why Has the International Movement Become so Important?

The organized co-operative movement has grown steadily since the 1840s because it has provided effective structures through which people can simultaneously meet a wide mixture of economic and social goals. Its most striking successes have been among people trying to shape, according to their own economic and social needs, the complexity of changes associated with industrialism and modernisation.

The organized co-operative movement started as a reaction to — and a desire to shape — modern industrial society. The emergence of the factory and the industrial city meant that people were alienated from their work; standards of living were at the mercy of the market place; the control of money became

vitaly important; and farm families had to find ways to bring their produce to market at a fair price. The rush of industrialism also created communities — demoralized urban slums and impoverished rural villages — that robbed human beings of their dignity.

The co-operative movement emerged to organize, in the interest of a common humanity, the most basic of human requirements amid this great social transformation — the need to consume, the need to produce, and the need to save. In its most complete form, the co-operative movement sought to harmonize these three approaches to human social and economic activity so that human beings — whether as consumers, as producers, or as savers — would receive fair return for all their efforts.

The most dramatic early successes within the co-operative movement occurred in the industrial city among men and women struggling to control the price and quality of the food they ate. The most famous of the early consumer co-operative was the Rochdale Equitable Society of Pioneers, formed in the English industrial Midlands in 1844. Its statement of rules, a mixture of philosophical intent and practical guidelines, became the basis for the success of co-operatives around the world down to and including the present day.

The essence of the consumer movement was the desire to create an economy that assured good, dependable quality for food, fair compensation for workers, and democratic con-

trol through local co-operatives united in wholesale societies. It was a powerful vision that promised a society based on enlightened consumption and fair distribution among all classes of people. It was a movement that prospered in all the industrializing countries of the North Atlantic by 1914 and became significant in many developing countries as the twentieth century unfolded.

The desire to organize co-operatives that would protect the interests of workers was first evident in industrial areas, among workers' co-operatives formed in the 1840s, particularly in France. These co-operatives sought for an alternative structure to that emerging within private firms. They searched for ways to give workers democratic control over their workplace, thereby substituting worker initiative and accountability for systems of control based on management theories drawn from military precedences and time-study findings. They sought to recognize the dignity of workers performing their tasks and controlling their future.

Worker co-operative made slow but steady progress in the nineteenth century. In the twentieth century, they have continued to grow, projecting a model whereby the labour that members do would be fairly rewarded and recognized.

Another form of producer control, the agricultural co-operative, made more spectacular progress after the first of them was formed in Denmark in the 1880s. They spread with remarkable rapidity around the world — wher-

ever farm people organized to buy their supplies at the most advantageous cost or to sell better quality produce at dependable prices. In the late nineteenth and early twentieth century agricultural co-operatives became the most important economic and social weapon used by farm people to protect their communities and to stabilize their economies. They served a variety of social roles — especially for women and young people — as agents for the enhancement of rural life. Agricultural co-operatives continued to grow in the early twentieth century as more farm families became increasingly dependent upon commercial agriculture and as governments sought to control the supply of food.

Co-operatives organized to support human beings as savers and borrowers emerged first in Germany, also during the remarkable decade of the 1840s. There were two movements, one led by Frederich Raiffeisen, the other by Hermann Schultze-Delitsch. The former was originally associated primarily with rural communities; the latter with artisans and small merchants. Both spread rapidly throughout much of Germany, to other European countries, and, at the end of the nineteenth century, to North America and Asia, often in the form of *caisses populaires* or credit unions.

The needs that led to the creation of the co-operative movement in the nineteenth century intensified in the twentieth century. The industrial economy grew so that, directly and indirectly, it dominated the world economy. Those regions that were not directly trans-

formed by the growth of industries and large urban areas became suppliers of agricultural produce or raw materials. And today, wherever one looks, the consumption values of the industrialized world are evident; the industrial city has become commonplace in every region; rural societies, with few exceptions, survive by their ability to provide products for urban populations.

Within this transformation, co-operatives have grown and diversified to meet human needs from birth until death. Their remarkable adaptability is evident from a mere listing of some of their activities. In Japan, babies are born in co-operative hospitals. In Columbia, young children learn about computers in special schools run by an agricultural co-operative. In Sweden, families live in housing co-operatives. In Dortmund, Germany, people can buy their supplies in co-operative stores, one of the most impressive chain store systems in Europe. In New Delhi consumers buy milk from machines that are supplied by rural women organized into a powerful dairy co-operative. In Great Britain, consumers can purchase their insurance through CIS, one of the country's largest insurance companies; it is owned by the Co-operative Wholesale Society. The people of Rankin's Inlet, an Inuit community in the Canadian Arctic, depend largely for their income on the handicrafts they sell through their co-operative. The workers of Mondragon in Spain organize much of their lives through an interrelated series of co-operatives embracing a wide range of economic activities. In Belize, fishing

people sell their products from the sea through a powerful, successful co-operative. Rural families on the Great Plains of the United States purchase their electricity from electric co-operatives. When representative from Thrift and Savings Co-operatives gather annually in Sri Lanka, they need a field to hold 100,000 people. In Brandon, Manitoba, Canada, members receive their last rites through their own burial co-operative.

The list is endless: co-operators around the world have found hundreds of reasons for organizing co-operatives; they will find hundreds of other reasons to do so in the coming century.

In recent years the greatest expansion has taken place among financial co-operatives and in southern continents. This change means that the international movement is assuming a more truly global perspective and that it is continually demonstrating its capacity to develop all kinds of economic activities. In a changing, more inter-related world, these changing patterns bode well for the future.

How are Co-ops Distinctive?

Co-operatives must function in the market place, yet they are not the same as capitalist firms. They have a democratic base and a social dimension, yet they are not like government enterprise. They are different: they have their own structures, their own internal dynamics, their own cultures.

The essential characteristic of a co-operative is that it is a democratic organi-

sation engaged in the market place, providing goods and services. It is nevertheless based on people, not on capital or government direction. In its essence it can never escape, even if it wanted to, the capacity of members to exercise control whenever they wish to do so. In the strongest co-operatives the involvement of the members is evident and determinative. Moreover, "membership" is a diverse, not a simple, relationship. Members are owners: they have rights and responsibilities associated with electing directors and with giving general direction to the co-operative. They are also users: they are expected to use the services of the co-operatives. When a co-operative has a surplus, members should receive a return, usually based on the extent to which they used the services provided by the co-operative.

Members can also be investors. Co-operatives often require capital in order to expand, sometimes just in order to survive. Members should be expected to invest in that capital, if it is in the interest of the co-operative that they do so. In return, members can be paid a competitive rate of interest, but that rate should not be a speculative return or a return that would jeopardize the one person/one vote, democratic base of the co-operative. Moreover, in most co-operatives some or all of the capital should be permanent and not divisible. It represents the accumulated capital of the co-operative as an entity, the investment in the future, the measure of the co-operative's commitment to the long-term purposes for which the co-operative exists.

Another distinctive quality of co-operatives is their democratic structure; it clearly differentiates them from all other forms of enterprise. The nature and extent of democratic practice may vary somewhat, depending upon the nature of the co-operative's business, its size, and the culture within which the co-operative exists, but it always remains, an abiding safeguard for the co-operative's integrity.

Democracy is vitally-important because it offers individuals and communities the opportunity to be masters of their own destinies. In an age when there are fewer and fewer opportunities for people to influence the economic trends that control their lives, the economic democracy offered by co-operatives is important; it can only become more important.

Co-operatives are also different because of the nature of their management. All members, through participation in the democratic process, share responsibilities for the general management of the co-operative. The elected directors, as representatives of the members, have specific roles and responsibilities for the over-all direction of the co-operative; in fact, they are trustees for the members and the long-term viability of the co-operative, either in its present or some altered form. Hired managers have special tasks simply because they provide leadership for the co-operative. They must work in partnership with elected Boards, providing appropriate and full information and recognizing where their responsibilities end and where the Board's begins. Managers must

also recognize the special qualities of membership — how it can be promoted, how it can be used to advance the business of the co-operative, and how the different qualities of membership should be nourished.

Similarly, the employees of co-operatives have special responsibilities. They too must cultivate members; they must specifically demonstrate a commitment to their co-operative; they must contribute their advice and enthusiasm to the future direction of the co-operative. In return the co-operative has the responsibility to ensure that employees are fairly treated, that they are given opportunities to develop professionally and personally, and that they are appropriately consulted. In some instances, if it fits the culture and the type of co-operative, workers may be elected as members of the Board.

One of the characteristic bonds of a co-operative is education. Education is not just promotion or advertizing, although it must make members aware of the economic benefits their co-operatives can provide. Education in a co-operative is really about communications over needs between the co-operative and its members. Through the education process, the leadership of the co-operatives learns about the members' needs, thereby learning about possible future activities; the member learns about the co-operative, but also about the possibilities of co-operative action and the wider co-operative movement.

Finally, co-operatives are different because of their friends. Each local co-

operative realizes only half of its potential through its own activities. It can only realize its full potential when it co-operates with other co-operatives in federations, alliances, and joint activities. This collaboration should occur at local, regional, national, and international levels. When it does, the whole can be much greater than the parts. Indeed, the accumulated social, economic, and political power can make the co-operative movement a truly inspiring and effective force for economic benefits and social good.

Co-operatives are also concerned about community although members of co-operatives may define their community differently. For most, it is the community around which they can walk; for others, it is the community of fellow workers or consumers; for some, it is a community stretching across several localities, even around the world. For many, the benefits contributed to communities are exclusively economic; for an increasing number, they are both economic and social. Co-operatives contribute generally to their communities because they are permanent. While they might merge with nearby co-operatives or move down the road, co-operatives by definition stay conveniently close to their memberships. They are not owned by investors elsewhere — investors who might choose to move their assets around the globe; they are not owned by a government that might choose to close them down because of an election result.

These characteristics make co-operatives distinct, but none of the charac-

teristics is completely definable at any given time. Rather, each provides directions and tensions for co-operatives; each, when examined continuously, provides choices from which co-operators must choose. All of these characteristics lead co-operatives to play a distinct role in the market place. They must be competitive and they must continually strive to improve upon what they do for their members. Yet, they do so within the constraints — but also with the benefits — provided by their distinct qualities.

Co-operatives managed effectively within democratic structures and committed to their members can rarely fail; in positive circumstances, with committed leadership, they are a sure recipe for success.

What do we Know about the Twenty-First Century?

We look into the future through a glass darkly. Only a few rough shapes are evident but at least five of them have particular significance for co-operatives.

One is the shadows consists of the global population. At the turn of the twentieth century, there were less than two billion people on Earth; as the century closes, there are nearly six billion. By about 2050 the population will reach ten billion, unless some disaster, in the form of incurable disease or the worst of modern wars, intervenes. Human beings are engaged, therefore, in a difficult and dangerous race between a growing population and an uncertain capacity to meet escalating human needs—economic and

social. This is not a new race; it has been evident since the late eighteenth century. Until this point in human history, however, its worse consequences have been avoided by the victories of technology, science, and medicine. We should not be too confident that we will be able to cope as effectively in the future.

Population pressures take on new forms of urgency as, each year, more people around the globe starve to death; as the tragedies of famine become evident; as the plight of impoverished people living in the slums of the largest cities become more pressing.

Co-operatives have a role to play in helping humanity continue to win this race. In the aging, industrialized world, co-operatives can help provide the financial services, the consumer needs, perhaps above all, the health needs of older people. They can also help provide the housing, the financial assistance, the work, the family support required by the emerging generations, especially the increasing immigrant populations that will be needed to maintain the work force of mature economies. In the economically-developing areas of the world — where the population pressures will be greatest and perhaps uncontrollable — co-operatives will be able to play expanded but traditional roles. Since the late nineteenth century co-operatives have achieved their most conspicuous successes in organizing the countryside. They have systematically improved the quality of rural production; they have effectively accumulated

and utilized the capital of hinterland regions; they have successfully brought farm produce to the processor's or the consumer's door. The needs to provide such organizational structures will only grow, especially in economically-developing countries; co-operatives can be even more important in the mobilizing of the hinterlands than have been in the past.

The second trend of great significance to co-operatives is the growing importance of the multi-national, multi-purpose capitalist firm. Such firms have existed since the eighteenth century, but in the late twentieth century they are achieving unprecedented concentrations of power. Many modern transnational firms have escaped the key restrictions of the modern state by simply moving resources to wherever they have the most autonomy. When securing inexpensive labour is important, they go to the political jurisdictions where trades union legislation is the least supportive. When local taxes are burdensome, they move to municipalities that give tax concessions. The options are many and the possible locations are nearly everywhere around the world. It is a manufacturer's market, not a worker's, not even a consumer's — despite all the promises of advertizing.

These developing, multi-national firms provide challenges and raise concerns of particular importance to co-operatives. To some extent, they invite co-operatives to imitate them. In fact, with the declining power of the nation state to regulate the transnational firms, co-operatives become one of the best

ways for people around the world to protect themselves from economic exploitation. The potential for international co-operation among co-operatives has never been greater — or more necessary.

Rising to meet this general challenge, however, will not be easy. It will require significant rethinking of how co-operatives, especially at the second and third tiers levels raise capital; it will require careful restructuring of how leadership is provided at those levels; it will require increased support for regional, national, and international activities at the local level. Co-operators will have to learn how to make full use of their collective and not just their local influence.

The threats implicit in the growing concentration of economic power have even broader implications — for co-operatives and all society. This is most obvious when one considers how capital is accumulated and moved about the world. The rise of the information age has meant that stock markets never close, that funds can be shifted in enormous sums at short notice to wherever profits can be secured. Companies, to protect themselves from the vagaries of one regional economy, invest around the world.

Co-operatives may benefit from such economic changes, but in more instances than not they will lose if they do not become increasingly more efficient: for example, a privately-owned food processing firm may briefly use co-operative networks to gather production, but it will likely move quickly

to gain direct control over its own farms as soon as possible. They will pressure governments to create legal frameworks favourable to them and they will attract the most profitable co-operative members if they can. Only the most vigilant and successful co-operatives can survive under such circumstances.

In fact, in all the changes brought about by globalisation there will be winners and losers. The general challenge for co-operatives is how to organize themselves so that as much as possible their members can take part in the more stable activities of international trade — and thereby win. Another, probably more common challenge is to help the producers and consumers organize their influence so they will not be among the ranks of the losers.

The pressures of population, the increasingly uncontrolled movement of capital and production around the globe, and the drive to produce more goods regardless of consequences, has created a crisis in how people treat their environment. Securing supplies of good water is becoming an alarming problem, the deterioration in the ozone layer must alarm us all, many of the foods used daily in many parts of the world are contaminated, fish stocks that once seemed inexhaustible no longer support fishing fleets, and timber stands upon which people have relied for centuries have been disastrously depleted.

Co-operatives have sometimes contributed to this assault on the environment. Because of their social relation-

ships and their interest in permanence, however, they have and are making significant contributions to resolving many of the problems. They can and will do more. Co-operatives will contribute to improved environmental practice, however, in a responsible and gradual way. There are rarely easy or quick solutions to environmental degradation, especially when the livelihoods of thousands, perhaps millions, are concerned. Reforming how people use the environment is usually a question of changing practices; it is often a matter of education — an activity at which many co-operatives excel. It is also frequently a matter for mobilizing public opinion in a practical, effective way, a task which many co-operatives, with their large membership bases in specific industries, can do with remarkable effectiveness.

Many of the most pressing changes in the contemporary world are reflected in turmoil within communities. In the industrialized northern parts of the world, the decline of the middle class and the loss of middle management positions to new technologies has slowed — in many instances reversed — two generations of economic growth. Young people search, often unsuccessfully, for good paying jobs; family incomes have declined and, even more than in the past, families require multiple incomes to survive. The result is permanent unemployment, increased social unrest, and intense competition.

In many communities around the world, there is also increased ethnic tensions caused by the decline of the

nation state, historic animosities, and economic dislocation. In others, the sheer weight of population has made cities nearly unlivable by straining food distribution, medical, water, education, and sewage systems to their limits. And everywhere, the “civil society” — the society based on tolerance, order in the streets, and community responsibility — is in question. Co-operatives can hardly resolve such difficult communal problems by themselves, but they can make significant contributions. In the process, they can significantly help to counteract the growing threats of communal conflict that will form one of the most consistent threats to peace in the next century.

Co-operatives can help make communities sustainable by fostering permanent economic development in them. They can bring neighbours and neighbourhoods together in creating financial, consumer, or worker co-operatives; they can bridge ethnic communities as they do so. They can demonstrate the benefits of democratic systems; they can maximize the use of community resources; they can effectively replace governments in providing some social services. They can be adapted to meet nearly any kind of need felt by nearly any kind of community.

Amid all these changes, it is clear that certain groups within the population will have greater needs. In the past, co-operatives expanded rapidly because they met the needs of segments of the population — farm families, urban consumers, urban workers, savers and borrowers — who were not well

served by the existing economy. To some extent these groups remain and they will form the membership of co-operatives into the future.

But what are the other groups — or what are the ways in which the world population might be considered — in order to ensure that co-operatives meet the needs of to-morrow?

The most obvious group clamouring for attention and in dire need consists of young people. In the industrialized world, while their numbers are not large enough to maintain the existing population at current levels, there are too many to be absorbed into the work force comfortably. In many of the developing countries, the numbers of young people create many of the classic problems of underdevelopment. They swell the populations of cities that have already become unmanageable. Governments are incapable of creating enough jobs or of providing appropriate support in education and training. The co-operative movement, if nurtured properly, could help resolve some of these problems by creating work, building better homes, and encouraging the mobilisation of capital.

Increasingly, too, young people search for ways to create more ethical and responsible ways to organize society and operate economies. They should be attracted to the co-operative movement — both for what it can practically deliver and idealistically promise.

Women are yet another group whose status is changing rapidly. In many

industrialized societies, the changing roles of women is arguably the foremost social revolution of our times. For co-operatives, women represent an immense set of talents and purchasing power that has been inadequately tapped in the past. Moreover, many women have proved to be excellent leaders in development projects in the past, particularly in Africa and Asia; they can provide even more leadership in the future. Co-operatives can only advance if they find ways to enlist the support of — and treat fairly — more women in their activities and organisational structures.

A third group consists of Aboriginal or First Peoples scattered around the world. Generally, these groups have been pushed aside by more aggressive, wealthier peoples. As they regain a fairer share of the world's possessions, co-operatives should be a valuable, adaptable tool.

Co-operative Commitments in the Twenty-First Century

Co-operatives should always be evolving. In the future, existing co-operatives will have to change if they are to respond effectively to such problems as the population explosion, the increasing power of the multinational corporation, the crises confronting communities, the problems of environmental degradation, and the challenges of adding new constituencies. The most obvious commitment is to sustain and support the co-operative way of doing business. This is not easy because of the strength of the private enterprise model — and the support given that model by the media, educa-

tional institutions and governments — but it is possible and necessary.

Co-operators must project a clear picture of what their organisations stand for, how they are operated, and why they are necessary. That picture should be clear in the training given all those associated with co-operatives, in the advertising co-operatives use, in their relations with governments, and in their daily activities.

Co-operatives will also have to pay much more attention to the legislative frameworks within which they function. In most countries, legislation will have to be simplified, co-operatives will have to accept more self-regulation, and there will need to be more consistent representations to governments.

There will also have to be more effective coalitions among co-operatives than in the past. The possibilities are difficult to overestimate. For that to occur,

though, co-operators will have to consider how second, third, and fourth tier organisations are structured. Ways have to be found to create the large concentrations of power that will permit co-operatives to influence significantly the ways in which the international economy is developing. The basis of that power is in local communities, but its full potential can only be realized in the international market place.

The future for the international movement, like the past, rests in meeting needs. The needs are the simple ones: food, work, saving, borrowing, housing, health, communications, recreation. It is within those specific areas that the future lies; it is to those areas co-operators must turn if their organisations — existing or yet to be born — are to fulfill their potential.

[The remainder of the declaration will be devoted to specific proposals for each of the sectors.]

Building on Common Ground

Our Vision of the Canadian Co-operative Housing Movement

by Alexandra Wilson*

Our Guiding Principles

The principles and aims of Canadian housing co-operatives reflect the following values and beliefs:

In 1966 the International Co-operative Alliance set down six co-operative principles. These principles are the foundation for our vision of the Canadian co-operative housing movement.

The six co-op principles are set out below. After each one is an explanation of the way we follow the principle in the Canadian co-operative housing movement.

Open and Voluntary Membership

Membership of a Co-operative society should be voluntary and available without artificial restriction or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

How we interpret this principle:

Co-operative housing should be open to all who can make use of the services provided and are willing to accept the



responsibilities of membership. **Accessibility** should be encouraged through the active promotion of membership to the full community.

We are committed to member recruitment practices that are free of any active or inadvertent discrimination by reason of race, creed, colour, religion, nationality, ancestry, place of origin, native language, age, sex, sexual orientation, marital status, family status, source of income, or disability of an applicant. Housing co-operatives formed for the express purpose of meeting the housing needs of specific disadvantaged groups may make exceptions where human rights law permits.

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We are committed to working to remove any barriers — physical, procedural, or attitudinal — that would limit accessibility and prevent the fair and equal treatment of all. Household income should not be a barrier to belonging to a housing co-operative. Provision should be made for low-income households to join co-operatives and upper income limits should be avoided.

Co-operatives should look at a household's individual circumstances in determining its ability to meet its financial obligations to the co-operative, in preference to using arbitrary income formulas.

We are committed to including people with special needs in our movement, preferably in environments that foster integration. The design of our buildings should encourage occupancy, full participation and social integration of people with physical disabilities. Each co-op should try to accommodate one or more other groups with special needs.

People should decide voluntarily whether or not co-operative housing suits their needs. No one should be coerced into joining a co-operative and members should be free to withdraw from occupancy on reasonable notice. The decision to convert an existing residential property to co-operative tenure should be made democratically by the occupants. Each housing co-operative has the right to decide freely to affiliate with the larger co-op housing movement.

Democratic Control

Co-operative societies are democratic or-

ganisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.

How we interpret this principle:

Control of each housing co-operative should rest with the occupants of that co-operative. Non-member households and non-resident memberships should be strictly limited.

Members of a housing co-operative should have equal voting rights. Memberships should be distributed in a manner that does not discourage the full participation of women in the control of the co-operative.

True democratic control can only be realized through the continuing education of members, full sharing of information, and promotion of opportunities for involvement. We are committed to using informal and formal approaches that promote inclusiveness and full and informed participation on an equal basis by all members in decisions affecting their housing and community.

Co-operatives should take steps to ensure that literacy or education level, disability or being new to Canadian society do not act as barriers to full participation.

Funding and other agreements with governments should ensure the autonomy of the co-operative and should

not infringe on the right of the members to control their community democratically.

Control of associations of co-operatives should be exercised on a democratic basis as determined by the members of the organization.

Provision should be made for a voice for employees as important stakeholders in our movement.

Limited Return

Share capital should only receive a strictly limited rate of interest, if any.

How we interpret this principle:

Housing co-operatives are formed for the purpose of providing housing to their members without opportunity for individual capital gain. Membership shares should be purchased and redeemed at par value, limited or no interest should be paid on the capital contributed by members and members should not have the right to sell or transfer their occupancy rights on the market. If the co-operative is dissolved, any assets left after all debts and liabilities have been paid should be distributed to another co-operative or charitable or non-profit organization.

Use of Surplus

Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others.

How we interpret this principle:

Housing co-operatives should operate without the purpose of earning a profit,

while attending to their immediate and long-term financial stability and integrity. Surpluses arising out of the operations of the co-operative should be used to meet future costs, to expand the co-operative or to extend or improve common facilities or services to members, in a way that avoids one member gaining at the expense of others.

Co-operative Education

All Co-operative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Co-operation, both economic and democratic.

How we interpret this principle:

Education of members, in addition to allowing for informed democratic control and fostering the effective management of housing co-operatives, is a vehicle for the empowerment of members and personal growth.

Low literacy should not be a barrier to participation in education programs.

We are committed to developing effective training and development programs for employees in the co-operative housing movement, programs that enable them to provide excellent services and that recognize their role as stakeholders in the co-operative housing movement.

We are committed to educating future generations of housing co-operators and the general public on the benefits of co-operation and co-operatives in society.

Co-operation Among Co-ops

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.

How we interpret this principle:

Solidarity and unity should be promoted within the co-operative housing movement through the voluntary federation of autonomous housing co-operatives in an integrated network of organizations at the local, provincial and national levels.

We are committed to practising co-operation beyond our movement by developing and maintaining strong business and membership links with other types of co-operatives at the local, provincial, national and international levels.

Our Aims as Housing Co-ops

Our vision of who we are and what we should do is further shaped by the aims that Canadian housing co-operatives hold in common. Our shared aims include:

Meeting our members' common need for:

Affordable Housing

- through our not-for-profit structure and operations
- through our commitment to open membership
- through specific programs and steps to remove barriers to low-income households joining housing co-operatives

- through our contributions as members

Security of tenure

- through extending the right to permanent residency in the co-op as long as members respect the obligations of membership
- through our commitment to ensuring the fair and equal application of by-laws and rules to all members
- through successfully balancing the needs of individual members against the needs of the group
- through steps to ensure the continuing not-for-profit nature of our housing co-operatives

Good quality housing

- through our commitment to providing well-built and well-maintained housing for our members
- through effective management of our co-operatives

Safe and secure communities

- through attention to security in the physical design of our co-operatives
- through our commitment to addressing problems of domestic violence and other crime in our immediate and larger communities

Control over our housing environment

- through democratic control, which provides the right and responsibility of everyone to participate in the affairs of their community
- through our commitment to empowering our memberships

through education and community development programs

- through our efforts to protect the right of housing co-operatives to manage their own affairs without undue intervention by government

A sense of belonging

- through our commitment to building strong communities characterized by a mix of incomes and social, cultural and ethnic backgrounds
- through our commitment to creating environments where members give and receive support beyond their shelter needs, social and cultural diversity are valued, and members treat each other with tolerance and respect
- through encouraging individual responsibility while recognizing our interdependence and promoting mutual-help

Opportunities for personal development

- through our emphasis on education of our members and other stakeholders
- through encouraging participation by all members in the operation and governance of our co-ops

Meeting our responsibility to the larger community:

- through involvement in and concern for the quality of life of our immediate neighbourhoods
- through fair employment practices
- through practising environmental responsibility

- by upholding principles of social justice in our communities

- by promoting public concern over domestic violence

- through our active support of co-operative development in Canada and abroad

Meeting our responsibility to future generations through:

- our not-for-profit form of tenure
- the creation of land trusts
- the exercise of economy and
- careful stewardship of our resources through the years
- by lobbying governments for fair housing policies that meet the needs of all
- by developing new housing co-operatives at home and abroad

The Co-operative Housing Federation of Canada

The Co-operative Housing Federation of Canada (CHF) is organized on a co-operative basis. We are committed to the ownership and control of CHF Canada by our members, in accordance with co-operative principles and the values set out in this vision.

Membership

The Co-operative Housing Federation of Canada is the organized voice of the Canadian co-operative housing movement. Our members are housing co-operatives and organizations created to develop, serve and promote the interests of housing co-operatives and the people who live in them and work for them.

Other people and organizations sympathetic to the principles and goals of the co-operative housing movement may associate with CHF Canada in a non-voting capacity.

We are committed to building a unified Canadian co-operative housing movement.

Outside Quebec we promote the direct membership of housing co-operatives in CHF Canada. Direct membership is a source of strength and unity in our movement.

We acknowledge the distinct nature of the co-operative housing movement in Quebec and the unique circumstances of its development over time. We believe that a model of indirect affiliation for housing co-operatives in Quebec, through federations, respects our movement's historic diversity and will provide the foundation for future growth.

We believe in the goal of full sector membership, i.e. the membership of all housing co-ops outside Quebec in both their national organization and their local or regional federation, where one exists. We are committed to the pursuit of this goal through means agreed upon by our members in each region of the country.

CHF Canada's Mandate

In pursuit of our mission we will:

- promote and defend the values and principles shared by our membership
- be the voice of the Canadian co-operative housing movement be-

fore the public, the federal government and the larger Canadian and international co-operative movements

- actively defend the interests of our members, intervening with governments on their individual and collective behalf
- promote the successful operation of housing co-operatives as communities and businesses
- encourage housing co-operatives to provide the highest quality services in response to the needs of their members
- actively support the development of a strong network of federations of housing co-operatives at the local and provincial levels
- stimulate the exchange of ideas and active collaboration among our members
- develop leadership for future generations of housing co-operators
- promote awareness among the general public of housing conditions in Canada and the role co-operatives can play in improving these conditions
- actively pursue the growth of the co-operative housing movement by mobilizing our movement's resources and seeking government support as necessary
- build a unified and dynamic co-operative movement in Canada by participating actively in organizations of the wider co-operative movement

- contribute to the growth of a strong international co-operative movement that provides housing and other services to its members by affiliating with international co-operative organizations and actively supporting co-operative development efforts abroad
- work with other organizations in Canada to promote the availability of decent, secure and affordable housing for all
- seek the participation of our members and collaborate with them fully in the pursuit of the above activities

Our Core Values

As an institution in the Canadian co-operative housing movement and as a co-operative ourselves, we are guided in our operations by co-operative principles, the aims shared by non-profit housing co-operatives and the values underlying both.

The Co-operative Housing Federation of Canada is committed to:

- Providing dynamic leadership in the co-operative housing movement.
- Delivering excellent services in response to our members' needs.
- Communicating with and providing services to our members in both of Canada's official languages.
- Fostering the democratic control of CHF Canada by our members.
- Pursuing open, honest and effective communication with all of our stakeholders.

- Co-operating closely with other co-operatives.
- Promoting innovation in our own movement and in the broader housing industry.
- Promoting social equality and non-discrimination in our governance structures and employment practices.
- Ensuring full accessibility of our facilities and membership events, through such measures as physically accessible offices and meeting venues, provision of child care and attendant care at our meetings and events, programs toward equalizing the cost of travel to CHF Canada events, provision of materials and simultaneous interpretation in Canada's official languages at all meetings of members, and steps to enable the full participation of the blind and hearing impaired.
- Practising environmental responsibility.
- Supporting organized labour in our purchasing practices.
- Managing our resources and operations professionally, while respecting co-operative principles.
- Recognizing our employees as key stakeholders, with a right to receive information and contribute to decisions of the organization.
- Supporting the health and well-being of our employees and treating all employees equitably in our compensation practices.

Corporate Governance and Management Control Systems in European Co-operatives

by Reimer Volkers*

Introduction

In recent years, co-operatives in different sectors and in different parts of Europe, particularly those with a large membership, have experienced various problems including management control, mismanagement, growing distance between members and their co-operatives, failure of democracy, financial scandals and unbalanced relationships between senior management and elected lay directors. These experiences appear to be common and therefore, for all co-operatives, there are valuable lessons to be learned and dangers to be avoided.

This report will examine the following co-operative sectors: consumer, agriculture, banking and housing. Similar findings may be true for other co-operative sectors.

A detailed problem analysis was presented to the Working Group for Internal Matters and the ICA European



Advisory Council at their meetings in Seville on 2nd/3rd May, 1994. This analysis, divided into the four co-operative sectors and co-operatives in Eastern and Central Europe, can be obtained from the ICA headquarters in Geneva - attention of Arsenio Invernizzi.

On behalf of the ICA Region Europe the report was made by Reimer Volkers, Dortmund, Germany. Project Co-ordinator was Moira Lees, CWS, Manchester.

Summary of the Legal Situation

In most West European countries there are, with a varying degree of detail, legal regulations for co-operatives.

* Mr Volkers, former member of the ICA Board, prepared this draft report in collaboration with Moira Lees, CWS, Coordinator of this ICA-Europe project.

These cover objectives, foundation, membership, governing bodies, audit, accounts, dissolution etc.

Such regulations are partly covered within the framework of national co-operative laws e.g. in Austria, Germany, Greece, Finland, Portugal, Sweden, Switzerland and the United Kingdom and are partly connected with the general laws governing companies and/or associations e.g. in France, Belgium, the Netherlands and Italy. It is only in Denmark and Norway that no special regulations exist for co-operatives (with the exception of housing co-ops in Norway). Their activities are guided by rule books, in accordance with the general laws and co-operative principles and objectives as laid down by the ICA.

In relation to the topics of this report, the structure of the Governing Bodies is of special interest. Two different types are used:

- the monist system with the Annual Shareholders' Meeting and only one Board - the Board of Directors (in some organisations called the Administrative Board) which, in relation to law and membership, is wholly responsible for leading and monitoring the operations of the society (one-tier Board). The Chief Executive Officer may be the President or a member of the Board.
- the dualist system with the Annual Shareholders' Meeting and two Boards - the Executive Board which runs the business of the society,

and has responsibilities defined by law and/or the societies' rules and the Supervisory Board, which represents the members' interests for strategies and comprehensive control (two-tier Board).

In accordance with their national co-operative law, the dualist system must be used in Germany and Austria. However, in other countries like Great Britain, France, Belgium, Finland and the Netherlands, co-operatives have the option of using either the monist system or the dualist system.

The legal regulations exert a certain influence on the democratic structure and responsibilities of the Governing Bodies. In practice, there are many similarities between co-operative organisations, irrespective of their legal structures.

More details about the legal situation in EU countries are to be found in the booklets by Hans H. Münkner "*Die Rechtstypik der Genossenschaft in den Partnerstaaten der EG*" 1993, and B. Piot "*Aperçus sur le droit des Coopératives en Europe*", 1993.

Co-ops in Western Europe Structure and Development

Co-operatives and their central institutions have large market shares within their respective fields of activities and employ significant work forces. The overall figures include, however, very different sizes, structures and developments in each country.

During the last decade, the size of co-operative societies has changed considerably due to both internal growth and rapid mergers and takeovers. Large scale enterprises have emerged, which have to face increasing competition, and these are now managed in line with modern commercial principles. Nevertheless, there still exist many successful small and medium-sized societies, e.g. in housing, and also in other co-operative sectors.

The role of the co-operative central organisations has changed simultaneously with the changes at the primary level. Today the central organisations work directly at the primary level (e.g. retailing, dairies), operate large national and international subsidiaries and joint ventures, and provide more advisory and service functions (e.g. full service banks). Helped by the European Single Market, crossborder activities have increased significantly, especially within agriculture and in co-op banks.

Planned expansion and profit goals have not always been reached. In several countries co-operatives have stagnated or failed with heavy losses e.g. consumer co-ops, banks, agricultural co-ops. Many have disappeared, merged or been dissolved. In some cases they have been changed into companies e.g. in Germany. Some of the reasons for stagnation and/or failure are mentioned in later chapters.

Objectives

The main objective of co-operatives today, as in the past, is to promote the economic interests of their members.

Additional objectives include: to safeguard consumers' rights, to protect the environment, to work for healthier products, to offer information and education, to pursue social activities as a form of solidarity and, in some cases, to secure employment.

"Without members there are no co-operatives. Members are the owners, goalsetters and users of their joint organisation. This principle of identity is the main characteristic that distinguishes co-operatives clearly from all other forms of organisation" (Prof. Münkner).

The members expect good performance, including special benefits, from their co-operatives. This could be high selling prices for agri-products, accommodation of a good standard and at reasonable prices, comprehensive financial services, low price/quality products, special offers, discounts, bonus-payments, dividends etc.

An efficient and profitable business operation is an absolute precondition for reaching the economically based targets for member promotion.

In theory, the co-operative profile is very clear, but in practice it is not very well recognised by the members, customers and the public. It has become blurred and interchangeable with that of private competitors.

This unsatisfactory situation may have developed partly as a result of the increasing importance of business transacted with non-members (with the exception of housing co-ops). Whilst this

business is regarded as necessary and acceptable if it improves the potential for reaching the goals of member promotion, a critical stage exists when growth and expansion dominate a society's policy i.e. where the membership orientation is replaced by mere customer orientation. A change in the co-operative character of the society will be inevitable.

Member Loyalty

With a membership of around 75 million, the four co-operative sectors still hold a strong position within the West European population. Continuous increases can be noted within the housing co-operatives and the co-operative banks in larger towns and communities, whilst decreases can be observed within the consumer and agricultural co-operatives. Altogether, there are distinctive differences between different countries and sectors.

Many membership lists do not give a real picture, but contain a significant number of "paper" members e.g. who have changed address, forgotten their membership, do not transact any business with the society or have even died. Paper members can be found mainly in consumer co-operatives but in other sectors too, as the updating of membership lists has shown in different countries.

The recruitment of new members has often been neglected because of insufficient resources and information. Too often the members have been regarded by management as a necessary evil: as a hindrance to quick decisions and

development. As a consequence, the loyalty of members is often very low. From their role as owners and goal-setters, the members are changing to mere customers, interested in immediate benefits from the society or elsewhere.

At present, there is evidence of some change. In several co-operative organisations (consumer and agricultural) there is lively debate, and action programmes are being introduced to revitalise membership. It is increasingly recognised that good economic performance is a precondition to serving the members properly and also to offering them special benefits. There are still co-operatives paying the traditional turnover-related dividends and/or dividends on capital. However, in the consumer co-operatives in several countries, new ways for offering special benefits have been developed and introduced. Special mention is made of the electronic (per EAN Code) readable plastic cards used as membership cards, shareholder cards, benefits cards, dividend-cards etc. Several economic benefits are connected with these cards, e.g. turnover-related bonus scaled between one and four per cent, discounts on products and services, special offers, credit and payments facilities etc. The experience so far in strengthening the ties with members and recruiting new members, especially younger people, has been very encouraging e.g. in Norway and Finland.

In general, members of agricultural marketing societies and housing co-operatives are far more interested in

the economic activities of their society than those in the consumer and banking sector. The economic success of a farmer is often closely connected with the performance of his society, especially where there are large co-operative market shares and where there is no other real alternative e.g. in the milk sector. The occupier of a co-operative dwelling has a permanent interest in his accommodation and its surroundings, in administration costs, repairs etc. This means, in practice, that these are matters the member can settle only with the society.

Despite varying interests between the co-operative sectors, it can be observed that the participation of members within the formal democratic structures is low. The distance between members and societies has grown, especially in large societies which may be active over a large geographical area of a country.

Some of the reasons are:

- poor performance - no benefits from the society.
- members do not know very much about the special characteristics of co-operation in general and about their society specifically, due to lack of information.
- members do not feel at ease with the growing size and complexity of the business operations.
- members do not want to take responsibility or offer their spare time. They want to use the services and obtain the economic benefits, but do not want any other involvement.

- genuine membership rights are transferred to delegates, who are often not known to ordinary members.
- active members are disappointed about the real opportunity for influencing and controlling the operations of the society, and consequently resign from the Governing Bodies.
- rotation within elected delegates and members of the Boardrooms is low, giving some active members very limited chances to participate.

Formal Democratic Structure

The formal democratic structure is similar in all countries and co-operatives sectors, with some variations in detail. Within this formal democratic structure both the monist and the dualist systems are used: Shareholders' Meetings, Board of Directors/Shareholders' Meetings, Supervisory Board (Administrative Board), Executive Board.

Annual Shareholders' Meetings are either open to all members (in small and medium-sized societies and most British consumer co-ops) or only to delegates (also named Council or Board of Representatives). In Great Britain, such Shareholders' Meetings may be held simultaneously in several geographical districts of one society.

Delegates are elected for between two and four year terms at district meetings or on tickets (lists) voted upon in special election offices (shops, banking branches) or by letter. The method

of voting for list candidates, who are often unknown to the members, is widely used by co-operative banks but also by large consumer and agricultural co-ops.

On average, participation in elections is low. In Finland, however, postal voting had a high return with up to more than 50 per cent.

Elections are rarely contested. It is often difficult to find a sufficient number of candidates. In many cases candidates are pre-selected by other delegates, members of the Board and/or Administration.

Except for being a loyal member, no formal qualifications for candidates are required. Re-election is possible and frequent. In several countries, upper age limits e.g. between 63 and 70 years are set.

The duties for Shareholders' Meetings are almost the same in each country and co-operative sector. These include the approval of the balance sheet, election of Board members, changes of rules, decision about mergers, election of auditors.

Critical comments and questions to the Senior Management (CEO) about the current situation and development of the society are rarely heard in many Shareholders' Meetings.

Many participants are not able to control or even oversee the growing size of the business operations. They leave that to the Boards and chief officials. The Board of Directors/Supervisory

Board is elected for a two to four year term. Except for being a loyal member, no formal qualifications for candidates are required.

In many co-operatives, elections are not often contested, and this has increased somewhat during recent times. It is known, and generally accepted, that candidates are often pre-selected and proposed by the sitting Board and chief officials.

Re-election is possible and frequent. In order to improve rotation in the Board room, several co-operatives have introduced age limits between 63 and 70 years. In the Danish agricultural co-operatives, only active farmers can be members of the Board.

In the monist system, it is the Board which legally exercises the ultimate power and responsibility in all matters of the society, but it delegates the running of the daily operations to the chief official (CEO) and his management team, who are appointed/approved by the Board. In some countries and societies, the chief official is a member of the Board e.g. Sweden, or its President e.g. holding the office of PDG in many French and Italian societies, thus putting him in a very strong position.

In the dualist system, e.g. as in Germany and Austria, the exact responsibilities of the Supervisory Board and the Executive Board are laid down in the co-op laws and/or rules of the society.

The Supervisory Board monitors closely the development of the opera-

tion and performance of the management, examines the financial statements and balance sheets, follows up the results of the external auditors and, most importantly, appoints and removes the Executive Board. The Executive Board runs the business in its own right and in the framework of given guidelines and limitations set by the law and the statutes of the society.

It has become practice that, in respect of some important matters, joint responsibilities for both types of Boards are fixed and laid down in the rules of medium sized and large societies, e.g. for annual budgets, investment programmes, guidelines for loans, buying and selling of assets etc.

In large societies, the Executive Board consists increasingly of full-time, salaried executives only. This is to ensure that the business is run in accordance with the best commercial practices, skills and efficiency. Nevertheless, there exist many successful small and medium-sized societies, whose Boards consist of a combination of elected directors and full-time executives, or of elected directors only.

The Dutch co-op banks and agricultural co-operatives operate a system of elected directors only in the Supervisory Board as well as in the so-called Administrative Board, leaving full responsibility for running the business to a full-time professional management appointed by the Administrative Board. This Board also decides about long-term policies and strategies and monitors the performance of the management. The Supervisory Board con-

trols the Administrative Board and management within given guidelines and protects the interests of the members.

Employee representation in the Boardrooms i.e. elected by the employees, is governed by workers' participation laws or by voluntary agreements. Representation ranges from nil to 50 per cent as in Co-op Society, Dortmund - Kassel, leaving a casting vote with the chairman who is always member-elected. Severe conflicts of interests between employee representatives and the general interests of members were not reported but, realistically must occur in cases of crisis, staff reductions and closures. Urgent changes and decision-making may be slowed down because of such conflict. On the other hand, there are also examples (e.g. in Sweden) that employee representation in the Boardrooms helps to implement necessary changes.

In Great Britain, most consumer co-ops have some directors who are employees but who are elected as members. This can cause conflicts as mentioned. The Registrar of Friendly Societies is limiting numbers of employees to below quorum level.

The frequency of Board meetings varies between six and twelve times a year, with dates set beforehand e.g. up to one year. In general the attendance is high, up to 90 to 100 per cent. A varying degree of sophisticated information is sent out before the meetings, supplemented by further documentation and reports by senior management at the meeting.

It was stressed that it was important that the information must be well documented but short, to the point, easy to understand and well presented e.g. the use of graphs was mentioned. In this context, deficits in the information provided by some societies are evident.

To a varying degree the Boards, especially of larger societies, work with sub-committees on specific areas, e.g. finance and financial statements (auditing), investments, membership, personnel, loans etc. The presidency, or a special sub-committee, is often responsible for determining the remuneration package for chief officials and senior management.

The national and regional federations and subsidiary companies are organised along similar lines to the primary societies, mostly with a combination of elected lay persons and professional managers in the Governing Bodies, but with the tendency to employ more professionals in the Board rooms. Often, sophisticated election procedures, to preserve the balance of power, are used.

In all West European co-operative sectors and societies strengths and weaknesses in the functioning of the formal democratic structures and in the collaboration between Boards and management are to be found. This can be due to personalities, qualifications, commitments, confidence and openness of individuals on all sides.

Success often creates success. During such a period there are few problems in the Boardroom and there is confi-

dence in the ability of the management to run the business in a proper way. It is only a slight exaggeration to say that co-operative democracy is working at its best in times of progress and success ("Fair weather democracy"). But there is a warning voice from Sweden, which has to be taken into account - that continuous success creates inaction and lack of drive for new initiatives and innovations.

Only a few women are represented on Governing Bodies, which means that Boards do not necessarily represent the interests of all members.

The following weaknesses and problems in the Boardroom and in the collaboration with management have occurred in one way or another:

- the elected directors have not been strong enough to exert the authority and power given to them by the law and rules in relation to management. In the case of continuously failing to meet budgets and excessive losses, the Boards did not take, or only hesitantly took, the necessary measures e.g. the removal of the executives. Often, critical questions were not put to management. If budgets were not achieved, the Board was satisfied with mere explanations without demanding convincing action programmes for improvement.
- Some of the Board members did not have the background and ability (and/or time and commitment) to lead and monitor large complex business operations, thus failing to

recognise wrong developments, mismanagement and heavy losses in time. Matters became worse due to gaps in vital information provided by management. There were many examples in which even highly-qualified Board members were not always able to fulfil their duties in a proper way.

The balance of power is sometimes inappropriate. The real power lies with chief officials. Only they have detailed knowledge of the business. They have an information monopoly and may decide, to a large extent, upon the information to be given and the topics to be dealt with on the agendas of the Boards.

This kind of dominance cannot be changed - as an Italian co-operator underlined. The elected Board members do not have any real opportunity for detailed control. They have to rely on submitted figures and reports. Criminal actions by management can rarely be detected.

The Board appointed inadequately qualified management who lost control of a growing, complex business in an increasingly competitive environment, thus leading to disaster.

Management is not generally interested in membership nor in responding to a questioning Board but in pursuing own priorities in relation to rapid expansion and own careers.

Boards have grown too close to management, leaving too little

room for critical questioning and unpopular decisions. It may result in conflicts of interests if large customers, suppliers, creditors or debtors are also elected directors of the society in question.

- Board rotation is too low, giving younger active members very little chance to participate.

External Control (Auditing)

The important external control and supervision role is executed by external auditing. As a rule, co-operatives are audited every year by law e.g. in Austria and Germany and/or in accordance with the rules of the societies. These services are provided by external professional auditing companies elected by the Shareholders' Meetings or by the co-operative federations. In several organisations, additional auditors from the membership are appointed by the Shareholders' Meetings. Their role is to monitor the professional audits and to ensure that the results and decisions are in accordance with the interests of members.

In several countries, the professional auditors have not only to examine the accuracy of the accounts and balance sheets but, in most cases, also the efficiency of the society and quality of the management in reaching the set goals. They also have to audit special aspects of the business, as asked for by the Governing Bodies.

The audit reports are given to the Governing Bodies for discussion and necessary action. At the annual Share-

holders' Meetings, it is normal for a short summary of the audit to be presented, including a statement on the accuracy of the balance sheet and accounts.

The audit reports help the Boards to carry out their control duties, despite the fact that the information is historical. In reality, Shareholders and elected directors do not always recognise the importance of the auditors' role. Critical points and wrong developments of the business should be pointed out clearly, likewise possible risks and poor results, thus giving the Governing Bodies the chance to take necessary action. The auditors themselves do not have any such power for change. The presentation of the reports should be relatively short, to the point and easily understandable (which, at present, is not always the case).

There may be some danger that the necessary critical distance between the auditors and management of societies may not always be maintained. This may occur in cases where the societies are the most important clients of the auditing companies and co-op federations and/or the bodies of the federations are dominated by professional executives from the societies. It is recommended that the auditors be changed from time to time and more elected laypersons be appointed to the bodies of the federations.

Co-operatives have to comply with the national laws. As a rule, special supervision by the State is not to be found. In Great Britain, the Registrar of Friendly Societies (a Government Department)

has a duty to review whether the guidelines for co-op societies are being met. However, intervention is very rare. In Germany, the auditing department of the co-op federations has to examine new co-operative societies to ensure the legal requirements are observed. Only in that case will the society be registered. The Austrian housing co-operative has the status of a non-profit making body, with heavy public subsidies for building dwellings. Accordingly, the State authorities have the legal right to supervise and control its activities. This has not created any problems so far.

Education and Information

To a varying degree, most co-op organisations offer their elected directors introductory seminars and/or educational programmes on commercial and co-operative matters. In general the directors' interest in participating is high. Training seminars for elected delegates and ordinary members are only available in exceptional cases, e.g. in Denmark, Norway, France or Germany.

In some co-operative organisations e.g. in Great Britain, Germany and Norway, Board members are provided with a detailed handbook about the background and structure of their society and the rights and duties of the elected lay-persons. These are reported as being well received. In other societies some similar information is included in rule books, standing orders and/or the "Leitbilder" in Germany. In Great Britain and France (Crédit Mutuel) a Code of Behaviour is to be

introduced. The May 1994 Congress of the British Consumer Movement held Manchester discussed a comprehensive report of the Working Group on Corporate Governance, which made 42 recommendations for the introduction of a "Code of Best Practice". The intention is to help improve the members' influence and more clearly define the responsibilities of the Governing Bodies and management.

As a rule, management and staff training has a high priority in most societies and is carried out internally (e.g. some co-operatives have their own schools), and externally using outside training schools and seminars. The training concentrates largely on commercial matters and on improving professional skills. Employee knowledge about co-operation is generally poor and is often not seen as important by management. For many staff, interest in the co-operative is confined to paid employment, a secure working place, and to career progression.

In large societies it is inevitable that only a small number of members are able to be directly involved in the formal democratic structure. In varying degrees, societies are trying to explore new ways of providing information and improving communication and consultation with members, especially within consumer co-op organisations but also in some agricultural co-operatives e.g. Denmark and housing co-ops. Examples given include members' meetings located near shops or housing complexes, district meetings, shop committees, study circles, debate evenings, cultural and leisure time ar-

rangements, consumer forums, women's guilds etc.

Currently, there is a wide variety of new initiatives, which do not necessarily involve extra costs. However, generally these are not sufficient to improve the members' often poor knowledge about co-operation or to revitalise their interest in the affairs of their society. Important and additional activities include the distribution of regular information via member magazines, newsletters, press releases, films and TV spots, short annual reports, social balances etc. These information channels are known but used insufficiently. High costs are mentioned by management as a reason for doing little or nothing. But, as only informed members are loyal and active members, ignoring the regeneration of membership is dangerous.

Financial Involvement

In most West European co-operatives members invest one or more shares in their society, with a minimum and maximum amount. As the amounts are widely different, anything from £1 to £20,000, members play a varying role in financing and risk bearing in their societies.

In Denmark, Holland and Switzerland member shares are not required. Instead, a large part of the profits are retained and transferred to the reserve. Members in Denmark and Holland are liable, in equal terms, for any losses or deficits incurred by their co-operative. Such liability is either unlimited (in most Dutch agricultural co-ops) or limited (in most Danish societies and Dutch co-op banks).

In order to improve the level of risk bearing equity capital, new financial instruments for attracting more capital have been developed. Some German societies e.g. consumer co-op Kassel- Dortmund have issued "participation certificates" (Genuss-Scheine) via the Stock Exchange and banks. In France and Italy new legal regulations provide the possibility of placing preferred non-voting shares with members and non-members, and also of placing shares with "investor members" or to float co-operative investment certificates. The envisaged European Co-operative Statute includes similar regulations.

Several European consumer and housing co-operatives collect savings from members. These are shown as liabilities in the balance sheets, but add to liquidity and financing of the societies (but are withdrawable on short notice). Due to banking laws, such saving accounts are not permitted in some countries, e.g. in consumer co-ops in France, Switzerland or Germany. Members of housing co-operatives have to make a substantial extra contribution, in shares and loans, when moving into a new co-operative home.

Many of those interviewed stressed that a substantial financial involvement contributes to stronger loyalty and commitment by members in the affairs of their society, and this involved paying them an attractive dividend or interest rate.

Limited liability companies and stock holding companies are used at secondary levels for large scale subsidiaries,

daughter companies and takeovers. They were either wholly owned by co-op groups or joint ventures with other parties. In Germany, several co-operatives were changed into stockholding companies trying to maintain the co-operative character by corresponding regulations in the new statutes e.g. voting rights, auditing. That proved to be a failure in the case of the consumer co-ops, and in the end the majority of shares were taken over by large private trading groups.

Conclusions and Recommendations

It can be realised that, within the different co-op sectors, there are a lot of problems connected with Corporate Governance and Management Control Systems, and these are able to threaten the profile and identity of co-operatives. Weaknesses and flaws are not new but become more evident with the emergence of large scale co-operative enterprises.

Ready-made solutions for improvement are not available. It is recommended that the individual societies and their Boards carefully consider their own situation and, if necessary, draw up and implement the necessary measures. This could be done within the framework of a Corporate Governance sub-committee of Board members and some other elected member representatives. Against the background of the Corporate Governance report and experience of members, the ICA could act as a catalyst for information and recommendations.

The message and corporate identity of co-operatives towards members, customers and the public has become blurred without a clear profile, and is interchangeable with that of private competitors. Weaknesses in detail can easily be detected by each society by means of member interviews and feedback.

A radical change can only be made if both Boards and top management really want it and implement the necessary action programmes. The policy and strategies of the society have to be redefined with priorities set for member orientation and member promotion, but which will in no way harm or hamper the efficiency and profitability of the business operations. They are, on the contrary, preconditions to reach the necessary economically-based targets for member promotion.

At present, profile programmes have been introduced in Italy, Sweden, Norway, France and Denmark. The ICA Working Group for External Matters is dealing, amongst other things, with questions of Co-operative Image.

It is generally recognised that an active and involved membership remains the motor of each society. On the basis of an agreed Board policy, strong efforts have to be made to revitalise the interests of members and to recruit new members. Appropriate financial and management resources have to be budgeted for. It is recommended that responsibility for membership should be placed with the top management with the obligation to report regularly to the Board about the development and measures taken.

Furthermore, membership lists should be updated from time to time, allowing a realistic review and launching of action programmes aimed at strengthening existing members' loyalty to the society.

With the revitalisation of member interests it should be possible to encourage qualified members to become candidates for elected delegates to annual meetings or directors of the Boards. Whilst it seems to be legitimate for elected delegates, Board members and/or administrators to identify and propose suitable candidates, it should be normal practice for candidates to be nominated by ordinary members, either in writing or spontaneously at the election meetings. The society should positively encourage members to do so.

For a healthy democracy it is of great advantage if elections are contested. Direct elections at election meetings are to be preferred, but participation could be improved by better arrangements at these meetings. If list votings are used, information on all candidates should be added to the lists to allow informed voting. New methods of voting should be examined e.g. postal ballots, or easily reached election localities (shops, banking, branches).

Being a loyal and active member should still be the only formal qualification for the elected member representatives to the Governing Bodies. Further formal qualifications, even if desirable, would limit the rights of members to nominate and elect a candidate of their own choice and reduce the grassroots inter-

est even more. As many examples show, it is possible, especially in societies with large membership, to find member representatives with the appropriate skills, strengths and qualifications. More important is that these elected delegates and directors are willing and able to offer sufficient time and commitment for their new office, to become acquainted with the business, to fully involve themselves in the demanding duties of the Governing Bodies, not least in the Boardrooms, and to attend ongoing training programmes.

One solution discussed in some British co-operative organisations, is to appoint a limited number of professional outside directors. However, this looks like a very controversial move from a member/democracy viewpoint, and more time and experience of this nature is needed before it can be evaluated.

In order to improve the knowledge and skills of the elected Governing Bodies it should be compulsory for all co-op societies to offer introduction courses and comprehensive training programmes on commercial and co-operative matters. At the same time, the elected member representatives, especially elected directors, should be obliged to attend any training that is provided. In addition, handbooks and other written documentation could be of great help in explaining the co-op structures and targets, as well as the duties of the Governing Bodies.

In co-op societies, especially those with a large female membership, the re-

cruitment of more women to Governing Bodies should be an objective.

There should be a clear-cut division of legally binding responsibilities between the Board of Directors and chief officials (and the respective Supervisory Board and Executive Board), written down in the society's rules and/or standing orders where it is not set out in a country's laws.

It is recommended that the ICA (by means of a small working group) should make an in-depth study of the advantages and disadvantages of the monist and dualist systems (including the example in Holland). The results should be made available to all interested ICA members.

In this framework, the role of the chief official (CEO) could be dealt with, including the question of whether the CEO should be a member, or even President, of the Board. A further topic could be employee representation in the Board rooms, the likelihood of conflicts and possible strengths and weaknesses.

An age limit for elected member representatives, already introduced by several co-op organisations, is one option which other societies may wish to consider. The effect of age limits is to improve rotation of office, giving interested members the possibility to participate within the Governing Bodies.

For their important, responsible and time-consuming work the Board members should be paid a realistic financial

fee. This fee could be fixed in collaboration with the co-op federations or in accordance with guidelines provided by the federations. In the notes on the financial statements presented to the Shareholders' Meetings, information about the total sums paid to elected directors should be given as a sign of full openness to members. Consideration should also be given to disclosing the remuneration of the most senior management (Executive Board).

Board meetings, with set agendas, should be held at regular periods, with timetables fixed well in advance. An absolute minimum seems to be six meetings a year. The notification of meetings is sent out by the society, but in the name of the Board's President, who is also responsible for setting up the agenda. The topics on the agenda should be well documented.

The Board (Supervisory Board) has to instruct the chief officials (Executive Board) which information and key figures are to be supplied to directors on a regular basis between meetings and before and during the meetings. The information has to be comprehensive, but short, to the point and easily understandable.

The Board has the right to full information at any time about the affairs of the society. On the basis of an agreed Board policy, Board members should have the right to seek independent advice if special problems, developments and proposals have to be clarified in more detail. For such requests, the elected auditors or the auditing departments of the co-op federation should be available.

Dependent on the size of the Board, it is advisable to employ sub-committees for special areas, so as to consider the subjects in more detail and inform the Board accordingly. Such sub-committees are used for example for finance and financial statements (auditing), investments, loans, personnel, membership.

In many cases, a special Board committee for senior management has the responsibility of preparing for the appointment of the chief official and his management team, drawing up service contracts which set out details on remuneration and terms of office. The appointment of the top management (Executive Board) is often made for a four to five year term. Although re-appointment is possible and common, this gives directors the possibility to reconsider the qualifications and achievements of the managers in question.

As with the functioning of the formal democratic structures and management within primary co-operatives, the collaboration between the primary societies and their central organisations is of great importance to the progress of the whole group. Due to weaknesses and flaws, e.g. lack of confidence, a great deal of time, energy and resources have been wasted during recent years. As shown by successful examples, it is important to have a clear division of work and responsibility on all sides and at different levels. In this context, the election of qualified member representatives onto the Governing Bodies of the central organisations is highly desirable, giving them

influence in protecting the overall membership interests.

The reports of external audits, either by elected independent professional auditing companies or by auditing departments of the co-op federations' audit departments, can be of great assistance in the control of a society's business operations. They support the supervising duties of the Governing Bodies. Furthermore, the auditors are available if special audits are required.

The results of the audits should be thoroughly evaluated by the Board. In this context, the sub-committee for Finance and Financial Statements (sometimes called the Audit Committee) should examine the audit report together with the auditors and formulate, if necessary, critical questions to be put to the management.

This audit report should openly mention all critical points, losses, risks and wrong developments. The presentation should be relatively short, to the point and easily understandable.

In order to guarantee, from the outset, the necessary distance between the auditors and the administration of the society it is advisable to change the auditors from time to time.

In large co-operatives only a small number of members are able to participate actively within the Governing Bodies.

Therefore, it is of the utmost importance that societies develop and introduce new means of consultation and

information, as already adopted by consumer co-ops and societies in some other sectors. Among other methods mentioned are district meetings, shop committees, study circles, debate evenings, consumer forums, cultural and leisure arrangements etc.

In addition, members should receive information about their own society and other co-operative and consumer related matters on a regular basis. Only informed members are loyal members, thus the provision of relevant information must be a priority. The existing information channels are known, and to a varying degree used, e.g. Member magazines, news letters, press releases, films and TV spots, short annual report, social report etc.

Co-operative aims and targets can only be reached if the employees at all levels are motivated and encouraged to achieve these targets. They need a high standard of professional skills which are mostly obtained through training provided internally in the co-ops' own schools and externally at seminars. It is also important that the employees identify with co-operative philosophy and with the special profile of co-operatives in order to understand the significance of the economic targets of member promotion in their daily work. In this context, staff education in co-operative matters should be intensified.

In many societies, financing and increasing the risk bearing own capital are a high priority. Besides the traditional form of member shares, new financial instruments are available or

under consideration. It is recommended that the ICA Banking Committee and the Association of the Co-op Banks of the EU in Brussels keep ICA members informed of the latest developments.

From several sides, it was stressed that a substantial financial involvement on the part of the members would contribute to more loyalty and activity in the affairs of the society.

As demonstrated above, Corporate Governance and Management Control systems include many aspects of membership and membership involvement. In some countries (Great Britain and France) Co-op organisations are trying to identify the most important aspects in Codes of Behaviour or Codes of Best Practice. It should be of great interest for the European co-op organisations to follow the working of these codes and future experiences. Information should be available through ICA channels.

Co-operatives in ECEC

The intention of the following review is to give a short overview of some important common developments and problems within the co-operative organisations in East and Central Europe (except the CIS countries). It has not been possible to demonstrate the undoubted differences existing between the different co-operative sectors and countries, as there are rapid and continuous changes. Important details and information are filed at the ICA headquarters in Geneva and at the Co-op Network for Co-operative

Development in Eastern and Central Europe, likewise in Geneva. This information is available to all ICA members.

The Transformation Process

Following the collapse of the socialist regimes of which the co-operatives were an integral part, the new political and economic systems are passing through a stage of transition very rapidly - but without a clear direction. All these countries are in search of new solutions in virtually all fields e.g. political institutions, legal systems, public administration, infrastructure and economic structures (market economy).

The attitudes of the new State authorities towards the existing co-operative movements were mostly negative. Co-operatives had the image of an economic-political organisation of socialist character under full control of the "nomenclature", in other words ruled by the nominees of the Communist Party and serving the interest of the old regime.

The Governments believed that the solution to the different economic problems the countries were confronted with could be achieved by the introduction of a market economy, but this could not be achieved rapidly as important preconditions and structure were not in place.

It took a hard struggle, with help from the ICA and Western Co-op organisations to convince the Governments of the special character of co-operatives as private self help organisations solely owned and controlled by their mem-

bers. In some countries, co-op shops and production units were privatised and sold, central unions dissolved and co-operative property withheld by State authorities.

In the meantime, most countries introduced new co-op laws (or transition laws) taking into account the independence from the State and self governance of the co-operative organisations. The ICA co-operative principles and the formal structure were reinforced.

At present, the co-op organisations are fighting for the reshaping of modern organisational structures and struggling to adapt their operations to the conditions of a free market economy. They are aware of the fact that growing competition from private companies, and the needs of members, will make it necessary to improve the efficiency of their operations considerably.

In general, market share has decreased but is still important. A trend towards concentration and mergers can be noted, likewise the closure of small shops and production units thus reducing the numbers of employees. With the exception of housing, membership is declining.

Due to the privatisation of farmland and change of ownership, the farming co-ops are in the process of renewal and reconstruction.

In some countries, e.g. the Czech Republic, Poland and Hungary, a tendency to change the legal status into limited liability companies/stockholding companies, can be observed. There is also a trend to set up joint ventures with private companies

and there are management takeovers which conflict with members' interests.

Under the guidance of the federations, new co-op sectors are being developed e.g. savings and credit, insurance, pharmacies, travelling. Housing co-ops are taking over large numbers of the State-owned dwellings, e.g. in the Czech Republic.

Future Development - Some Problems and Consequences

From the information available, mainly from ICA sources, it can be stated that there are undoubtedly differences between the co-op organisations of the different Eastern and Central European countries, but also similar trends (some of these being in line with those in Western European co-op organisations).

The co-operative principles and objectives are not always made clear to the members. The members are not aware of the fact that they are the owners, goalsetters and users of the joint organisation.

The interest of the members has to be revitalised by good economic performance, special benefits for members and regular information about co-operative targets and results.

The formal democratic structure is in place, but rarely functions well. Participation and commitment of the ordinary members is very low. In the past they were not accustomed to (nor permitted to) influencing and controlling the affairs of their society. At present, most of them are not inter-

ested in doing so. This lack of active membership also means that there are no strong protests from members when local and/or State authorities make decisions that harm the co-operatives e.g. sell or give away co-op property. One of the big problems seems to be that the Boardrooms are still dominated by elected Presidents who simultaneously hold the position of CEO. In practice, the President has enormous power, often being able to choose both Board members and Vice Presidents.

The elected lay persons rarely have the background, qualifications and information to be able to take important strategic decisions and monitor the performance of the management, especially in complex large-scale enterprises. This means, amongst other things, that unsuccessful or, even worse, dishonest executives are not removed. It is obvious that both strength of purpose and education in commercial and co-operative matters are necessary to change this situation. The autonomy and independence of the society is being achieved, but the danger still exists that this means the autonomy of co-op managers rather than that of co-op members.

In some countries, like Estonia and the Czech Republic, a strict division between the responsibilities of the elected bodies and the management is envisaged.

By and large, external and internal audits are not yet well established. Endeavours are being made to change this situation, but only gradually. Edu-

cated auditors, with experience in the new conditions of the free market economy, are not available in sufficient numbers.

A modern and profitable business organisation has to be built up quickly in order to fight the growing competition and to meet members' expectations. This means high investment in reconstruction and modernisation, and closing down unprofitable units.

In this context, the lack of know-how and experience on how to run a business under conditions of the free market economy has to be bridged by intensive education and training. This may be provided with the help of outside experts from ICA and other sources. Some progress has been made in this area.

Financing is another big problem to be solved, not only by obtaining bank loans and international aid programmes but also by inducing members to invest more share capital in their society and paying them an attractive dividend or interest rate. Such financial involvement should increase the motivation of members and allow them to feel more responsible for the affairs of their society. The preconditions for this are information, confidence, performance and benefits.

The image of co-operatives is still suffering from their having been part of the old system. Successful developments and continuous public relations efforts should improve confidence and stabilise relations with the new powers at local, regional and national levels.

Co-operatives and Inter-European Co-operation

by Thierry Jeantet*

Introduction

Co-operatives have had transnational relations in Europe for many years. This is more true from an institutional point of view than from a practical perspective; but, nevertheless, European co-operatives have developed concrete exchanges among themselves. Like other organisations of the Social Economy, they have developed different kinds of collaboration within the European Union or within the European Economic Area. These links are now being extended to Eastern and Central Europe.

ICA Europe has certainly a large role to play in giving a new stimulus for trans-European co-operation among co-operatives (keeping in mind, of course, that which already exists).

This document is based particularly on a report which the author prepared for the Fourth Conference of the Social Economy in Brussels in November 1993, and on work carried out in 1994. It is of course only a preliminary report.

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A Co-operative Europe and the Social Economy

Exchanges of information and lobbying work are the result of European coordination as well as national coordination. They have an effect in the preparation of directives, rules, recommendations, and debates within the Commission, Parliament, and Economic and Social Committee of the European Union.

However, on the ground, the Europe of co-operatives and the Social Economy in general is being built every day. This is often done informally, by means of simple agreements or associations; it is often a matter of a first contact which gives rise, among the

members, to comparisons, exchanges of knowledge, or specific initiatives. It also occurs through support activities and training, as in Eastern Europe.

But, little by little, one can detect the emergence of co-operation which is stronger, better defined, and with more precise goals. This results in the creation of European Groupings of Economic Interest, holding companies, or joint stock companies based on joint ventures. The result is the transfer not only of knowledge but also of techniques, product development, or common services, and the creation of common subsidiaries.

No sector of activity, even if sometimes still in a modest way, seems to escape such collaboration, whether it be in the social and cultural fields, health, insurance and banking, agricultural production, industrial services, distribution, or tourism. If the agreements seem to be informal in some sectors, such as cultural or social, they are much more formal and result in the creation of networks or structures in such fields as insurance or social tourism.

Over and above this diversity, it is striking to see that, if this collaboration is still very new and therefore rather restricted in terms of results, it involves—at least potentially—an important number of citizens and enterprises: several hundreds of thousands of people, even several million in the case of social tourism, insurance, and banking. The Europe of the Social Economy cannot therefore be reduced to a Europe of micro-initiatives. Cer-

tainly they exist, but they cannot be said to be dominant. On the one hand, the heavy-weights of insurance, banking, and agriculture are engaged in European co-operation; on the other, local initiatives are joined together and strengthened through European alliances, as in the case of social tourism, for example.

Multiple Objectives

It must be emphasised that, behind every concrete operation, there is a desire to promote and develop co-operative tools (or, more generally, those of the Social Economy). The following preoccupations and objectives emerge from these activities:

- The sharing of knowledge and techniques is found in all projects, whether in the West or the East.
- The creation of common products or services, the spreading of innovative products, all at a reduced cost, are often shared goals. (For example, in the sectors of banking, insurance, production, retail trade, and restaurants). The concern is: how to serve the consumer better in his country and, when he travels, throughout Europe. This results in reciprocal agreements or in the creation of common services or tools.
- The spreading of a technique and a message are often combined. (For example, humanitarian, cultural, or social issues.) This is not only true for Eastern Europe (recreation of the Social Economy) but also for the West (difficult neighbourhoods, immigration, etc.).

- The creation of subsidiaries, both in the East and the West (social pharmacies, insurance, banking, agricultural co-operatives, etc.).
- Support given to new or rebuilding co-operative organisations, and to the enterprises that are linked to them. This is especially true in Eastern and Central Europe (training, technical assistance, etc.).
- The creation of subsidiaries or common tools in order to take advantage of the unrestricted provision of services (insurance, banking, etc.).

It would appear necessary for ICA Europe to undertake a more systematic collection of these experiences. A small working group could be created as an "observatory". It could spread information on the most innovative experiences.

Co-op Partners Need Tools...

Until now partners either choose the simple technique of agreements and conventions (especially in Eastern and Central Europe) or else use the European Grouping of Economic Interest and/or a holding company—or else, which is a source of problems, a national statute.

But none of these juridical tools is complete or totally adapted for our needs. All the partners agree on this, and are looking for solutions. However, all underline the need to see the European statutes for co-operatives, mutuals, and associations adopted as quickly as pos-

sible. They are pleased with the work which has been done by the DG 23, the Economic and Social Committee, and the European Parliament, in this regard. They hope that the European Council of Ministers will adopt these three statutes at the end of 1994 or the beginning of 1995. They emphasise that these should logically all be adopted at the same time, or else there will be discrimination among the three families of the Social Economy.

ICA Europe should support, with all its weight, the efforts underway to have these three European statutes adopted.

The problem of financing often exists. We lack a common transferable security adapted to all the institutions of the Social Economy. How can one develop and strengthen alliances without, for example, being able to exchange equity capital, call upon European savings, etc. The co-operatives must not be condemned, either alone or in groups, to seek ordinary solutions which threaten their internal democracy.

ICA Europe should stimulate a reflection on this subject, keeping in mind the existence of the European risk capital company Soficatra, created for the Social Economy with the support of the European Commission.

The various partners also emphasise the difficulty in accessing different European funds and programmes (Phare, Tacis, EBRD, etc.).

The role of ICA Europe and the Co-op Network should be strengthened in this very important area.

In a similar way, the institutions of the Social Economy complain about the lack of a mechanism to cover exchange rate risks, which create problems in investing in Eastern and Central Europe.

The co-operative banks which are members of ICA Europe should be asked to propose some solutions.

...to Support the Take-off

Potential partners still do not know enough about each other. The co-operative and Social Economy world is vast and complex. There is no overall census of the current Social Economy and the operational meeting points. Here one must nevertheless acknowledge the important work done by the European coordinating bodies and the DG 23, especially though its inquiry about pilot projects.

On this subject, the previous comments about the need for an "observatory" also apply.

Feasibility support is insufficient, especially in the countries of Eastern and Central Europe, where co-operatives and also mutuals and associations from the West are often asked to do everything: from participation in the drafting of legislation to the creation of an enterprise, plus the necessary training.

Of course this is too heavy, even for two or three important partners. The European programmes do not deal well with this problem, which also exists in Western Europe.

It would be very useful if ICA Europe could create or recreate a Guide to feasibility studies for the creation of co-operatives in Europe, and also establish a network of advisors, which could be made up of retired co-operators. Of course it is necessary to keep in mind the important work already carried out for many years by the European co-operative coordinating bodies.

There is not really any assistance for "changes in dimension". Many co-operative organisations or businesses are of local origin, and find it difficult to adapt to the European area even when they wish to do so. Here too there is a lack of meeting places and information systems about the necessary precautions and efforts.

The training of new actors in the Social Economy is lacking, especially in the East, but should be developed also in the West. This too is a subject which has been largely dealt with by the different European co-operative coordinating bodies.

In a similar way, the exchange of elected leaders or employees should be encouraged by ICA Europe. This is especially necessary for the enterprises and organisations which are first of all associations of persons (users and/or workers).

Access to innovation and new thinking is too weak. ICA Europe should create reflection cells which would facilitate the study of innovative strategies which co-operatives could conceive for the future.

...to Promote Action and Co-operative Partners

Co-operative partners often begin their co-operation within the European Union but, more and more, seek or have partners within the European Economic Area, and find it difficult to ascertain what they have the right to do with them. It would be desirable to have a manual about the different European "areas"—European Union, European Economic Area, etc.

ICA Europe could encourage the existence of one or several "clubs" of co-operative enterprises which practise intercooperation. An information bulletin on these undertakings and opportunities could be envisaged.

Potential partners in Eastern and Central Europe still seem to be burdened with many pitfalls, including insufficient promotion of co-operatives, and more generally the Social Economy, in their countries. An even more systematic joint action of the DG 23, Phare, and Tacis is desired in this direction; a clearer political understanding of the Social Economy in the activities of the European Union undertaken in the East is also hoped for.

It is important that ICA Europe, with the Co-op Network, strengthen this message to the Commission of the European Union and with the governments of the countries of Eastern and Central Europe, explaining that the Social Economy is one of the means which they could use to establish a new economic and social equilibrium in their countries.

The co-operatives, mutuals, and associations should be clearly presented, both in the East and the West, as possible concrete alternatives in the framework of privatisation, and as responses to deal with such important issues as social security, health, insurance, and agriculture, as systems for the participation of employees and users.

In Eastern and Central Europe there is an insufficient or inexistent legislative and fiscal framework with respect to co-operatives, mutuals, and associations. The Social Economy should be asked to undertake missions to remedy this situation. Some steps have already been taken in this direction with the support of the DG 23, and these should be followed with the support of ICA Europe and the Co-op Network.

Co-operatives and the ECEC Programme (1994-96)

This programme, prepared by the DG 23 of the European Union, is concerned notably with transnational co-operation between co-operative enterprises.

It would therefore appear necessary for ICA Europe, in liaison with the European coordinating bodies, to facilitate access by co-operatives to such a programme and to define a global strategy to follow.

Summary and Conclusions

At the conclusion of this very preliminary reflection, it appears that ICA Europe can have the following roles in the field of transnational co-operation, keeping in mind the co-operative structures already in place:

- A role of reflecting and proposing with respect to intercooperative strategies, especially concerning innovative ideas.
- A "political" role in order to see to it that general information about co-operatives is better spread and that a "co-operative climate" is created. Its information action should be developed with potential co-operative partners as well as with institutions, especially the DG 23 and the Commission of the European Union.

- A role of "observatory" with respect to transnational co-operation, and spreading of innovative undertakings.
- A role of establishing, or at least encouraging existing co-operative structures to establish, tools, networks of advisors, clubs, etc.
- A role of liaison with the rest of the European Social Economy (mutuals and associations) which share the same concerns and goals.

Co-operative Adjustment in the Changing Environment of Africa

by Bjorn Genberg*

ICA-Europe has commissioned a study on co-operative adjustment in Africa with a view to elaborating a perspective on co-operative development, and a development assistance strategy based on a review of the present transformation of African economies and its impact on co-operative organisations. The study is largely concerned with the situation of agricultural service co-operatives. This is a summary of the study findings.

The Diagnosis

Far-reaching economic transformation with profound impact on co-operative organisations.

In the wake of the economic crisis in Africa, more than thirty countries are presently implementing structural adjustment programmes often imposed on them by external forces. In the context of this study there are no reasons to enter into the debate on these pro-



grammes. Suffice it to note that the programmes are there and that they have far-reaching implications for most co-operative organisations. The pace of adjustment differs from country to country but the trend is clear and irreversible: the economies are to be transformed to liberalised market economies.

Of outstanding significance for the co-operatives are the effects of market liberalisation, particularly in the agricultural sector, which is an important element in the structural adjustment programmes. Co-operative organisations, which hitherto enjoyed monopoly positions as instruments for Government agricultural marketing policies will be exposed to competition. From a monopoly position, all co-

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operatives, including the efficient ones, will lose market shares, with concurrent needs for adjustment.

Monetary policy reforms involving the imposition of credit ceilings and increased interest rates are other elements of the structural adjustment programmes affecting most co-operative organisations. Given a high degree of indebtedness and a low cost bearing capacity, these measures will negatively affect the ability of many co-operatives to maintain their level of operation.

Political transformation

Most African countries are also in the midst of a process of political transformation characterised by increased pluralism and democratisation. Combined with economic reforms which reduce the role of the State, these changes open the possibility for a disengagement of the co-operative movements from the State permitting them to become truly popular organisations. A democratisation of the society at large considerably also facilitates successful democratisation of the co-operative movements.

Economic reforms strike at the base of the Co-operative organisations -their business activities

Co-operative organisations are characterised by ideological principles. They concern themselves with member services rather than profit. They foster democratic values and hold principles of equality in high esteem. Yet, it should not be forgotten that co-operatives are business ventures with the

prime objective of providing their members with economic benefits.

Competition, increased capital costs and inadequate access to credit following from structural adjustment measures hit at the very foundation of co-operative organisations, namely their business operations. Of the three, competition is particularly threatening. If the co-operatives fail as businesses, they will fail in all other respects as well. They will simply disappear. The outlook is harsh indeed - adjust and succeed or fail and disappear.

Ill prepared to meet the challenges

In different combinations and to a varying degree, many co-operative organisations in Africa bear characteristics which limit their ability to meet the challenges arising from a rapidly changing environment. Low business efficiency tends to be the rule rather than the exception. A weak capital base, heavy indebtedness and limited credit-worthiness constrain the ability of many co-operatives to compete with private traders paying farmers cash on delivery. Limited credit-worthiness also tends to reduce the volume of business, leading to a vicious circle of further worsening profit and loss statements, further deteriorating credit-worthiness, still further reduced volumes of business, and so on. To a large extent, the low level of business efficiency is explained by limited entrepreneurial capability among managers and board members at different levels.

Attempts to diversify activities have more often than not been unsuccessful.

ful, tying up scarce capital and incurring losses, and have quite often been questionable from a member service point of view. Co-operative development efforts have generally been oriented more towards intermediary and apex levels than towards the primary society level. This has resulted in unbalanced organisational structures and excessive over-head costs for the movements.

Co-operatives have generally been established from above. Government assignment of monopoly functions in crop marketing to co-operatives made co-operative membership a precondition for growing certain crops for the market. In other instances, co-operatives were compelled to provide services, such as the provision of credit, to members and non-members alike.

Government failures to deliver inputs in time, to pay rewarding prices and to pay on time were seen as shortcomings of the co-operatives. With this experience far too many members have little regard for and affiliation to their co-operatives. When better services are offered by private operators entering a liberalised market, they will easily turn their backs on the co-operatives.

Many of these shortcomings can be explained by the historical relationship between the State and the co-operative movements. Government intervention and control thwarted co-operative development and prevented co-operatives from becoming efficient, member-oriented, member-owned and

member-managed organisations. However, this offers little consolation. The resulting problems are the same, and just as damaging.

The capacity of co-operative organisations to change

A number of factors affect the capacity and the capability of co-operative organisations to adequately adjust in response to changes in their external environment. The scope and scale of changes that are required is one such factor. All organisations have some capacity for change. The question is whether this capacity is sufficient. Given the seriousness of the problems that many co-operative organisations face, it may not be adequate.

The perception of a crisis will also influence the capacity to adjust. If the crisis is considered serious, it is more likely that an organisation will act decisively. The perception of a crisis seems to be insufficient in many co-operative organisations, which is demonstrated by a low level of preparedness and slow and inadequate responses. The failure to see what needs to be done and to take the right steps reflects limited entrepreneurial capability. Economic insolvency characterising many co-operative organisations is generally a serious constraint to adjustment preventing even a good management from making necessary changes.

The market will indeed put pressure on co-operative organisations to adjust. However, pressure will have to come from within the movements as well. Often, it is not clear from where

such internal pressure will come. Disillusioned and uncommitted ordinary members are more likely to turn their backs on the co-operatives than to struggle for change. Continued interference from Government staff and politicians can severely constrain efforts to turn co-operatives into efficient business enterprises which benefit their members.

Finally, in any reform process there are interests which will resist change. Change will introduce uncertainty, and demand re-thinking. This will create losers. The larger the changes are, the more significant are these implications and the stronger the resistance to change.

The diagnosis above is clearly a generalisation which does not always apply. There are strong co-operative organisations, at all levels, characterised by what is outlined above only to a limited extent. They will be able to adjust and withstand competition. Yet, whereas these are encouraging examples to be studied and learnt from, they are not representative of co-operative organisations in general.

A Modified Perspective for Co-op Development

In view of the situation of many co-operative organisations in times of rapid environmental change, a modified perspective for co-operative development seems to be called for. In the following, the main elements of such a perspective are proposed.

Immediate focus on improving business efficiency

The short to medium-term task is to improve business efficiency of co-operative organisations in order to secure their survival. Efforts should be concentrated on measures which are expected to have direct effects in this direction. A viable business operation means attractive services to members, resulting in member satisfaction and commitment. Once this has been achieved, long-term efforts should give higher priority to promoting co-operative principles, co-operatives as democratic institutions and gender issues.

A primary level focus

The services of direct importance to members are provided by the primary society level. The primary society level is the base without which intermediary and apex level organisations cannot exist and have no justification. However, in a liberalised market, primary societies can often flourish without the existence of an intermediary (trading and processing) level. Intermediary co-operative organisations are often a stumbling block to co-operative development due to their operational and financial inefficiency.

For these reasons development efforts should be concentrated on the primary level.

Improving business efficiency

Improving business efficiency of co-operative organisations is the outstanding task in a short to medium-term perspective. The specific blend of the measures suggested below will vary from situation to situation.

In many instances it is critically important to improve management. Managers without business talents should be replaced, and new managers should be offered substantial performance-related rewards. The composition of boards at different levels often has to be changed so that persons with business experience are made board members. Boards have to devolve considerable authority to managers to permit speed and flexibility in decision making. Training can be important in improving managerial capability but cannot replace entrepreneurial talent.

Weak co-operative organisations have strong reasons to simplify the management task. This is particularly important at the primary society level given the significance attached to improvement of performance at this level. Simplification can be achieved by concentrating on a limited set of core activities (normally trading in one or a few agricultural crops). Processing or diversification into other activities, including provision of credit, should not be considered until the trading activity has been made a lasting success. Weak co-operative organisations with non-viable processing and non-core activities should in many cases close these down.

All co-operative organisations will have to reduce their costs to meet competition within a liberalised market. The loss of a monopoly position is bound to mean a considerable loss of market share, even for efficient co-operative organisations calling for considerable cost reductions. Weak organisations will have to make even larger

cost reductions. A modification of cost structures reducing fixed costs as far as possible will be imperative. Scarce capital should be used for trading and not tied up in bricks and mortar. Office space can be rented rather than constructed. Transport services rather than fleets of vehicles may be purchased. And so on.

All possible ways to improve the capital structure and access to credit must be explored. At the same time, as this is a critical factor it is unfortunately one of the most difficult ones to find solutions for. Substantial increases in member capital is unrealistic as long as a co-operative does not provide a competitive service. Direct capital assistance from donors is probably even more unrealistic, save the provision of conditioned guarantee fund capital (see page 79). Co-operatives have often become indebted as a result of Government policies and directives. In these cases the co-operatives should prepare their case and press their Governments for debt relief or debt cancellations. Failing to secure capital, a co-operative organisation has no alternative but to adjust its operation (and hence costs) to a level compatible with its access to capital.

Primary co-operative societies should be relieved of any formal or informal obligation to trade with intermediary co-operative organisations. Their right to deal with whoever they prefer in business matters should be irreversibly established. Intermediary co-operative organisations should be forced to prove themselves in competition with other (private) organisations. If

they can not provide competitive services preferred by the primary societies, they have no right to claim the loyalty of the primaries. If they can, they will get their loyalty.

One further measure, which simplifies the management task, is a reduction in the size of operations, which can be achieved by reducing the size of primary societies. This is compatible with a strategy for weak primary societies, which are expected to concentrate on divisible trading activities and to reduce fixed costs and overheads to a minimum. Another advantage of a small primary society is that problems of transparency and accountability are reduced. Finally, a small society would permit formation closer to existing lines of social affiliation in local communities thereby increasing social coherence, member inter-dependence and loyalty and reducing problems with accountability and internal control.

The diversity in situations and needs among co-operative organisations should be emphasised once more. There are strong co-operative organisations, including strong and large primary societies, with diverse and integrated activities. Whereas these organisations will also have to adjust in response to competition following market liberalisation, some of the far-reaching measures suggested above will not apply. However, these organisations are not representative of the co-operative movements in Africa for which the generalised suggestions above are offered.

The role of the State

A precondition for successful adjustment to a competitive market situation is a disengagement from the State, which gives co-operative organisations flexibility and freedom from Government interference. It is particularly important that any influence on factors affecting business performance is eliminated. Furthermore, in a changed relationship the co-operative movement should no longer be seen as an instrument for implementation of Government policies and Government rural development activities. Likewise, the co-operative movement, and not the Government, should have the sole responsibility for promoting co-operative development, including training.

The remaining role of the State is limited but important. The State should have the responsibility to register and cancel registrations of co-operative societies, ensure that laws under which co-operatives operate are followed, particularly with regard to auditing, publication of annual reports and protection of creditors. The State has a particularly important role to play in rationalising the co-operative structure by liquidating insolvent co-operative organisations. A changed relationship between the State and the co-operatives has to be manifested in a revised co-operative legislation. There are reasons to expect that a disengagement from the State will be a long process.

Market liberalisation often seems to out-pace disengagement from the State by a wide margin. To the extent that

continued State control relates to aspects of significance for the business efficiency of co-operatives, this relationship is likely to be a serious impediment to adjustment.

Co-operative development outside formal structures

Some would argue that any co-operative development in Africa worth this label, with some notable exceptions, takes place outside the formal (registered) co-operative structures in the form of self-help groups catering to a variety of economic, social and cultural needs. Such self-help organisations are founded by the members themselves as a means of solving common problems. They are governed by rules set by the members, managed by the members, and indeed, "owned" by the members. By all standards they are what is often referred to as genuine co-operatives. An interesting observation is that such self-help groups are often formed by women.

Self-help organisations are generally small, scattered and not related (federated) to other similar organisations.

An important question is how existing formal co-operatives should relate to co-operative activities on a self-help basis outside their own structures. In principle, there are no reasons why formal co-operatives cannot promote and support such co-operative activities (presumably with the implicit objective that one day they will become formal co-operatives). In practice, however, it is highly questionable whether

formal co-operatives will make promotion of informal co-operatives (self-help groups) a high priority. Bearing in mind the very considerable task which the formal co-operative organisations face in transforming themselves, it would probably seem odd from their perspective to give priority to tasks outside their own organisational framework. The conclusion for a donor may be different as will be discussed below.

A Tentative Strategy

Development assistance for co-operative development has to be re-oriented to support the adjustment and transformation of co-operative organisations in line with what has been argued above. Such assistance should be guided by a set of basic principles.

Basic principles for donor assistance

Donor assistance should be given on a movement to movement basis. Agreements should not be signed with the Government in a recipient country on behalf of the co-operative movement and funds should not be channelled through Government accounts. This principle has to be pursued with vigour. A Government which is not willing to accept a movement-to-movement relationship is not likely to provide co-operatives with the autonomy which is a prerequisite for successful adjustment. In all circumstances such a situation suggests a very careful assessment before major commitments are made. Government funds for co-operative development provided in a donor country should be placed at the

disposal of the co-operative movement in that country.

As far as possible co-operation between two movements should be characterised by partnership and equality. Successful co-operation for co-operative adjustment presupposes shared concerns, shared objectives, and shared perceptions of what the problems are and what the remedial measures ought to be. This would entail a context-specific strategy for co-operative adjustment. In order to establish such a common platform, donors should enter into a dialogue with the apex organisation (or some other logical entry point which is representative of the general membership) as a preliminary phase to a more substantive involvement in a support programme. In cases where such a common platform cannot be established, the donor may be advised to withdraw.

As a basic principle the donor should have not an executive but a supportive role. The executive function should rest with the recipient co-operative organisation. While the leading role should also be played by the recipient organisation in the programme formulation phase, programme formulation should preferably be a joint effort in order to highlight disagreements in disguise on concepts such as participation, poverty focus, high priority, member interests, gender, urgent, important, etc. which can cause considerable problems in the implementation phase.

External assistance which does not create some degree of external dependence is hardly conceivable. Great care

should be taken to avoid the creation of undue and damaging dependence. Donor assistance should be given with explicit recognition of how and when the activities undertaken with donor funds can be supported by local funding. Alternatively, it should be convincingly demonstrated that an activity supported with donor funding has a logical time limit, or that the activity will have lasting benefits following its conclusion.

Support to the adjustment of formal co-op structures or support to co-op development outside these structures

Whereas an existing formal co-operative organisation can hardly be expected to give high priority to the promotion of co-operative activities outside its own organisation, a co-operative donor can take a different stand. A donor can even find reasons to promote the formation of a parallel (new) co-operative structure with the view to eventually replacing inefficient and discredited co-operative organisations.

As a matter of principle, donor agencies should take a radically different attitude to co-operative development in the sense that co-operative development outside the existing formal co-operative structures should be seen as equally interesting. Hence, far more attention and support should be given to co-operative development outside formal co-operative structures than has been the case in the past. However, it must be recognised that support to co-operative development outside the formal structures calls for a different strategic approach and different modes of operation. It will also demand some

new skills from the donor agency. A donor must be prepared to acquire these abilities in order to become a useful partner in the support of co-operative development outside the formal structures. These efforts can hardly be justified unless the donor decides to make such support a major activity. Ad hoc and marginal activities should be avoided.

A donor can choose to support both formal and informal co-operative development in the same country. In situations where the formal co-operative organisations are characterised by severe constraints through continued government control and intervention and an inadequate ability to adjust and thus have limited potential to become viable. Thus where co-operative development flourishes outside the formal structures, the choice may be to focus exclusively on such development. Should the donor have decided against entering the field of informal co-operative development, support (of formal co-operatives) can be shifted to another country. In situations (countries) where there is considerable potential for successful adjustment within formal co-operative organisations, support may be exclusively provided to these organisations.

Support programmes for primary society development

In line with the development perspective outlined above, donor support should first and foremost concentrate on the development of primary societies. The strategy elements of such a programme are also indicated in the

development perspective. In operational terms, a participatory extension programme is foreseen. In a problem-solving dialogue with primary societies, a cadre of co-operative extensionists could assist societies to review their situation and to develop a "plan" for how to become competitive (concentrating activities, reducing costs, simplifying the management task, etc.). A donor should only enter into such a programme on condition that primary societies are given the right to trade with whoever they wish.

Support to promising organisations

Support should be provided on a selective basis only to those organisations with the potential for successful adjustment and adequate capacity to make the necessary changes. It is important that support programmes do not maintain unviable co-operative organisations through artificial means.

Grant to non-business activities

As a general principle, donor grant support should not be given to activities which have a direct impact on the profit and loss statement of a co-operative organisation. Such support could easily disguise the inability of a co-operative to make necessary adjustments and give a false impression of economic viability. Nothing of what is envisaged in the support programmes for primary society development is of this nature. Grant funds can also be provided for training and for reviews and analysis, including business consultancy studies, which may be part of a reform and adjustment process.

Guarantee funds

One serious constraint for many co-operative organisations, particularly at the intermediary level, is the shortage of working capital suppressing the volume of business. A co-operative donor may consider the provision of a guarantee fund with a financial institution in order to soften this constraint.

However, it is imperative that the provision of such a fund is seen as only one element of a plan for adjustment, and that the elements of this plan (which ought to precede the provision of capital) are implemented before access to credit is granted. The operation of such a scheme has to be surrounded with stringent rules, and should be based on business considerations alone.

Staff development in co-operative donor agencies

Should a co-operative donor agency decide to provide assistance to co-operative development outside the for-

mal structures, additional skills will be required. Unless available, donor agencies should recruit staff experienced in working with self-help groups.

The strategy for co-operative development proposed here presupposes a reorientation which may not be all that easy for staff who have previously worked in the field of co-operative development. It may be hard to admit that something one has wholeheartedly supported and worked with was partly misconceived and contributed to the present sad state of affairs. Also, loyalty, sympathy and friendship with individuals and co-operative organisations may make it difficult to take a neutral and analytical stand, to draw detached conclusions, to deliver critical messages and to cut ties. For the same reasons that some board members and managers in co-operative organisations in the South ought to be replaced, some co-operative donor agency staff may need to be replaced in order to facilitate adjustment.

Gender Issues

by Raija Itkonen*

Background

At the Consultative Meeting of the ICA European Region in Brussels on 8th July 1993 two working groups were established to facilitate the implementation of the European Region work programme. The Terms of Reference and the membership of the two groups were approved at the first meeting of the ICA European Advisory Council (EAC) in Brussels on 10th November 1993.

Six priorities were approved by the EAC for Working Group I:

1. Co-operative Identity
2. East-West Relations
3. Management Control Systems and Corporate Governance
4. Joint Cross-Border Operations
5. Co-operative Development in the South
6. Gender Issues

The Terms of Reference stated that the question of gender will be brought into all activities, documents and pro-

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grammes of the Working Group during all its work. The coordinator will have the right to participate in all stages of the work, in order to get a co-operative gender perspective into all documentation and proposals. At her discretion, she can form a reference group.

What is Gender?

Sex refers to the attributes of men and women which originate from their biological differences, while gender refers to the distinctive qualities of women and men which originate from culture.

The long-term goal of gender equality work is to create a situation where there is a balance between how the influence, knowledge, interests, and life experience of women and men are taken into consideration.

Women and men are different because their brain structures are different. This

is a scientific fact but difference is not the opposite of equality, nor does difference deny equality. Equality means the same chances for women and men to choose things they are better at. It means equal opportunities in education and training, employment and positions of power.

For the best solution and success the co-operative movement needs to acknowledge both equality and difference. Difference should be seen as an advantage, not a limitation. Gender difference includes competencies and strengths which women have developed to cope with their life problems. Women's ability to find innovative solutions could be used to benefit co-operatives and influence their development.

Co-op Gender Development - Some Milestones

The 150 year old history of the Co-operative Movement is filled with good intentions regarding equality between women and men. The idea of gender equality has in fact existed in the co-operative movement from the very beginning. In the History of the Rochdale Pioneers written by G.J. Holyoake it is mentioned that one of the characteristics of the Rochdale Pioneers' Society was that the Pioneers "accorded to all members the democratic right of voting (one person one vote) upon all appointments and propositions, and **accorded to women likewise the right to vote** and to receive their savings whether they were single or married, and this long before the married woman's property act existed".

The report on the work of the ICA to the tenth Co-operative Congress in Basel in 1921 stated: "In pressing forward we cannot overlook the claims which the women of our movement are making with increasing force and unity for a place in our ranks, our councils and the direction of our work. Apart altogether from the bare justice of their demand, the circumstances of the hour make it imperative that women should be received into all our work on equal terms, as indeed they have ever been in the main stream of co-operative membership under the Rochdale system of co-operation".

The foundation of the ICA Women's Committee was laid in connection with this Congress in 1921.

When the 11th Congress in Ghent in 1924 the time was opportune for discussing the place of women in the co-operative movement. The ICA was the first great international organisation to place the question of the active collaboration of women on the agenda of its Congress. Mrs. Emmy Freundlich, the only woman on the then Central Committee of the ICA, was asked to deliver a paper on the matter. She was later the first woman on the ICA Board. She started her paper by saying: "In all countries where there are co-operative organisations, it is invariably stated that the women must be won over to the co-operative idea if the movement is to attain its object".

The discussion that followed resulted in a resolution recommending, among other things, that member organisations remove every hindrance to the

election of women to the management boards of co-operatives.

The ICA Congresses in 1960, 1969, 1980 and 1988 have also passed resolutions on the improvement of women's role in the Co-operative Movement.

Last year the ICA Board approved the ICA Policy on Women in Co-operative Development. The Policy was introduced to the General Assembly in September 1993. The policy sends a clear message that gender equality is a priority area in the ICA.

What is the purpose of recording all these events in this context? It is to remind ourselves of how much time and energy, as well as human and financial resources, the Co-operative Movement has spent on good intentions without really appreciating gender equality as one of its special characteristics and success factors.

ICA Europe is now taking shape. It is very gratifying that gender issues are on the European agenda from the very beginning. A new partnership between women and men is necessary if the European goal is truly pluralistic co-operatives where differences of women and men are freely expressed, respected and utilised for the benefit of co-operative development in a rapidly changing environment.

Development Trends in Europe

In Europe there are great differences in economic, social and cultural conditions, but the common factor is women's secondary position compared with men - despite the fact that

women outnumber men. But there are many measures now taking place at various levels which will have an impact on the present imbalance. In order to safeguard their competitive edge, co-operatives should not overlook the fact that gender equality is gradually acquiring legitimacy of its own.

The total population of Europe is 700 million, more than half being women. The European membership of the ICA comprises 95 organisations with a membership of 156 million, which is about 22% of the European population. There are no statistics available regarding the proportion of women in ICA member organisations. About 520 million people live in the 30 member countries of the Council of Europe. Of them 51% are women. The population of the countries of the European Union is 350 million, of which 51% are women.

The present goal of European women is to exceed 30 per cent representation on various decision-making bodies because when a group constitutes more than 30 per cent it has reached the so called critical mass and the process becomes self-sustaining. This limit has been exceeded in the Nordic Parliaments and Governments and has started to influence public thinking and attitudes. However, according to the information about participants to the first ICA European Regional Assembly, gender equality has not yet become a "megatrend" in European co-operatives.

The educational level of women in Europe is improving fast. In the EU countries they will soon outnumber

male students at university level. Women's share of labour force in EU countries is at present 41 per cent. The increasing participation of women on various decision-making bodies and the greater economic independence of women will change markets.

The European Union endeavours to improve the situation of women by special women's programmes. Its third gender equality programme, covering the years 1991-95, tries to improve the situation of women, especially within the labour market and to increase women's role in decision-making through, for instance, the NOW-project (New Opportunities for Women). Furthermore, six directives on equality have been approved by the EU. Among these directives are:

- the principle of equal pay for men and women
- the principle of equal treatment for men and women as regards access to employment, vocational training, promotion and working conditions

This year women are very much in focus in Europe due to the preparatory work for the fourth World Conference on Women to be held in Beijing in 1995. The major event will be the ECE (Economic Commission for Europe) High Level Preparatory Meeting in Vienna in October. Another event was the Nordic Forum in Finland in August, with about 16,000 participants from all the Nordic and Baltic countries participating in about 2,000 meetings, seminars, workshops, speakers' corners, cultural events etc.

The message from these events has been widely spread throughout the Nordic and Baltic countries.

Co-operative Identity

It is crucial for co-operative identity that we live up to those values and principles on which the Co-operative Movement claims to be based. If values and principles are merely alleged co-operative credibility is destroyed in the public opinion as well as in the eyes of members/owners and personnel. Values and principles must be known, respected and adhered to throughout the organisation.

People are attracted to membership and participation once they find them meaningful. The Nordic Forum with the theme "Women's life and work - joy and freedom", was a glorious example of this: it exuded energy, commitment, collaboration and creativity. Co-operative leaders, accustomed to operating in the command and control hierarchy mode, now seeking new recipes for member participation to solve their business problems, would have received an insight into what an untapped resource co-operative basic values, principles and women are in the Movement.

The co-operative movement is now reconsidering its principles and preparing a co-operative declaration. Although the principles and declaration must be challenging and goal-oriented, they must also be realistic and trustworthy. The future success of co-operatives depends on their ability to translate the values and principles into practice.

If co-operative principles state that co-operatives are democratic organisations without gender discrimination, it is imperative that strategies and action plans (with targets) are developed to correct the present imbalance in the participation of women and men in co-operatives as members, leaders and managers. The concept of democracy will only assume true and dynamic significance when co-operative policies are decided upon jointly by women and men.

Gender integration is not possible on male terms only. Women are not as power-oriented as men: getting things done, work content and satisfaction, as well as personal relationships are more important. Because of differences in priorities more mutual respect is necessary. Co-operative women and men should collectively work out strategies to correct the present imbalance. Empowering women to take a greater part in decision-making is necessary both to co-operative efficiency, success and sustainable development.

The contribution which the co-operative media can make towards gender equality by avoiding gender-stereotyped presentations, as well as language, is important.

East-West Relations

Co-operative legislation

The cause of equality should be supported by co-operative legislation. Women's rights should be guaranteed by co-operative laws. Gender inequality is systemic. An invisible gender pattern dominates all aspects of life, i.e. culture, language, labour market,

social interaction, etc. Therefore, all tools are needed to eliminate this pattern. Co-operative laws, together with constitutions and statutes and by-laws are basic tools. The language used in co-operative legislation should put women and men on an equal footing. The vocabulary used in constitution, statutes and by-laws should in no way suggest the superiority of one sex over another.

Long-term East-West Co-op Relations

The transformations in Eastern and Central Europe also have gender specific effects. In countries which once enjoyed the distinction of the highest levels of female participation in the labour force and a large female share of paid employment, women now face unemployment, marginalisation and the loss of former benefits and other forms of social security. In the first democratically-elected Parliaments and Governments the number of women declined from an average of 33 per cent to an average of 10 per cent.

From a gender perspective totalitarian policies regarding the emancipation of women and women's participation, with all their limitations and contradictions, did give women in Eastern and Central Europe a visible role as well as consciousness and self-esteem. From this point it would have been, or perhaps still could be, possible to move forward in new directions in terms of defining the conditions for women's empowerment in a new Europe.

In order to combat the marginalisation and ignorance of women within the

co-operative movements of Eastern and Central Europe today, it is essential that women are actively involved in the transformation and restructuring of their co-operatives. The ICA Women's Committee and Co-op Network have therefore initiated a training programme for women co-operators, with the aim of providing them with the necessary skills and experience required in market economies. The programme also includes a European Seminar to be held in Prague in connection with the first European Regional Assembly. Its aim will be to discuss strategies for the future and the establishment of a European women's co-operative network.

Management Control Systems and Corporate Governance

If we agree on the fact that the prime distinguishing feature of co-operatives is the centrality of membership and member control and that members are the owners, goalsetters and users of their joint organisation, then a comprehensive review of membership activities, policies and practices should be undertaken in order to ensure equal opportunities for women and men as members.

Management Control Systems and Corporate Governance issues are in the public eye everywhere. By their very nature co-operatives are expected to operate to the highest moral and ethical standards. As member-based organisations co-operatives should also be characterised by openness and accountability in their relations with members.

According to research women and men solve problems differently. They use different strategies, but with equal success. This is why women could bring new perspectives in management control systems and corporate governance. Research also supports the idea that women have skills to offer in view of the changing challenges in working life. Female leaders and managers are found to be more people-oriented and they could bring such elements to leadership and management. This would benefit co-operative business, member participation and co-operative culture in addition to the motivation, well-being and efficiency of both organisations and employees.

Women are considered to be good leaders in matters requiring collaboration, group integration, and the ability to listen and motivate. Women prefer networks to hierarchy. Men live in the world of things and space. They have better awareness of dimensions, whereas women have a better perspective of the situation in hand. Many of the features for which women's leadership is praised are rooted in women's family roles. Women's traditional role of caring for others assists them in the management skill of supporting and encouraging people and bringing out the best in them. A combination of the strengths and talents of men and women can change the systems and routines in organisations and bring new efficiency and competitiveness into the co-operative form of business.

Joint Cross Border Operations

Efforts to work for equality between women and men have not been on the

agenda in co-operative transnational relations. Organisational factors have been much more in focus than the effective utilisation of human resources - female and male. The interaction between people has not been considered of economic importance. However, co-operatives could act as a lobby and spokesorganisation for gender equality and new management cultures as one of the key issues of European integration.

Co-operative Development in the South

It is estimated that one third of all households in the world are now headed by women. Throughout the world, women play a crucial role in agriculture, as well as in farming families and rural communities. In Africa about 75 per cent of agricultural work is done by women, who produce and market about 80 per cent of the food.

Women are also the key to stabilising population growth. 93 per cent of world population growth will occur in Africa, Asia and Latin America. Since 1950 their population has grown from 1.7 billion to 4.1 billion. World population is today 5.7 billion and is estimated to be close to 6.3 billion, by the year 2000.

There are 32 co-operative organisations from 32 African countries affiliated to

the ICA. Their total membership numbers close to 20 million.

Women are decision-makers and major economic actors in their families. Therefore these figures should be kept in mind when addressing co-operative development in the South and changes that are considered necessary.

Greater gender awareness and integration of women into the mainstream of co-operative development are important adjustment measures. Empowerment of women through co-operative development will benefit both women and co-operatives. A great number of women would no doubt be interested in becoming integrated into co-operative development if they were aware of the co-operatives' potential to meet their needs.

Conclusion

Co-operatives should make an organisational commitment to understand, value and promote gender equality because it is smart co-operative business. The command and control organisation with stagnated hierarchies belongs to the past. Today's co-operative organisation should be a symphony orchestra. The recipe is to put the power of gender diversity to full and positive use as one of the factors underpinning co-operative success.

Co-operative Image: Improving Information & Communications

by Mary Treacy*

Need to Reach a Wider Audience

The ICA Director, Bruce Thordarson, said at the last ICA Congress in Tokyo that, although ICA publications had improved considerably in recent years, more needed to be done to improve the quality of our publications and to publish in more ICA languages. The first objective has been met - Mr. Thordarson commented on the positive feedback he had received about the Communications Programme in the 1993 Annual Report; and he commented that the second requires more resources than currently available and can only be realistically achieved with the help of our members.

However as the ICA Communications Department's contribution to the Annual Report for 1993 stated:

"The Co-operative Movement has a relatively low public profile because, although it is efficient at communicating internally, its message is not reaching a wider audience, or at least not making a lasting impression on it.

The Communications Programme with ICA membership is now firmly established and operating efficiently. Work now needs to begin on an outreach



programme. However, the ICA Secretariat does not have the resources to communicate widely with the outside world. In the lead up to 1995 the Communications Director has, therefore, been investigating possibilities of collaboration with other organisations, media agencies and communications networks, with the aim of proposing a global communications strategy for the ICA in 1994."

ICA European Working Group II decided that this strategy would make a suitable subject for their work programme. The Director of Communications was, therefore, requested to coordinate a project along the same lines as the one under investigation for implementation internationally and to attempt a pilot project at regional level.

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Collaboration with IPS

One of the elements of the strategy for 1994 was the signing of a contract with, Inter Press Service. IPS is one of the four largest press agencies worldwide, but differs from the others because it has independent funding, it functions as a co-operative rather than being financed by Government or private business, it favours alternative communication, North-South, South-South information, success stories rather than only scandals, and in-depth analysis in addition to straight reporting.

IPS is an international, non-governmental organisation which aims to promote international co-operation and development, and which enjoys NGO Consultative Status Category I (the same status as ICA) with the Economic and Social Council of the UN.

IPS news network presently covers 97 countries and has over 1,100 media and other subscribers. The Press Agency is organised as a co-operative and is in membership of ICA through the Italian Confederazione Cooperative Italiane or CONFCOOPERATIVE.

The IPS aims to strengthen South-South and South-North flows of information. It has three main divisions: the IPS Third World News Agency which exchanges news with 41 national news agencies from the South and 14 from the North and distributes news daily in nine languages; IPS Projects Division which carries out programmes for training, information exchange and the establishment of networks; and IPS Telecommunications which is specialized in the transfer of

technology to improve information and communication structures in the South, while avoiding the creation of new forms of technological dependence.

The twelve-month pilot project between IPS and ICA aims to use IPS channels to build better awareness of co-operative ideals and the work of the ICA and its members, with a special focus on North South and East West ventures for Co-operative development.

Starting in mid-September 1994, IPS will produce up to 50 news items or features with story ideas provided to the IPS World Desk by the ICA Head Office, ICA Regional Offices and ICA members and distributed to the mass media through the daily IPS news and features wire, to NGO's through the International Electronic Networks which will be discussed later in this report and to ICA members through the ICA News or through their own link-ups with the electronic network. Working links will also be built up with the ICA Regional Offices.

Negotiations will also take place on a proposal to jointly produce a special issue of the ICA News on Sustainable Development for the World Summit on Social Development which will meet in Copenhagen in March 1995 and a special issue on Women in Co-operatives for distribution at the UN Fourth World Conference on Women to be held in Beijing in September 1995. These issues of ICA News will be distributed with the official bulletins of both Conferences which will also be prepared by IPS.

Communicating through Electronic Networks

When looking into the different possibilities for electronic networking available, the Director of Communications interrogated the International Electronic Communications Network (the INTERNET) to see what type of information was available under the Conference "Co-operatives". The following was part of an entry from a member of a student co-operative:

" Although the following is rather United States-centric, the co-op movement is truly an international movement (Sweden, Canada and Japan spring to mind), so more information about other countries would be welcome.

What are the Rochdale Principles?

In 1838 (check this) a co-op was founded in Rochdale England which became the inspiration for the consumer co-op movement and the Rochdale principles. They are (probably better to insert here the official text from the international co-op whatever-they're called):"

... and the writer goes on to list more or less correctly the Co-operative Principles according to the official text of the international co-op whatever we're called.

We would love to have replied with some information on the ICA and on co-ops in Sweden, Japan and Canada - - and elsewhere - - but ICA was not yet hooked up.

What is the Internet?

More than 20 million users throughout the world are hooked up to the INTERNET. That means more than 20 million users who will have access to information about co-operatives when the ICA offices, specialised bodies and ICA members are hooked up and inputting information on a regular basis.

When the Co-operative Movement starts to use the system regularly it will also have access to a fund of information which includes scientific research, political debate, information on agriculture, market information and stock tips, UN documentation and consumer bodies. The network is used increasingly by multi-nationals and other businesses to communicate between their different offices and outlets, for buying and selling, head-hunters and job-hunters, health professionals, libraries and universities worldwide and for self-help groups, hobby groups and other social groupings.

Dominating the technological hierarchy is the INTERNET, a huge international network of computers - many of them located in universities or government research facilities that have all agreed to use the same connecting software so they can talk to each other electronically.

The cost to the participating institutions can be as low as 1,000 dollars a month for an unlimited number of users.

Every day millions of people around the world dip into a huge amount of information. Public access services charge a nominal fee for use of their own electronic bulletin boards and in

some cases access to the Internet. Commercial operations are generally easier to use than public-access services but they charge higher fees. The subject matter is often programmed providing information services tailored to particular audiences.

A Brief History

Now a little about the history of the international electronic network systems available. The Internet was born about 20 years ago, as a U.S. Defence Department network called the ARPAnet. The ARPAnet was an experimental network designed to support military research - in particular, research about how to build networks that could withstand bomb attacks or other trauma and still function¹.

The INTERNET has since developed into an international network (mainly in the Northern Hemisphere), but for many years it only extended to the United States' allies and overseas military bases. Now, with the less paranoid world environment, the INTERNET is spreading everywhere and hooks up to other international networks.

Between 1982 and 1987 several independent, national, non-profit computer networks emerged as viable information and communication resources. In 1987, GreenNet in England began collaborating with the Institute for Global Communications (IGC) which operates PeaceNet, EcoNet, ConflictNet and Labor Net in the United States. These two networks started sharing their electronic conference material and demonstrated that transnational elec-

tronic communications could serve international as well as domestic communities working for social issues.

This innovation proved so successful that by late 1989 networks in Sweden (NordNet), Canada (Web), Brazil (AlterNex, operated by IBASE), Nicaragua (Nicarao operated by CRIES) and Australia (Pegasus) were exchanging information with each other and with IGC and GreenNet, using low-cost, state of the art technology.

A Co-operative of Networks

In May, 1990, the Association for Progressive Communications (APC) was founded by the above organisations to coordinate the operation and development of this emerging global network.

The APC has 12 member networks serving almost 20,000 members (educators, students, workers, libraries, journalists, environmentalists, non profit and non-governmental organisations) in 95 countries. APC also exchanges E-mail and selected conferences with over 50 associated networks worldwide, including the INTERNET.

According to the research undertaken by the ICA Communications Department, of the systems available at the present time, the Internet and APC would probably be the best networks for an international organisation like ICA to join with ICA member organisations joining directly to the Internet or the Association of Progressive Communications through GreenNet, Nicarao, AlterNex, NordNet, etc. depending on what is available in their countries.

1. *The Whole Internet* by Ed Krol, O'Reilly & Associates, Inc.

APC Network Services

Services which can be provided through APC are as follows:

E-MAIL or electronic mail — exchanged with all international e-mail systems.

Fax service — Transmission of e-mail and information services to fax machines at very low cost.

The network lines are fixed-cost links usually financed by grants of larger research centres or government foundations. Thus, today it is much cheaper to transfer messages via the Internet than using direct dial or commercial packet switching services.

Conferences (or Bulletin Boards)— Most APC systems keep a full range of more than **600 international networked conferences** (or headings under which information is stored) on many topics including, agriculture, energy, trade, international relations, education, environment, health, journalism, library and information science, etc. all subjects which are of interest to and could be supplemented by information from the co-operative movement. Other conferences could be added: e.g. consumer, fisheries, workers co-ops, etc.

Databases — APC systems can install local databases under contract with non-profit organisations and can provide access to remote databases via the Internet.

News services — Contracts with leading alternative news providers such as Inter Press Service, AIA News and others, provide up to the minute worldwide news feed in Spanish and

English. This information is regularly posted in conferences or in data base systems.

ICA has begun a twelve-month pilot project of collaboration with IPS - see details on page 88.

Access to all the major news agencies if of course available through all networks via a fee.

Special services — Special full-time connectivity services are being provided to institutions in several countries, through leased lines.

Special projects

One example is that APC designed and operated the ISP/RIO a large electronic information exchange system installed during ECO 92 in Rio which provided full connectivity to participating NGOs.¹

How to Hook into the New Global Network

What to Buy - - Getting connected to the electronic network requires a modest computer, a modem and software that links computers over phone lines. Just about any computer will do, but a modem which operates at 9000 bits is a must, as time is money. The key item needed is computer software that opens electronic doors between computers with a computer language called UNIX, a sort of digital Esperanto.²

Getting Set Up - - Hooking up your modem and computer isn't much harder than plugging in a phone. But you probably will need to roll up your sleeves and plough through some "technological specifications" to get

1. Information provided by APC International Secretariat, Brazil;

2. *Livewires* - Newsweek September, 1993.

the computer, modem and software to agree that they really do want to talk to a computer in Burkino Faso or you will have to employ a computer expert to set up the system for you.¹

Another possibility is to seek help from one of the many experts working for an APC member.

World Press Centre

One of the other means of spreading the co-operative message further afield that the ICA Director of Communications investigated in 1992 was the World Press Centre.

World Press Centre is a global multi-lingual computer clearing house for new press material and public information. Based on practices of newsrooms, press offices and campaigns, it offers a new standard of delivery of essential source material and a convenient new way to get items on computer screens when they are wanted.

World Press Centre is geared to providing services to journalists giving them information which they could not or would not otherwise get in time to use.²

Still in a relatively infant stage the World Press Centre is a development worthy of further study and consideration as it would be an ideal channel for information on the press to journalists and thereby, and hopefully, to the general public.

ARIES, the Information Network of the Social Economy Known officially as "Euro Info Cen-

tres" (EIC), ARIES was conceived in 1986 as a key element in the European Commission's action programme for small and medium enterprises. Established in 1991, ARIES is a tool for disseminating information from the European Economic Community and other institutions in the European Union among the Social Economy organisations; facilitating the exchange of information between the organisations of the Social Economy, from the European level to the national and regional levels and vice-versa; and promoting interaction between the companies of the Social Economy and the Economic Community via the European network of EICs.

ARIES is a private system which uses GeoNet. Contact Reimer Schlüter at CECOP for details and prices.

This pilot project's objectives are to bring the Community closer to enterprises; to ensure that consistent, credible and efficient Community information is available in one central location; and to identify the true needs of the small and medium enterprises in the global European market.

Over and above the dissemination of Community information, ARIES is concerned with the exchange of information between the Social Economy participants.³

In addition to the obvious advantages of using a system geared to the Social Economy for those co-operatives who feel part of this movement, the main advantage is that the network used by the ARIES system has developed some very efficient off line searching software which cuts down the cost of searching databases on line.

1. *Livewires - Newsweek* September, 1993;

2. Information provided by World Press Centre, London;

3. Information provided by ARIES, Brussels.

The main disadvantages are that the use of this network often implies paying a fee to national telecommunications services which often works out to be very expensive.

Reservations have been expressed to ICA about the value or exclusivity of the information on the ARIES conference by organisations having access to the system. However, the information available is also a reflection of the input of its members and the ARIES system, which was started in 1986/91 has not yet had time to reach its potential.

Cost/benefit Analysis

ICA decided to hire a consultant to advise us which of the available networks would be the most advantageous from a cost/benefit point of view and to help us work out and implement a strategy.

We have decided to join an APC network which is currently the most cost-effective means of accessing the Internet available in all continents.

However, ICA has also decided to join two additional networks at Head Office (i.e. TogetherNet and ARIES/GeoNet) in addition to GreenNet in order to compare the prices and services offered by the different networks so as to be able to better advise our membership.

ICA believes that its role is to provide its members with information on a variety of networks so that they can decide for themselves which one best suits their particular needs.

Progress and Future Strategy

Internal Network - Geneva

Progress is slowly being made to set up an internal network in ICA Head Office. This has been a longer process than expected for a variety of reasons: one being the age of some of ICA computer equipment another the fact that ICA is trying to install this network at the lowest possible cost.

However the PCs in the office are now in the network and training on how to use the internal network has begun.

Link-up with the Internet

The Geneva office opened an account with GreenNet in May 1994. This has been quite an easy system to master due to the expert guidance of our Consultant, Jill Small. The back-up service provided by GreenNet has been exemplary to date. Of course there are always some teething problems and ICA Geneva intends to document them and to pass them on to our membership.

ICA was able to obtain access to the Internet through the University of Geneva, meaning we can access the Internet via a local call.

We will be joining TogetherNet within the next month provided ICA is accepted on the basis of furthering the same aims as this network. This may prove to be the cheapest system for use from the Geneva Office in the long-term, especially once they set up a server in Geneva scheduled to take place early next year (access is currently through Le Locle approximately 100 km from Geneva). Besides the fact that this appears to be the cheapest network currently available, its main

advantage is its very user friendly software. The main disadvantage of this system is that it is not yet available worldwide.

ICA also made an application to join ARIES in June. We hope in this way to be able to assess the usefulness of the system for our European membership. We are awaiting acceptance of our application.

Situation in the Regions

ICA ROAP office has been in possession of a modem since last year and is now in the process of being hooked up to the network via ERNET, an APC member successfully used by many NGOs in the region.

We have managed to obtain funding for modems for all our African offices and Mukla and HealthNet, an APC member is helping to set up the system and provide training for ICA staff in Nairobi and Moshi. Charles Musisi, the Manager of this network, visited the Director of Communications in August to discuss possibilities of getting all the African Offices on-line and arranging for staff-training and Susan Drouille, an APC Consultant met with the ICA Director-General, Deputy Director-General and Regional Directors during the Regional Assembly in Nairobi in early September.

ICAROCAC is hooked up via the NICARAO, an APC member, but is not using the service due to lack of expertise - we have offered to help this office through our APC contacts who can provide the necessary training at a low cost.

The APC connection has proved to be a Godsend for ICA in providing dedicated non-profit motivated expertise for its regional offices.

We are presently discussing how to fund the Project Office in Argentina.

Strategy for Developing ICA's On-Line Presence

First Phase

Background information in English about the ICA and its specialised bodies will be fed into the Internet together with basic information on Co-operation - what is a co-operative, etc. The ICA News will also be put on line as part of an on-going strategy (every two months) The ICA publications list will also be put on-line and updated quarterly.

Second Phase

The background information will be posted on various electronic conferences in French, Spanish, German and eventually Russian, technology permitting. The Annual Report for 1993 will also be added and this will be continued on a yearly basis. Certain publications, such as ICA Review, and selected articles will also be put on line together with information on ICA's Centennial.

Third Phase

ICA will develop cross-fertilisation of information by 'posting pointers' in different conferences/discussion groups to make information easier to access.

Fourth Phase

GreenNet will start putting all this information into a database on co-operatives. A decision will then be made as to which information will be made available free of charge and which might only be made available for a charge or to members only - ICA mailing list, specific ICA publications, etc. ICA Specialised Bodies and member organisations are expected to contribute to the database once they are on-line.

The first phase has already been completed and the second stage begun. We estimate that the third will be underway by the time of the Regional Assembly in Prague in October 1994.

Strategy for Getting the Wider Movement On-Line

1. Need for Commitment

In order to implement the strategy it is necessary that those involved:

- a) Support the exchange of information via electronic systems of internal information, and the creation of internal infrastructures with the possibility of external Communications.
- b) Want to have access to IPS information on co-operatives and have the possibility of exchanging information with IPS and other parties.
- c) Want a common vehicle for this purpose that doesn't exclude the

use of other electronic systems or traditional systems of communications.

2. Short-Term Strategy

Initial Target Group

- * Regional Offices
- * Specialised Bodies
- * ICACC members and other interested communications people

3. Information Audit

First stage: Survey - ask target group to provide information.

Second stage: Audit - more aggressively pry information out of target group.

- a) Initial Target Group - Listed above
- b) 2nd Target Group - European Members
- c) Third Target Group - All other ICA Member Organisations

4. Training & Technical Support

Geneva Office Basic Training

An initial training has already been given in:

- Accessing Information from External Sources.
- Disseminating information on ICA & Co-operatives (see strategy for developing on-line presence).

Regional Offices

- Investigate needs.
- Put RO Directors into contact with

support persons from APC nodes in the regions.

- Arrange for necessary technology to be made available

Manchester Training

- TARGET GROUP - Specialised Organisations & Communications People headquartered in UK Co-op Union, CWS, ICMIF, Co-op Bank, ICBA, INCOTEC, TICA.
- Contact organisations involved to establish interest and convince them to follow-up.
- Put into contact with the different organisations which can supply service and training.
- Arrange for training in other countries - possibly for whole of initial target group.

5. Long Term Strategy

(strategy after initial trial period still needs further definition, but should include the following elements)

- * Information Audit
- * Expansion of programme to all of ICA membership
- * Co-ordination of networking in the region
- * Regions to conduct their own activities
- * HO to coordinate in all regions
- * Animation
- * Support

What Electronic Networking Can do for You

Fast Access to Data

When writing this report I decided to include the APC address list and with very little time at my disposal did not want to have to retype the text which had originally been faxed to me or wait for the diskette to arrive by post. With E-mail APC were able to send it to me electronically, thus providing the information almost instantaneously without my having to retype it or for us to lose time or spend money on a courier service.

Working in Groups Facilitated

Imagine the Chairman of one of the Specialised Bodies is not located in the same office as the Secretary. He wants the Secretary to do a first draft of a resolution. This can be E-mailed to him for his comments and amendments and shared with the whole Executive Committee the same day.

Imagine the paper is for a forthcoming UN conference and he wants to check out the UN position on the issue. He can download text from the appropriate UN file.

Cheaper Communications Charges

Because the information travels faster, you spend less time on the line and you can usually link into international networks with a local call rather than using long distance - so mail can be sent cheaper than using your fax. Serious networks will give you a list of charges for different destinations, so you can compare costs for yourself.

Correspondence More Personal

Because you are sending messages directly to someone, rather than printing out a letter, the exchange tends to be more personal, more like a personal note than a letter.

Who to Contact?

The person in charge of inputting ICA information into the network at ICA Head Office and the future animator of the ICA members' users group is Gabriella Sozanski.

The person in charge of electronic networking at ICA ROAP is P. Nair. For all other offices please contact the Regional Director.

If you are interested in getting onto the INTERNET or if you already have an E-mail address please inform Mary Treacy Director, of Communications, or Gabriella Sozanski at the ICA office in Geneva.

ICA E-mail address is as follows:
icageneva@gn.apc.org

For general information and list of contacts for technical assistance please contact:

APC Address list

updated August 1994)

(* These networks are direct Internet hosts.)

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ColNodo

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269 7202
Fax: +57 (1) 244 4984
E-mail: soporte@colnodo.apc.org or
ayuda@colnodo.apc.org

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Fax: +49 (511) 165 26 11
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E-mail: support@oln.comlink.apc.org

Ecualex

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Fax: +593 (2) 505-073
E-mail: intercom@ecuanex.apc.org

GlasNet *

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Antenna
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phone: +386 61 211-553
fax: +386 61 125-2107
modem: +386 61 125-3269
TCP/IP: 192.160.15.40 (not yet accessible
from abroad)
X.25: +(293)1611003025

LaNeta
Insurgentes sur 1228-204,
D.F, Mexico, C.P. 03210
Tel. (525) 5755395
Fax (525) 5755335
E-mail: soporte@laneta.apc.org

Nicarao
Address change: waiting for new one

NordNet
Huvudskaersvaegen 13, nb
S-12154 Johanneshov, Sweden
Tel: +46 (8) 600 03 31
Fax: +46 (8) 600 04 43
E-mail: support@nn.apc.org

PeaceNet/EcoNet/ConflictNet/LaborNet
Institute for Global Communications
(IGC)
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Fax: +1 (415) 546-1794
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E-mail: support@ak.planet.co.nz

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Conclusion

The Director of Communications has been given the responsibility for Working Group II subgroup on improving information and communications for the European Region.

This has been tied into the global task of improving information and communications in the co-operative sector worldwide and making the co-operative message available to a wider audience.

The ICA has agreed on two actions in order to fulfil these aims:

The first is a twelve-month agreement starting in September 1994 with Inter Press Service to create an independent and unbiased flow of information on the co-operative movement which will be sent on the wire to press agencies and journalists, and through GreenNet to non-governmental organisations and can be accessed by 20 million people on-line worldwide.

The second has been an investigation on electronic networking with the aim of creating a strategy to link ICA in Europe with ICA offices, specialised bodies and ICA members worldwide.

ICA Head Office has chosen to use the APC network which has 20,000 users worldwide with free access to the INTERNET (20 million users). It has also applied for membership in two other networks: TogetherNet and ARIES in order to assess all three Networks and provide feedback to its members.

ARIES has requested permission to give a demonstration of electronic networking to participants at the Prague Meeting. This in no way indicates that ICA is suggesting its European members join ARIES. It is up to all members to investigate the networks available and to choose one which meets their needs and budget and is compatible with other networks with which they wish to interact.

Further Reading:

The Whole INTERNET: User's Guide and Catalogue by Ed Krol, published by O'Reilly & Associates, Inc.

World at Your Keyboard: An Alternative Guide to Global Computer Networking by Burkhard Luber, published by Jon Computer Publishing.

Doing Business on the INTERNET : How the Electronic Highway is Transforming American Companies by Mary J. Cronin, published by Van nostrand Reinhold.

Zen and the Art of the Internet by Computing Services Department of Manchester Metropolitan University.

The Institute for Global Communications Users' Manual published by ICG.

The GreenNet Manual published by GreenNet, UK.

Co-op Image

A separate study group "Co-operative Image" was set up by Working Group II, with Tony Luscombe of CWS as Co-ordinator. Mr. Vecchi, Chairman of Working Group II gave the mandate of undertaking an Opinion Poll of Opinion Leaders in Europe.

The premise was that a lack of awareness of co-operative values meant that opinion leaders did not recognise the potential of co-operatives to solve social and economic problems rampant in Europe. The proposal was that a research exercise should be initiated with the main objective of ascertaining the views of opinion leaders.

Three groups of opinion leaders could be targeted: politicians, journalists and academics. For carrying out the research there were different approaches: personal interview, telephone interview, questionnaire or a combined approach.

When presenting the proposal at the ICA European Communication Seminar in February, Mr. Luscombe said that the process should include three main stages: Know our image: Face up to the present image and decide what we want our image to be in the future: Find out ways of changing our image and communicating our message.

The starting point should be how we want to be seen tomorrow. The image of co-operatives differed from country to country and within the different economic sectors, he said. In the consumer sector a positive message could be transmitted through high standards, a good selection of goods, competitive prices and well-trained staff who put the customer first.

At the Seminar, doubts were expressed about the usefulness of such a survey and some participants warned that the outcome might not be positive.

A draft questionnaire was sent to all member organisations in Europe asking them if they were interested in carrying out the survey in their own countries. Out of 22 responses received 15 were negative. Therefore, it was decided to propose to the Advisory Council that the Survey idea be dropped and to incorporate Image into the general topic of improving information and communications.

However, it is assumed that the European members are questioning the research methodology, and not the proposition to convince opinion leaders of the merits of co-operative methodology and how it could help to resolve social and economic problems.

The brief should become very clear cut: deciding on the message we need to develop in addition to the tactics we need to employ to get the message across.

At the time of going to press with this edition of the Review, a meeting had been scheduled to take place in Geneva on September 29 between, Graham Melmoth, Vice President for Europe, Arsenio Invernizzi, Secretary of the EAC, Giuliano Vecchi, Chairman of Working Groups II and Co-ordinators Tony Luscombe (CWS) and Mary Treacy (ICA). The results of this meeting will be communicated in Prague.

Report of the European Co-operative Communications Seminar

As part of the programme for ICA Europe the ICA Communications Department organised a communications seminar in February 1994. The meeting was attended by Communications Experts from ICA Europe and discussed Image, the collaboration with IPS, Electronic Networking and plans for the ICA's Centennial in 1995. The conclusions of the seminar were as follows:

Image Survey

The questionnaire would be amended and sent out to all ICA members in Europe asking them to participate in the image survey adapting the questionnaire to their particular circumstances. The response of the members would be discussed at the European Advisory Council in Seville.

Centennial

Each participant would return to his organisation with information about the ICA Secretariat's plans for the Centennial and discuss what his/her movement would do to celebrate the occasion in their respective countries.

In addition thought would be given on the advisability of European members combining their resources for a joint project, such as a video film on the successes of the worldwide co-operative movement, which could be diffused on TV in different European countries and used as a PR tool by all movements which was a proposal made by Arsenio Invernizzi, Secretary of the ICA Europe.

Collaboration with IPS

The agreement with IPS and ICA would be signed by the ICA Director-General and the Director-General of IPS at the meeting of the Society for International Development (SID) in Mexico in April 1994.

ICA member organisations in Europe appreciated the initiative and were anxious to participate with input. Story ideas would be sent to Mary Treacy at the ICA Secretariat.

Electronic Networking

On the basis of the networking demonstration, participants felt that the concept of electronic networking should be an important element in future communications strategy.

The ICA Communications Department would continue to investigate networking possibilities and would begin working out a strategy for common decision and investment.

ICA Communications Committee would create a sub-committee to work with the ICA Communications Department in putting together some guidelines for getting ICA membership linked up efficiently and for deciding which networks should be used in Europe.

The questionnaire on networking and image which was sent out to Seminar participants prior to the present meeting, would be sent out to all ICA members in Europe, with reminders to those seminar participants who had not yet replied.

Improving Communications Between Communicators

A network of journalists and other communicators existed already within the ICA and participants were encouraged to join this forum, the ICA Communications Committee. Information and application forms were distributed to all participants and will be sent out to all ICA members in the European region.

Once a strategy had been elaborated, participants were encouraged to get hooked up to an electronic network in order to facilitate active communications between them and to begin inputting pertinent information on the co-operative movement into the Internet.

General Outline of the ICA Electronic Networking Project

1. Overview

The intent of the project is to initiate ICA's use of electronic networks to improve communications primarily at the internal level, between offices. Therefore, the offices involved with the initial one-year project include five ICA regional/project offices in Argentina, Costa Rica, Côte d'Ivoire, India, and Tanzania as well as European ICA member offices participating on ICA Advisory bodies and/or Working Groups.

There is a further hope that using electronic communications will improve communications internally between ICA offices and members, and between ICA offices and the general public.

To achieve the main aim of improved internal communications by using electronic networks, several criteria needed to be met, including:

- reasonable network charges for all associated fees;
- local, inexpensive, and fast access for as many of the Regional Offices as possible;
- reliable, inexpensive access to the Internet — via e-mail;
- interact with the IPS offices and correspondents;
- begin developing an "online presence" in various of the Internet-based conferences to do with co-operatives;
- the use of international electronic networks as a way to keep international fax-costs down;
- begin offering an internationally accessible text-based database, via the Internet, for free to users who can access the Internet;
- interact with organisations, colleagues, and interested individuals by using the electronic networks.

2. ICA Geneva Office

The ICA Geneva office will access the widest possible range of information and provide the widest range of information to the widest audience.

To allow staff within the Head Office to take advantage of these information systems, an internal LAN is required.

For the duration of this project, the Geneva office will initially take memberships with three electronic networks that have been investigated and are known to be useful to the ICA Head Office and Regional Office work: the TogetherNet system, the ARIES/GeoNet system and the GreenNet system. Information will be gathered, reformatted, and sent out to the other project members, regardless of what network the project members chose to join.

ICA Geneva will also use the networks to:

- begin developing an "online presence" in various of the Internet-based conferences to do with co-operatives;
- explore the use of international electronic networks as a way to keep international fax-costs down;
- begin offering an internationally-accessible text-based database, via the Internet, for free to users who can access the Internet;
- Interact with organisations, colleagues, and interested individuals by using the electronic networks.

The resulting information areas and activities will be compatible with virtually any network in the world, by virtue of being housed on a fully Internet-accessible site and one which is the major international gateway for low-cost, small-host networking initiatives across much of Africa and South East Asia, and which is furthermore allied with an international network of networks already serving users in over 136 countries on a local or nearly-local basis. All Aries and GeoNet users will also have access to the free information areas and database(s) as soon as the Manchester host is on the Internet.

3. ICA Regional/Project Offices

The ICA Offices in Argentina, Costa Rica, Côte d'Ivoire, India, and Tanzania will be encouraged to use existing local or nearly-local small-host systems. The project seeks to encourage these offices by providing the necessary hardware and most of the telephone charges that they will need for the duration of the project.

Given that there is local or nearly-local, high-speed, access to a partner network of the GreenNet system in all of these countries, these offices will be working with that local host to get up and running. To this end, at each site there are already technical experts and trainers on hand who are willing to help out with ICA and who are already doing so in some cases.

Because the ICA Geneva office will be collecting and disseminating information from all of these networks, each regional office will not need to have member-

ships with all three of the initially-chosen networks but will be able to collect all pertinent material from one central site. This will serve not only to improve these offices' ability to collect information but will help to keep project costs down.

4. European Working Group Member Offices

Within the European region, ICA maintains a number of special groups with which the Head Office would like to improve communications. To this end, the Head Office will have a networking consultant on-hand who will be able to provide information on which networks the Head Office is using, how to sign up with any one of these networks, and how to access training resources. This project does not seek to underwrite any of the European members' costs.

Co-operatives and Schools

by Walter Williams*

The idea of a project on "Co-operatives and Schools" at European level is going to become a reality, having taken the first operative steps .

In fact, the ICA-Europe Working Group II - External Matters decided to promote a transnational project to spread and promote the co-operative principles and entrepreneurial spirit in the schools of every kind and level, proposing different initiatives and objectives in conformity with the students' age.

On the occasion of the 150th Rochdale Anniversary and the ICA Centennial Celebration, it is important that the re-launch of co-operative proposals and values should spread through the young generation and should find a reference point in schools which are central to the education and training process.

The project's main goal is a progressive education of the youngsters on co-operative issues from a European point of view through the implementation of concrete initiatives of entrepre-

neurial training and the transition from schoolwork, particularly for those who are about to leave school. This would also contribute to the innovation and qualification of local initiatives aimed at solving unemployment problems and creating new enterprises.

ICA-Europe could become a reference point for the collection and diffusion of initiatives implemented at local and national level, with the following specific objectives:

- to facilitate reciprocal subsidies to support transnational and training promotion within a European co-operative culture;
- to re-launch school co-operative experiences;
- to promote co-operative awareness among teachers (as a cultural investment in the training of future co-operators) and the diffusion of co-operative principles and entrepreneurial training through meetings with co-operators, and the promotion of specific experiments to be implemented in schools and/or in co-operative enterprises.

*Mr Williams is Coordinator of the ICA-Europe subgroup on "Co-operatives and Schools". Director of Censcoop (Co-operative Study Center) Confcooperative, Rome, and Board Member of Inecoop, Co-operative Education Institute, Rome.

The first step in this direction has been a survey of all the positive activities implemented or to be implemented in the European countries. This will pro-

vide those concerned with information regarding all the existing experiences and operational schemes that can be included in a European project for the information and diffusion of the co-operative entrepreneurial spirit within the schools.

The answers received highlighted a great variety of initiatives implemented in order to promote co-operatives. These can be summarized as follows:

- a) solidarity initiatives competitions;
- b) educational games on the co-operative management of specific business activities;
- c) competitions for new business projects, assistance and consultancy;
- d) meetings with co-operators, visits to co-operatives, and eventual twinning;
- e) work experience schemes managed in collaboration with schools;
- f) agreements with local authorities to enable co-operatives to provide information on leisure activities for young people (libraries, exhibitions, information centres, sport centres, etc.);
- g) the production of audio-visual aides, videos, workbooks, manuals, etc.;
- h) training and executive games for teachers, students, and managers, and artistic performances designed

to promote co-operative values/experiences.

The second step consisted of a European seminar on Co-operatives and Schools held in Brussels in July, aiming at the presentation of experiences achieved in the different countries, and demonstrating the promotional and educational equipment produced.

The seminar highlighted a great interest in collaborating, and exchanges of experiences and know-how, and laid the foundations for a European project on Co-operatives and Schools to be implemented throughout European countries.

This project, whose aim is to form European co-operative culture, is going to be presented at the ICA European Assembly in Prague and at the ICA Centennial Congress in Manchester.

As a project and as a means of transferring knowledge, it is merely a matter of collecting experiences and reorganising them so as to present an exportable account of the various national realities.

With this in mind, the first thing to be done is to put the essential information at everyone's disposal in form of loose-leaf notes on the most important initiatives, translated into the main ICA languages, and including the project's objectives and its promoters' addresses.

During the seminar in Brussels, the discussions resulted in the division co-

operative activities in schools into four groups:

- school co-operative as an educational project;
- school co-operative as an initiative managed by families and/or teachers;
- co-operative action to promote universal co-operative values in the environmental, safety, solidarity and consumer sectors;
- diffusion of co-operative experiences throughout different sectors, and co-operative experiences in the school to work transition.

It has been proposed that working groups be formed to examine these subjects at the national level and that their work is co-ordinated by ICA-Europe.

During the seminar it was also suggested that a Manifesto should be pre-

pared and translated into various languages for the Co-operative Day in 1995.

On the organisational level, ICA-Europe is using as its reference point an operative structure, based in Rome at the Censcoop headquarters, which has been charged with collecting the relevant documentation, and coordinating the executive phase of the European project for Co-operatives and Schools.

Its Objective is to establish an "organizational structure" for the promotion of a European co-operative culture among the younger generation and in schools, which should be able to work in the same way throughout the European Union.

This is an ambitious and exacting programme to be managed "step by step" over several years but with constant goals.

Self Employed Women Piece Together a Better Future

By Eric Eggertson*

There is no sign on the door to indicate its purpose, but for Champa Parmar, and 24 other young women from this slum in the Dariapur section of Ahmedabad, the small turquoise room in a concrete bungalow is a sanctuary.

Cotton curtains with intricate patterns hand-printed in red and blue block out the summer sun. But even harsher than the heat — which can reach 47 degrees centigrade on stifling days — is the cut-and-thrust of economics in this textile city north of Bombay. The Sabina Women's Chindi Co-operative acts as a buffer between young women like Champa and the exploitation they face on the fringes of the male-dominated textile industry.

The co-operative grew out of the struggles of Muslim women in Dariapur to get some control over the production and sale of patchwork quilts made from "chindi" — scraps from the city's many textile mills. Caught in a squeeze between traders who refused to pay a living wage and a boycott by the male-dominated Textile Labour Association,

* Mr Eggertson is Editor of Credit Union Way Magazine. He recently completed a reporting mission to India on behalf of the Canadian Co-operative Association.



the chindi workers fought back. They lobbied through their union the Self Employed Women's Association (SEWA) for access to supplies and an opportunity to sell their "khols", the popular, inexpensive bedspreads sewn with the fabric scraps.

They gained a foothold in the market, and soon branched out into weaving and decorative patchwork quilting, a traditional Muslim craft. About half the Sabina Co-operative's members are Hindu, and half Muslim. (When ethnic riots broke out in the city in the 1980s, SEWA was a voice of moderation, trying to build bonds of understanding between neighbouring communities.)

Several times a week, 25-year-old Champa deftly swings her crutches



Through the Self Employed Women's Association, younger women learn from those with more experience. Rehmat Bibi, at left, explains the women's union, the co-operative bank, and co-operative principles to a group of new members. Charma Parmar, at right, has been a member of the co-operative for just one year. (Eric Eggertson photo)

along the shaded alleyways to deliver finished patchwork cushion covers, bedspreads and other items, pick up materials and orders for more work, take training, and spend some time with the other co-op members at the co-operative's neighbourhood meeting place.

With her left foot twisted out of shape by a childhood disease, she had few options when she graduated from high school. Her parents assumed she would stay at home and help with some of the housework. Marriage seemed a remote possibility, as did further schooling or employment.

A year ago, a health worker helped put her in touch with the Self Employed Women's Association, which found a training place for her in one of its affiliated groups the Sabina Co-operative. After six months training, she began to take home brightly-coloured swaths of fabric that she cuts and stitches into delicate handicrafts for sale to local and export markets.

Asked what she does with her earnings, she grins shyly, then describes the silver jewellery she buys, and other personal expenses that no longer burden her parents. For personal security, she also plans to save some money at



Child care is of critical importance to working women the world over. Children at SEWA's daycare centre warily eye a visitor. (Eric Eggertson photo)

the SEWA co-operative bank. Asked about the future, she murmurs that she would like to run a business of some sort.

Listening to Champa's vague plans for the future, Rehmat Bibi can't stay silent. Though a visitor to the Sabina training centre, she launches into an impromptu lesson about the services offered by SEWA, and the need for these young women to plan for their future and get more involved in the women's union.

"You should start saving your money in the SEWA Bank," she explains in Gujarati, one of dozens of official languages in India. A few rupees a week set aside for the co-operative bank add up quickly, she says, describing the

basics of savings and credit. Members can put money aside for future emergencies, or put together a down payment for a house. "Many women have saved 500 rupees, and bought insurance from the bank," she tells the young women. The insurance (a fixed deposit whose interest covers the insurance premiums) is a life-long hedge against disability or death.

For the women, 500 rupees (about \$115) is a month's earnings for six hours' work every day of the week. Rehmat Bibi urges them to make a small start in gaining more control over their lives. The bank can help them qualify for small business loans, she adds, fixing Champa Parmar with a grandmotherly gaze.

Born in Ahmedabad of Rajistani parents, Rehmat Bibi learned traditional hand-block printing techniques and patterns from her father. She was one of the Chipa (hand-block printers) women who were earning barely 25 cents a day for doing piecework for traders in 1978, when SEWA first got involved with the women.

The printers found that demand for their hand-block printed bedspreads and fabrics was waning with the proliferation of factory-produced silkscreen printed cloth. SEWA, an offshoot of the Textile Labourers Association, used its research resources to help define a new market for the hand-block printers. Better designs, quality control, and more direct access to markets breathed life back into the artisans' work. They set up shop on the roof of SEWA's four-storey building in Ahmedabad, and formed the first co-operative to be affiliated with SEWA — the Aabodana Hand-block Printing Co-operative.

That formula continues today, as 23 co-operatives formed by self-employed women use SEWA's research and marketing resources to improve the women's ability to earn money. With funding from the Canadian Co-operative Association, SEWA has established a marketing centre in Ahmedabad that serves as a store for residents and tourists, a display space for wholesalers to view the range of handicrafts from across the state, and a training centre.

In a country exchanging a closed socialist economy for open international trade, SEWA's craft co-operatives hope

to increase exports from the relatively low level (18 per cent) of their sales.

CCA also sponsored the creation of a design library for artisans in SEWA-affiliated co-operatives. Improving the quality of the products is crucial, if the women want to appeal to the export market. In the past, when professional designers were hired to assist the co-ops, the women found that many of their hereditary designs were appropriated by the designers.

Saira Bhukhari advises women from all of the craft workers co-ops on how to incorporate traditional or modern designs into their work. The library is a storehouse of fabric samples, books, photographs, sketches, patterns, and templates for co-operative members and wholesale buyers to refer to. She specializes in tie-dye designs, but also provides general advice on design.

Her parents, Afghan immigrants, were dubious about allowing their 14-year-old to take training in hand-block printing. "I had just left school. I was supposed to stay home," she explains, amid the festival of brightly-coloured samples in the library. "They said I couldn't come (here), but my neighbour Hanifa said it was a women's organization, so reluctantly they agreed."

That was 12 years ago, and since then Saira has worked as a hand-block printer, a salesperson, a stock clerk, and a video producer before joining the design library. She has the classical look of a designer, her hair pulled back tight, a thin shawl with (her own) beadwork is draped across her shoul-

der with an artistic flair. The nose ring completes an image that would look stylish in New York, Paris or Calcutta.

So-called "world fashions" (traditional dress from developing countries) have been a noticeable part of the international fashion scene in recent years, and Asian fashions in particular are in vogue this year. But the export market is only receptive to top-quality designs and workmanship.

Saira and another designer work with artisans to develop designs that will be marketable. "If I know something and if I can transfer that skill to the other members of the co-operative, then they are able to earn better and have a higher income. That makes me feel satisfied," she says, lowering her eyes to a patchwork placemat on the desk.

But she gets as much pleasure educating women about co-operatives and the women's union as she does from designing a stunning pattern. While conducting interviews for an educational video several years ago, Saira encountered some women who sewed petticoats 12 hours a day, seven days a week to supplement the family's income. They were paid 14 rupees for such piecework, but had to spend five rupees for thread. Their profit at the end of the day was just 36 cents (Canadian). Saira seized on that moment to tell the women about SEWA and encourage them to join. Eventually, they did, and the union negotiated with the middlemen for an increase in the rates.

Women make up only a small portion of the "organized" workforce in India, where the high-paying jobs are. But in

the massive "informal" sector of the workforce, women predominate. The list of SEWA members' occupations reveals how the women pursue a living: paper pickers, old clothes sellers, bidi workers (hand-rolled bidi-leaf cigarettes), firewood collectors, garment stitchers, agricultural labourers, handcart pullers, child-care workers, and a dozen other low-paying trades.

Despite government decrees to the contrary, caste and gender stereotypes still dictate the lives of most women in the country of 890 million people. It is a country where the phrase "a woman's place is in the home" still carries a lot of weight.

Many of the self-employed women of SEWA are proud of their role in the home, but also want to earn an income. Home-based workers are prone to exploitation by employers who visit the home with raw materials, then returns to pick up the finished product. One role that co-operatives play in the SEWA members' lives is to pool the women's resources so they can purchase their own materials and control the sale of their goods.

The influence of Gandhi can be seen in the halls of SEWA's headquarters, where women work side-by-side to uplift each other. Every activity by the union and the co-operatives is designed to give responsibility to those who can manage it.

With 53,000 members, SEWA has given women workers credibility with government and business. The country's laws were written for the organized

sector, ignoring the millions of street vendors, itinerant labourers and other entrepreneurs who keep the economy running. At every level of private enterprise and government bureaucracy, self-employed women have had to fight for recognition.

Banks refused to deal with them, so they established their own bank. Traders exploited them, so they found direct routes to market. Bureaucrats ignored them, so they conducted surveys that proved their numbers and importance in the economy.

Unlike many of the 350,000 co-operatives in India, the women's co-operatives in Gujarat adhere to the principles of democracy, equality and self-help espoused by Gandhi. Hailed as the Father of India, he inspired the original textile workers' union that spawned SEWA, and established his principles of non-violence and civil disobedience at his cottage in Ahmedabad.



Rural women come to the SEWA design centre in Ahmedabad to improve their skills (Eric Eggertson photo)

On the walls of SEWA offices, instructional charts remind members of the organization's 10 priorities for women: employment, income, nutritious food,

health care, child care, shelter, organizing, ownership, members' leadership and self-sufficiency. It's a list of which Gandhi would have approved.

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International Co-operative Alliance

List of Publications & Videos

A. Historical and Biographical Titles

A/1. **The International Co-operative Alliance 1895-1970**
by W.P. Watkins

This book was published to mark the 75th anniversary of the ICA, this comprehensive work presents the history of the organization, from its very beginning up to the year 1970. The author gives the background of ICA's evolution, from its first manifestations in 1895, to its present status, as the world's largest NGO recognized by the UN. The book also analyses the ICA in relation to its constitution, expansion, working methods, international collaboration, regional development, etc. (This book exists also in French.)

ICA, London, 1970, 385 pp.

price CHF 20.00

A/2. **Robert Owen and his Relevance to our Times**

Addresses contributed during the Robert Owen Bi-centenary Summer School, 17-23 July 1971

Robert Owen (1771-1858) and his ideas and principles are closely associated with the co-operative movement. This book presents five speeches on Owen as a co-operator, an economist, a trade unionist, an educationalist, Owen and the environment and Owen in his own time.

Holyoake Books, Manchester, 1971, 63 pp.

price CHF 6.00

A/3. **Mauritz Bonow**

by Lars Eronn & Alf Carlsson

This book recounts the life and contribution of a distinguished co-operator both in Sweden and internationally, including his work to promote co-operative growth all over the world.

Swedish Co-operative Institute, Stockholm, 1988, 60 pp.

price CHF 14.00

A/4. **The Convinced Cooperator, George Davidovic**
edited by Rudolf Cujes

This is a publication in honour of the late Professor George Davidovic, born in 1901 in Yugoslavia, who died in Quebec in 1988. The book presents Professor Davidovic's career in the co-operative movement and includes selected articles from his major works on co-operative issues.

Co-operative Resources Ltd., Antigonish, 1989, 150 pp.

price CHF 20.00

- A/5. **Robert Owen: Industrialist, Reformer, Visionary, 1971-1988**
 by Margaret Cole, John Butt, William P. Watkins and John Harrison
 This booklet presents four essays on Owen, the shop-boy from Wales, who became a visionary and established, at New Lanark, a model factory, village and school. He believed in universal co-operation and in a new moral world order.
Holyoake Books, Manchester, 1983, reprinted 1989, 34 pp.
 price CHF 10.00
- A/6. **Rochdale Pioneers Museum, Toad Lane**
 This richly illustrated booklet presents the historical background to the establishment of the Rochdale Society. Full of pictures and useful historical information, it takes the reader on a guided tour through the Rochdale Museum.
Holyoake Books, Manchester, 1990, 20 pp. price CHF 8.00
- A/7. **Co-op: the people's business**
 by Johnston Birchall
 This book is about the "Co-op", one of the world's most successful businesses, which has been a common cultural experience for millions of working class people in Britain since the beginning of the industrial revolution. The book tells how this British invention spread across the world - from the 28 "Rochdale Pioneers" of 1844 to the seven hundred million members and how it was adapted to meet a variety of human needs. It shows how, as a third way between capitalism and state control, co-operative businesses continue to transform the lives of poorer people in the "third world" and in the post-communist countries of Eastern Europe.
Manchester University Press, 1994, pp. 217 price CHF 35.00
- A/8. **Weavers of Dreams - Founders of the Modern Co-operative Movement**
 by David J. Thompson
 This book tells the story of the revolutionary era in which the Rochdale Pioneers started their co-operative store. Set at the height of the Industrial Revolution, the book calls on the literary observations of Dickens, Disraeli, Elizabeth Gaskell, D.H. Lawrence, Marx, and other key writers of the times. Covered are the riots, revolts, and reforms of a nation undergoing immense change; co-operatives as a national economic force, the critical role of the Co-operative Women's Guild, the impact of co-operative education, and the Pioneers' commitment to building community.
Center for Co-operatives, University of California, 1994, pp. 152
 price CHF 22.00

B. Principles, Practice and Economics

B/1. The Present Application of the Rochdale Principles of Co-operation

The XXII Congress of the ICA, held in Bournemouth, England in October 1963, passed the resolution on the "Reformulation of the Fundamental Principles of the Co-op Movement". In order to facilitate the work of its affiliated organisations arising from this resolution, the ICA published this report approved at its XVth Congress in Paris, September 1937. (exists also in French and German)

ICA Studies & Reports, London, 1964, 25 pp. price CHF 6.00

B/2. Co-operative Management for the 1970s

This is the report of the 39th International Co-operative Seminar held in Madison, Wisconsin, USA, 8-18 September 1970.

ICA Studies & Reports, London, 1972, 47 pp. price CHF 6.00

B/3. Co-operative Development Decade 1971-1980

The ICA designated the seventies as the Co-operative Development Decade. This booklet explains how it came about, what it actually meant and how it was recognized and supported by the UN Secretary General as a contribution to the Second United Nations Development Decade. (exists also in Spanish and French)

ICA Studies & Reports, London, 1972, 12 pp. price CHF 6.00

B/4. Co-operation as an Instrument for Rural Development

edited by M. Konopnicki and G. Vandewalle

Papers from an International Conference organised at Ghent University, Belgium, 21-24 September, 1976

This book is divided into four sections (i) service and production co-operatives, (ii) relations between co-operatives and their members, (iii) co-operatives and the state, and (iv) financial problems of co-operatives.

ICA, London, 1976, 160 pp. price CHF 12.00

B/5. Thrift and Credit Co-operatives and their Economic & Social Development

Report of the 4th International Conference on Co-operative Thrift and Credit, Rio de Janeiro, 17-21 April, 1977.

This report summarizes the discussions on thrift and credit co-operatives as a response to specific needs, including the needs of the very poor, problems of thrift and credit co-operatives faced with competition, strategies for efficiency of the co-operative sector and the role of the thrift and credit co-operative movement in the prevailing international economic situation and monetary crisis.

ICA, 1977, 128 pp. price CHF 16.00

B/6. Co-operatives and the Poor

Report of an Experts' Consultation

An Experts' Consultation on "Co-operatives and the Poor" was held in July, 1977 at Loughborough, UK. The aim of the conference was to discuss how best the co-operative movement can support the needs of the poor. The future role for co-operatives is also debated in the book.

ICA Studies & Reports, London, 1978, 96 pp. price CHF 10.00

**B/7. An Analytical Study of the Operations of the Co-operative Supply Association of Nigeria
by Adeniyi Osuntogun**

The organising of consumers' co-operatives in developing countries has proved to be extremely difficult compared to agricultural co-operatives. Where consumers' co-operatives were set up at all, they were mostly due to a governmental initiative or sponsorship. Because of this, the few consumers' co-operatives in Africa which have developed through the initiative of member groups deserve special attention. This paper presents the special type of a Nigerian "apex consumers' organisation" .

*Institute for Co-operation in Developing Countries, Marburg, 1978,
105 pp.* price CHF 8.00

B/8. Co-operatives in the Year 2000

by A.F. Laidlaw

*Paper prepared for the XXVIIth Congress of International Co-operative Alliance,
Moscow.*

This book is divided into six parts; (i) the perspective of Congress, 1980, (ii) world trends and problems, (iii) co-operation, theory and practice, (iv) the performance and problems of co-ops, (v) choices for the future, and (vi) crucial questions. (Exists also in French)

ICA Studies & Reports, 1980, 98 pp. price CHF 10.00

B/9. Co-operatives and the State

This book contains the report of the discussions held at the meeting of the ICA Central Committee at Copenhagen, Denmark from 11-13 September, 1978 and summarizes the views of the participants on the relationship between co-operatives and the state in different parts of the world.

ICA Studies & Reports, 1980, 80 pp. price CHF 10.00

B/10. Thrift and Credit Co-operatives in a Changing World

Report of the 5th International Conference on Co-operative Thrift and Credit, New Delhi, 16-20 February, 1981

This book presents a collection of working papers distributed during the conference on topics such as changes in the social and economic environment as they affect co-operative thrift and credit; thrift and credit co-operatives confronted with the needs of the under-privileged; the international inter-lending programme - present and future; and co-operatives as banking institutions.

ICA, 1981, 207 pp.

price CHF 10.00

B/11. Report of the Second International Co-operative Trade Conference

The Conference was held in Moscow, 9-11 October 1980 and covered the theme of the development of trade and economic relations for the benefit of agricultural and other co-operatives.

ICA, 1981, 71 pp.

price CHF 10.00

B/12. A Comparison of Agricultural Credit Co-operatives Systems and Functions in France, Federal Republic of Germany and Japan
by T. Usui

This report, based on research over the period 1977-1980, provides details of research into the agricultural credit co-operatives systems and functions in France, Japan and Germany with special emphasis laid on a comparison of business operations.

ICA Studies & Reports, 1982, 48 pp.

price CHF 10.00

B/13. An ICA Policy for Co-operative Development

This booklet provides an overview of ICA's policy concerning co-operative development, the use of the development fund and ICA's collaboration with the UN agencies. (This publication exists also in French, German, Spanish and Russian).

ICA Studies & Reports, 1983, 28 pp.

price CHF 10.00

B/14. Women as Equal Partners in Third World Co-operative Development

Policy Statement of the ICA Women's Committee

This policy document seeks a new attitude towards women in co-operative development in third world countries. The booklet also contains several recommendations from the women's committee to ensure full participation of women in development projects.

ICA, 1983, 12 pp.

price CHF 6.00

**B/15. Co-operation for Survival
by Koenraad Verhagen**

The book is the result of a multi-level research project which focuses on small households in Sri Lanka and Thailand. The question of how to encourage self-help is discussed and also the question of what form of co-operative organization is most useful for small households.

ICA-Royal Tropical Institute, 1984, 247 pp. price CHF 20.00

**B/16. The International Co-operative Movement; past, present and future
by A.I. Krashennikov**

In this book, the author, who is an expert on international co-operation, summarizes the major problems of co-operatives worldwide. The role of ICA since its foundation to 1984 is analysed in relation to socio-economic conditions, historical developments, and co-operatives in capitalist, socialist and developing countries. This evaluation of ICA's role is made from a Marxist-Leninist point of view. (This book exists also in German.)

VdK, Berlin, 1984, 337 pp. price CHF 20.00

B/17. World Conference of Young Co-operators

This ICA Conference was held in Warsaw, Poland, 21-26 October 1985, the year which was declared by the United Nations the International Youth Year. The report on the Conference reflects faithfully the main theme, i.e. "Participation - Development - Peace: Youth and the Co-operative Idea in the Changing World"

ICA-Supreme Co-operative Council of Poland, 1986, 167 pp.
price CHF 10.00

**B/18. Co-operative Principles Today and Tomorrow
by W.P. Watkins**

In this book, Mr. Watkins, who is known worldwide for his work and service to the co-operative movement, presents a detailed analysis of co-operative principles. The relation between the basis of co-operative principles and their practical application is also discussed.

Holyoake Books, Manchester, 1986, 168 pp. price CHF 15.00

**B/19. The Enigma of Membership
by Kaj Ilmonen**

The author analyses the Finnish Co-operative Movement throughout the years from a wide range of perspectives, especially the relationship with its members.

Co-operative Institute, Stockholm, 1986, 226 pp. price CH 25.00

B/20. Co-operatives To-day; Selected essays from various fields of co-operative activities

edited by **Mary Treacy & Lajos Varadi**

A tribute to Prof. V. Laakkonen

In this volume, 30 authors with an international reputation for their work on co-operative questions explain some of the problems and goals of co-operation today. The studies embrace different sectors of co-operation and subjects such as, democratic control and co-operative decision-making, state policies and co-operative legislation, business success and democratic process, member relations, basic co-operative values, development policies, social partnership and co-operatives, just to quote some of them.

ICA, 1986, 541 pp.

price CHF 38.00

B/21. Co-operative Housing

2nd revised edition

This is a handbook on how to form new housing co-operatives in different parts of the world. Economic, technical, management and administrative aspects of housing co-operatives are analysed. (This publication exists also in French and Spanish.)

ICA, 1987, 123 pp.

price CHF 10.00

B/22. Co-operative Book-keeping

The need has long been recognized for a basic, simplified system of book-keeping, for use in primary co-operatives in developing countries. The system described in this manual has been specially designed to meet the book-keeping needs of industrial co-operatives.

ICA-CEMAS, 1987 (4th impression), 38 pp.

price CHF 10.00

B/23. The Future of Participative and Democratic Enterprises

Third World Conference of CICOPA

This volume contains the documentation from the Third CICOPA Conference in Paris, February 23-26, 1988. 63 countries were represented to discuss questions relating to co-operative enterprises and the demands of today and the future. (This publication exists also in Spanish.)

ICA, 1988, 300 pp.

price CHF 30.00

B/24. Co-operative Development and Change: Proceedings from a Conference

edited by a committee comprising **Sven Åke Bööck, Karin Jonnergard, Maria Fregidou-Malama, Jan Moback, Kjell-Arne Nilsson, Berith Wikström**.

In July 1988, an international research conference on "Traditions and

Trends in Co-operative Development and Change" was organized in Stockholm, Sweden. The main issues discussed were the problems facing the movement and the relation between tradition and performance during later decades. This book reproduces some of the speeches and papers which were presented.

Society for Co-operative Studies, Stockholm, 1988, 178 pp.

price CHF 15.00

B/25. A Moral Commitment

by Nils Thedin

The role of the co-operative movement in relation to development and international collaboration is discussed in this richly illustrated book. The author, who was a devoted Swedish co-operator, refers to many practical examples of development in the field. The volume is dedicated to the memory of Albin Johansson, one of the great Swedish co-operative leaders.

Swedish Co-operative Centre, Stockholm, 1988, 141 pp.

price CHF 15.00

B/26. The International Co-operative Movement - Changes in Economic and Social Policy

edited by Juhani Laurinkari

published in honour of Professor Dr. Jerzy Kleer for his 60th birthday

In this book 20 authors present articles, in both English and German, concerning economic and social policies in relation to the co-operative movement. The importance of discovering new practical and ideological methods in order to meet the challenges of a rapidly changing society is also discussed.

ICA Studies & Reports, 1988, 468 pp.

price CHF 40.00

**B/27. The Co-operative Movement in Sweden, Past, Present and Future
by Sven Åke Bööök and Tore Johansson**

The co-operative movement forms an important part of the Swedish economy and welfare state, which today finds itself in a period of major transformation. This book looks at the movement's development and examines possible future problems and challenges.

Swedish Society for Co-operative Studies, Stockholm, 1988, 196 pp.

price CHF 25.00

**B/28. Appropriate Management Systems for Small Agricultural Cooperatives (AMSAC), as an Approach to Reorganise and Restructure Agricultural Marketing Co-operative Societies in Mauritius
by Beeharyllal Jeetun**

This analysis on the prospects of improving the performance of agricultural marketing co-operatives by introducing Appropriate Management Systems is a first study in English in a programme conducted jointly by the German Foundation for International Development (DSE) and the FAO since 1981, mainly in French-speaking countries of West Africa under the name "GACOPEA" (Gestion appropriée des coopératives de petits exploitants agricoles).

Institute for Co-operation in Developing Countries, Marburg, 1988,
127 pp. price CHF 12.00

B/29. Farmer Centred Enterprise for Agricultural Development: Co-operative Action in Credit Supply and Marketing
by Trevor Bottomley

This work describes small farmers' operations and their service needs; the methods - from state enterprise to farmers' associations of supplying them; and the advantages and limitations of co-ops.

Plunkett Foundation, Oxford, 1989, 172 pp. price CHF 25.00

B/30. Impossible Organizations, Self-Management and Organizational Re-production
by Yohanan Stryjan

This is a notable study outlining a new theoretical perspective on self-managed organizations based on the perception that, in this instance, theory best proceeds from organizational practices as they are applied in such organizations.

Swedish Co-operative Institute, Stockholm, 1989,
200 pp. price CHF 50.00

B/31. State-Sponsored Cooperatives and Self-Reliance
by Alfred Hanel

Some Aspects of the Reorganization of Officialized Co-operative Structures with Regard to Africa

This publication is based on a paper presented by the author at the International Seminar on African Co-operatives Revisited, organised by the Scandinavian Institute of African Studies in Uppsala/Sweden 7-9 November 1986. An attempt is made to analyse some factors which have obviously contributed to the creation of state-sponsored and state-controlled co-operative structures prevailing in rural Africa.

Institute for Co-operation in Developing Countries, Marburg, 1989, 66 pp.
price CHF 8.00

**B/32. Consumer Co-operatives in a Changing World (2 volumes)
edited by Johann Brazda and Robert Schediwy**

In recent years, consumer co-ops in many countries have faced serious difficulties and the studies in this book have examined the problems of ten consumer co-operative movements in depth, with the aim of helping co-operative leaders assist their movements to regain their rightful place in their respective economies. Historically consumer co-ops have helped to create the very concept of "Co-operation" and are responsible for the articulation of the famous "Rochdale Principles" from which the present international co-operative principles have evolved. The crucial challenge today is to apply co-operative principles and values in order to meet rapidly-changing economic and social demands.

ICA, 1989, 1,105 pp.

price CHF 40.00

B/33. Co-operative Values and Relations between Co-operatives and the State

Working papers of a seminar in New Delhi, October 3-6, 1989

This book, which is a compilation of the working papers from the seminar and annual meeting of the ICA Working Party on Co-operative Research, Planning and Development, contains 16 papers presented by the seminar participants. ICA, 1990, 262 pp.

price CHF 25.00

**B/34. People-Centred Business
by Edgar Parnell**

This booklet presents the subject of people-centred business and discusses what they are, how they become successful and why they are important. It is an informative and useful booklet on the nature of people-centred businesses.

Plunkett Foundation, Oxford, 1990, 22 pp.

price CHF 15.00

**B/35. Banking on the Grass Roots - Co-operatives in Global Development
by Bruce Thordarson**

This booklet discusses the co-operative philosophy and the role of co-operatives as a development tool. (Exists also in French)

The North-South Institute, Ottawa, 1990, 62 pp.

price CHF 15.00

**B/36. Agricultural Co-operatives in Japan - The Dynamics of Development
by M. V. Madane**

This book attempts to bring to the reader the dynamics of growth of the Agricultural Co-operative Movement in Japan, and discusses some of its present-day priorities and problems.

ICA, 1990, 212 pp.

price CHF 50.00

**B/37. Economics of the Co-operative Business Enterprise,
by Samuel C. Chukwu**

This publication is an introduction to the economy of co-operative societies and other self-help organisations. It is addressed to teachers and students at co-operative colleges and training centers in developing countries, as well as to trainers involved in promoting co-operatives. It can also serve the managers of co-operative enterprises as a reference.

Marburg Consult, Marburg, 1990, 200 pp. price CHF 24.00

**B/38. Co-operative Organizations and Policies for Rural Development, Organizational and Management Aspects
by Johannes Kuhn**

This publication is intended to serve as a textbook for advanced learning in agricultural and co-operative economics and for continuing education for specialists and leaders working in the field of agricultural co-operatives in developing countries.

Marburg Consult, Marburg, 1991, 142 pp. price CHF 24.00

B/39. The Current Status & Development Potential of the Co-operative Sector in Namibia

Report of a study by the ICA exploratory mission

An assistance programme to provide the framework for initiating successful co-operative development was agreed upon between the ICA and the Namibian government. The programme was sponsored by the Swedish Co-operative Centre and consisted of three components: exploratory mission, policy dialogue and consultation with development organisations.

ICA, 1991, 74 pp. price CHF 10.00

**B/40. Co-operatives and Organized Labour
by Hans-H. Münkner**

This publication is a synthesis of three papers on the relationship between co-operatives and trade unions which were earlier published separately. In the first paper co-operatives and trade unions as two types of organisation are defined and compared. The second paper deals with "Workers' Co-determination in Co-operative Enterprises" and presents the German Case. The third paper discusses "The Position of Workers' Productive Co-operative Societies in Germany."

Marburg Consult, Marburg, 1991, 88 pp. price CHF 10.00

**B/41. Basic Aspects of Co-operative Organisations and Policies for their Promotion in Developing Countries
by Alfred Hanel**

This textbook provides a comprehensive survey of the important aspects

of co-operative societies and other self-help organisations. The author deals with the economic basis of co-operative organisations as well as with political concepts for promoting their formation and development.
Marburg Consult, Marburg, 1992, 225 pp. price CHF 28.00

- B/42. International Conference on Co-operative Property and Privatisation**
This publication contains the presentations submitted to the ICA Conference held on the above subject in Geneva, 7-8 September 1992. Participants from Central & Eastern European countries such as Bulgaria, Czech and Slovak Republics, Estonia, Hungary, Romania and Russia presented examples of how their countries' privatisation policy affected the different co-operative sectors.

ICA Geneva, 1993, 145 pp. price CHF 15.00

- B/43. Consumer Co-operatives Towards the 21st Century**
This publication contains the texts of presentations made to the ICA Consumer Committee Conference, Tokyo, 23 October 1992, by co-operative leaders from India, Italy, Japan and Sweden as well as the opening address of the ICA President.

ICA, 1993, 45 pp. price CHF 10.00

- B/44. Hungary - Co-operatives in Eastern & Central Europe**
by János Juhász

This study covers the recent evolution of the main co-operative sectors, the reforms undertaken since 1989 and the new co-operative law and gives an insight to future options for the movement. The text is accompanied by recent statistics.

ICA Studies & Reports, 1992, 62 pp. price CHF 12.00

- B/45. Poland - Co-operatives in Eastern & Central Europe**
by Tadeusz Kowalak

This study covers the recent evolution of the main co-operative sectors in Poland. It examines the reform process since the fall of the Communist system in 1989 and analyses the legal aspects of such reforms. Accompanied by recent statistics.

ICA Studies & Reports, 1993, 58 pp. price CHF 12.00

- B/46. Estonia, Latvia & Lithuania - Co-operatives in Eastern & Central Europe**
by Mats Ahnlund

Unlike most of the countries which formed the Soviet Union, the Baltic States had a very strong and independent co-operative movement all the way into the late 1930's. The return to democracy and independence

progressed much faster after 1990 than in most ex-Soviet countries. This development is covered in the report.

ICA Studies & Reports, 1993, 77 pp.

price CHF 12.00

**B/47. Selected Essays on Co-operative Theory and Practice
by Peter S. Akpoghor**

As published in the "Financial Punch" of Nigeria between 1983 and 1986 by Siemu Udin

This collection of articles covers the general aspects of co-operative development including the historical, economic, political, legal, organisational and operational issues. The case of Nigeria is analysed in detail according to the above points of view. Brief presentations are given on the co-operative movements in Britain, Denmark, Switzerland, India and the USA.

Marburg Consult, Marburg, 1993, 272 pp.

price CHF 24.00

**B/48. Romania - Co-operatives in Eastern & Central Europe
by Gabriella Sozánski**

What changes have taken place in the co-operative movement since the Revolution in 1989? This booklet tries to give an answer by presenting and evaluating the existing co-operative system, by setting the future options for co-operative development and indicating the main areas where the support and assistance of the international community is most needed

ICA Studies & Reports, 1994, 71 pp.

price CHF 12.00

**B/49. Slovakia - Co-operatives in Eastern & Central Europe
by V. Bosiak, E. Jergová, V. Majerník, O. Virsík, F. Manda**

The independence of Slovakia is very recent. Up to January 1993 Slovak co-operatives have developed simultaneously with the co-operatives in Czech lands and were regulated by the same legislation. Local conditions were, however, different which enabled them to justify their existence after the Prague Spring and even develop a strong economic base. What co-operatives need now is a continuous adaptation to the market economy keeping in mind both the economic and social functions co-operatives have fulfilled over their 150 years of history.

ICA Studies & Reports, 1994, 59 pp.

price CHF 12.00

C. Legislation

C/1. **Co-operative Law in Practice: A handbook of legislation for co-operative development**

by Peter Yeo

This fulfills a long-felt need for an up-to-date book on co-operative law for the layman. It is a handbook for the understanding and practical application of the law and, through its comparative approach, a guide for the development, by each country, of legislation appropriate to its particular conditions. The text consists basically of excerpts from the laws of different countries with brief objective explanations of each, and a section with recommendations at the end of each chapter. An invaluable aid for teachers and an essential handbook for governments, development agencies and managers of co-operatives.

Plunkett Foundation and Holyoake Book (UK), 1989, 268 pp.

price CHF 35.00

C/2. **Comparative Study of Cooperative Law in Africa**

by H.-H. Münkner

Six Country Reports and General Report

This book presents the results of a comparative analysis of legal regulations governing co-operative societies and other self-help organisations in Africa. The problems of co-operative legislation are discussed in their social, economic and political context.

Institute for Cooperation in Developing Countries, Marburg, 1989, 663 pp.

price CHF 45.00

C/3. **How to Make By-Laws**

by Chris Gachanja

By-laws are the "constitution" of the co-operatives, however, they are often imposed on co-operatives in form of ready-made models and they are adopted without the members' understanding their contents. This publication is meant to fill in a gap in co-operative literature and is specifically aimed at those interested in forming co-operative societies.

Institute for Cooperation in Developing Countries, Marburg, 1989, 123 pp.

price CHF 24.00

C/4. **Co-operative Legislation in Central and Eastern Europe Countries**

This volume contains the texts of co-operative legislation in the following countries: Bulgaria, Czech and Slovak Federative Republic, Hungary Poland, Romania, USSR. Although borders have changed, the laws are still valid or represent a basis for new legislation in the new countries.

ILO-ICA, 1991, 303 pp.

price CHF 10.00

D. Directories and Resources

D/1. ICA Rules, Policies, Procedures & Standing Orders

(exists in all the official languages of ICA: English, French, German, Russian and Spanish.)

ICA, Geneva, 1993, 166 pp.

price CHF 10.00

D/2. Directory

Published annually, it contains names and addresses of the ICA national and international member organisations, ICA Board members, Audit & Control committee members, chairmen and secretaries of specialised bodies, ICA representatives to the UN, the staff as well as development partners.

price for folder

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price for inserts - ICA members
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D/3. Annual Reports

Annual Reports give an update of the work in the Secretariat, Regional Offices and Specialised Organisations and contain the financial statements and the latest statistics of the international co-operative movement. From 1986 on Annual Reports have been published as one issue of the Review of International Co-operation. The next one will come out at the end of 1994.

price CHF 10.00

D/4. Congress Reports

- | | | |
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| 1930 | 13th Congress Vienna, 302 pp. | price CHF 16.50 |
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| 1954 | 18th Congress - Paris, 265 pp. | price CHF 16.50 |
| 1957 | 20th Congress - Stockholm, 344 pp. | price CHF 16.50 |
| 1963 | 22nd Congress - Bournemouth, 289 pp. | price CHF 16.50 |
| 1980 | 27th Congress - Moscow, 116 pp. | price CHF 12.00 |
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| 1984 | 28th Congress - Hamburg (Report) 240 pp. English with summaries in French, German, Spanish and Russian | price CHF 16.50 |
| 1988 | 29th Congress - Stockholm (Agenda and Documents), 156 pp. (Spanish, French, German) | price CHF 10.00 |
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| 1992 | 30th Congress - Tokyo (Agenda & Reports) in English with summaries in French, German, Spanish and Russian, 316 pp. | price CHF 25.00 |
| | summaries | price CHF 14.00 |

E. Periodicals

E/1. Review of International Co-operation

The Review keeps you informed about co-operative activities around the world. Annually, three issues present in-depth articles on vital developments within the movement and one issue is the ICA Annual Report.

individual copies	price CHF 15.00
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E/2. ICA News

There are six issues of the News each year, illustrated and in colour, giving up-to-date information on the activities of member organisations and co-operatives worldwide and contain a calendar of upcoming ICA events

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E/3. Yearbook of Co-operative Enterprise

The Yearbook of Co-operative Enterprise is a compendium of thought-provoking and timely articles that examine the broad spectrum of people centred enterprises from a variety of perspectives. The 1993 edition focuses on how co-operatives and people centred businesses are one answer to the question of how to involve people more directly in the operation and control of their business. The Yearbook demonstrates the adaptability of the co-operative form of organisation to many types of business - from health care to dairying; from women's groups in Africa to the co-op sector in Bulgaria; from student housing to agriculture in Nicaragua.

Plunkett Foundation, Oxford, 1993, 259 pp. price CHF 38.00

E/4. The World of Co-operative Enterprise

This edition is a celebratory publication, as 1994 marks the occasion of three significant co-operative anniversaries - the 150th anniversary of the Rochdale Pioneers, the centenary of the Irish Co-operative Organisation Society, and the 75th anniversary of the Plunkett Foundation. Worldwide and sector by sector, the opportunities and obstacles are analysed by specialist authors well versed in co-operative banking, insurance, tourism, agriculture and retailing, among others.

Plunkett Foundation, Oxford, 1994, 190 pp. price CHF 38.00

E/5. General Information on ICA

ICA and its Development Programme (large size)

English (translations in French and Spanish) price CHF 5.00

Small brochure on ICA

(also exists in French, German, Russian and Spanish) free

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Includes ICA and its Development Programme (A4 brochure),
Activities of the Specialised Organisations - loose leaves (also exist in
French and Spanish), Statistics, ICA News price CHF 10.00

ICA information package 2

Includes information package 1 plus:
latest issue of Review of International Co-operation,
Annual Report price CHF 20.00

F. To be Published in 1994-95

Bulgaria - Co-operatives in Eastern & Central Europe

by Dr. Dionysos Mavrogiannis

The study based on past and current trends and data-analyses places the
role of co-operatives - old restructured societies and those founded since
1989 - in the context of privatised economy and democratic pluralism. The
re-introduction of co-operative values and principles shared by devel-
oped countries, restored legal framework and renewed collaboration with
ICA, the UN and other international bodies and co-operative institutions,
supports the conclusions of the study that the co-operative sector in
Bulgaria shows promise.

ICA Studies & Reports, 1994

price CHF 15.00

The International Co-operative Alliance in War and Peace 1910 - 1950

by Rita Rhodes

This book looks at the reasons why the International Co-operative Alli-
ance survived both World Wars and the Cold War when other interna-
tional working-class movements such as the Socialist International and
the World Federation of Trade Unions split under the pressures of total
war and divisions of doctrine.

A Thematic Guide to ICA Congresses

(London 1895 - Tokyo 1992)

by Rita Rhodes & Dionysos Mavrogiannis

This document will present and analyse the main themes, reports, discus-
sions and resolutions made at the ICA Congresses. It will also serve as a
sort of check-list drawn up on the bases of frequency each subject figured
on the agenda.

Videos and Slide Presentations

ICAAV/001 **The Wave of the Future**, ICA, 1989, video available in English, French, Spanish and Japanese, in PAL, SECAM and NTSC versions, 17 minutes
price CHF 50.00

The future role of the co-operative movement is discussed in this video. Leading personalities, active in the co-operative movement give their opinion on ways of securing the growth of the co-operative movement. The role of the movement in developing countries and at international level is also discussed.

ICAAV/002 **ICA Slide Show - 1990**, 77 slides with narrative, 20 minutes
price CHF 85.00.

This slide show is an excellent introduction to the co-operative movement and the ICA and could be a useful tool in education. It traces the history from the inception of the ideals of co-operation in Rochdale, at the time of the industrial revolution, to the present day. It depicts the work of successful national movements in the west and co-operative development work which is being successfully undertaken in Third World countries. The structure of the ICA, the international body uniting the worldwide co-operative movement, is explained in detail.

ICAAV/003 **Japanese Co-operatives**, prepared by the Organising Committee of ICA XXX Congress Tokyo 1992, PAL System, 20 minutes

price CHF 50.00

This video tape presents the different co-operative forms that have been developed in Japan and explains their benefit for members.

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