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INTERNATIONAL CO-OPERATIVE ALLIANCE

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AGRICULTURAL CO-OPERATIVE BULLETIN

INDEX 1961

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## I N S U R A N C E

### JAPAN'S SPECTACULAR SUCCESS IN CO-OPERATIVE INSURANCE.

The Japanese multi-purpose agricultural Co-operatives have developed a variety of economic activities. One of the youngest among them is insurance, which was started only a few years ago and in a short period of time has achieved a spectacular and ever increasing success. Its progress and its importance are so remarkable, that they deserve the attention and admiration of the entire co-operative world.

Until recently knowledge of the work done by the Japanese Agricultural Co-operative in the insurance field was limited. But now information regarding its organisations, methods of work and development is available thanks to the recently published and highly interesting book of Dr. Yoshido Hoyndnen on Agricultural and Fsihery Co-operatives in Japan.

The multi-purpose Japanese Agricultural Co-operatives were already anxious to enter the insurance business in pre-war days. But at that time it was a forbidden field for them.

By virtue of existing legislation, insurance remained the exclusive field of activity of insurance companies which were not interested in farmers insurance. They considered it too unpromising, since the farmers were extremely poor and organising insurance among them would require too much effort and expenditure. The result was that farmers were excluded from the benefits of insurance - one of the most important features of the civilised world.

When, after the war, Co-operatives began to insure the farmers, they proved that they could carry out successfully what the companies considered to be impossible. They have gone further. They have proved in the field of insurance what the American Electricity Co-operatives had proved in that of rural electrification; that they can do it at even lower rates.

For example, the premium for a life insurance policy of 30,000 yen covering 15 years would amount to 622 yen with private companies. In the case of Agricultural Co-operatives, it would be only 589 yen, that is 33 yens or nearly 5.5 per cent cheaper.

Agricultural Co-operatives in Japan entered the insurance business after the war under the provisions laid down by the new Agricultural Co-operative Law passed in 1947. This enabled them to "manage mutual relief" as part of their business and they started with unexpected success in the field of life and property insurance.

Strictly speaking, mutual relief is not insurance business under the terms of the Insurance Law. In practice however, there is no difference between them.

From the legal point of view Co-operative Insurance in Japan is carried out by the primary Co-operatives. They conclude insurance contracts with their members, periodically collect the fixed instalments and make the payments if and when the risk is materialised. But the actual organisers of the business, the economically responsible operational bodies are the prefectural mutual relief federations. They have been set up by agricultural co-operatives in all prefectures and have established their own central and re-insurance body - the National Mutual Relief Federation of Agricultural Co-operatives.

The primary Co-operatives neither acquire profits nor bear risks for payment. They transfer all the instalments collected to prefectural federations and play the same rôle as insurance company agents. They receive part of the extra premium from the federations, but from an economic point of view this is merely an agent's commission.

In organising its insurance business, Agricultural Co-operatives in Japan have ingeniously combined co-operative forces at local and national levels. Full advantage has been taken of the possibilities offered by the widespread Co-operative structure which accounts for its rapid success and the development of insurance into an important component of its total activities.

The progress achieved by Co-operation in the insurance field has made a tremendous impact. It has enabled agricultural co-operatives to become one of the most important insurance enterprises in Japan. According to Prof. Hoyndnen, before long, they will be the most important business insurance organisation in Japan - a country with one of the largest population in the world.

Co-operative insurance is of particular importance for the Japanese farmers, as it has enabled them to enjoy the benefits of insurance protection. Not less important, it has enabled the co-operatives to mobilise huge amounts of money in the form of premiums and to put them to the service of the Co-operative cause, mobilising them from co-operators - for co-operators. As a rule, the prefectural mutual relief federations deposit their surpluses with prefectural credit federations of agricultural Co-operatives to be used for co-operative purposes. For its part, the National Federation deposits its surpluses with the Co-operative Bank for Agriculture and Forestry.

On an average, insurance premiums collected annually by the co-operatives amount to 4.6 billion yen. The number of insurance contracts concluded up to 1956, amounted to 650,000 at a total value of 161.1 billion yen.

At the end of 1956, there were 8,242 agricultural co-operatives engaged in life insurance, 5,477 in building renewal insurance and 6,995 in fire insurance. This means, that 63 per cent of all agricultural co-operatives were engaged in mutual relief whereas those engaged in some kind of insurance were estimated at 80 per cent of the total number of co-operatives.

The following table shows the development of mutual relief contracts:

<u>Year</u>	<u>Life</u>	<u>Building Renewal</u>	<u>Fire (organisations)</u>	<u>Fire (Farmers)</u>
1952	2,791	964	33,015	60
1953	5,926	821	39,446	32
1954	15,747	1,849	54,190	19
1955	32,637	10,655	71,943	749
1956	41,266	38,272	82,394	2,247
1957	56,492	68,286	93,215	3,195

The significance of such rapid development can only be fully appreciated in the light of the economic position of Japanese farmers. On average they have less than a hectare of land - one of the smallest holdings in the world. Naturally their income is correspondingly low.

By their successes in the insurance field, the Japanese Co-operators have given an inspiring example to the co-operative world and deserve to be warmly congratulated.

## P R O D U C T I O N

### KOLKHOZES IN TROUBLE.

The Kolkhozes or collective farm societies, co-operative in form but compulsory in essence, came into being in the Soviet Union in the thirties and have therefore, an experience and history of about thirty years. During that period they have passed through various stages and reorganisations.

Originally the Kolkhozes were strongly opposed by the Russian peasants, who thanks to the Revolution had realised their long-cherished dream: they had entered into possession of land they had tilled for centuries as slaves or tenants. They were anxious to enjoy the independence they had finally gained, to live their life the way they liked, and resented the idea of collectivisation. But Stalin, the all-powerful ruler of the Soviet Union at that time, was resolute and unshakable in his policy of collectivisation. He carried it out regardless of the difficulties and costs and the opposition of farmers was broken. They revenged by wholesale slaughtering of their cattle and stock. The massacre was so disastrous, that the Soviet agriculture took years to recover from its effects.

Nonetheless, the Kolkhoz system spread all over the Soviet Union and became the basis of Soviet agriculture. Independent peasantry was entirely wiped out.

Although the Kolkhozes were often reorganised, on the whole, they did not encounter any crisis or major criticism and had a steady development. They were considered as a growing success and to all countries where communism came to power, they served as an ideal and a pattern to be closely and faithfully followed in the organisation of agricultural production.

Two years ago, the Kolkhozes gained in stature when state MTS (Machine and Tractor Stations) were dissolved and their inventory passed into the possession of Kolkhozes themselves. Moreover, in the last two, three years the successes achieved by the Kolkhozes in agricultural production were often stressed. Recently, however, (January 1961) they ran into trouble when their activity was analysed by no lesser body than the Central Committee of the Soviet Communist Party. On that occasion grave accusations were raised against state and Party leaders in charge of agricultural matters, as well as against the Kolkhozes and their membership.

The accusations were made particularly by the head of the Soviet Party and State leadership Mr. Khrushchev himself. One of his major accusations was, that the Kolkhozniks (Kolkhoz members) have stolen half of the maize crops in the Ukraine (Le Monde, 11th January, 1961). How could they steal their own crop and

where they did store half of the crop in the Ukraine, the richest agricultural land in Europe, is not clear. At any rate it was pointed out that Ukraine has delivered only 5.8 million tons of grain in 1960, as against 9.8 million previously (Neue Zürcher Zeitung, 24th January 1961).

A very grave accusation was made about the working of Kolkhozes in Kazakhstan. It was revealed, that about 3,300,000 sheep and goats have died there for lack of feeding stuffs.

According to "The Times" (16th January, 1961) the Khirgiz Party leader was rebuked at the hearing for having connived at the purchase of butter by farmers in State shops at high prices while delivering it to the State at lower prices in order to fulfill their obligations under the plan.

Various other accusations were made, one of them that the Kolkhozniks keep the major part of their crops for their own use at the expense of consumers in towns.

The strong criticism against the working of Kolkhozes is not likely to remain without repercussions. What kind of measures can be expected? Will the Kolkhozes gain more independence from the State and Party Bureaucracy? Will they be allowed, like the consumers co-operative in U.S.S.R. to establish their own unions to represent their views and needs, organise exchange of experience and market their produce? Or will they fall under a more rigid control? It is too early to have any clear idea about the probabilities. Some information suggests that a decentralisation in the whole system of state control of agricultural production and of Kolkhozes will take place. According to other sources (Neue Zürcher Zeitung, 24th January, 1961) in the future agricultural produce will be delivered to the State by the Kolkhozes on the basis of formal contracts. With that effect a special institution will be established. The surpluses not purchased by the State organisation will be collected by consumers co-operatives.

## C R E D I T   A N D   F I N A N C E

### DEVELOPMENT OF FINLAND'S CO-OPERATIVE BANK.

Osuuskassojn Keskes Oy, the Finnish Co-operative Bank, known as O.K.O. has had a remarkable development. The changes that have taken place in its structure and rôle are highly interesting from a co-operative point of view. It closely resembles the development of the American farm credit system and Banks for Co-operatives.

O.K.O. was founded in 1903 with the object of financing and promoting credit co-operatives, which at that time did not exist. They were formed as a result of O.K.O.'s action and credit co-operation was thus built up in Finland from above and not from below as is usually the case. Having no constituent members, O.K.O. could not take a co-operative form and was therefore, set up as a limited company, a legal form which it has retained ever since.

Initially the Bank's share capital amounted to only 300,000 marks and in the absence of credit co-operatives, was subscribed by farmers (44.6%), employers, businessmen, intellectuals and Pellervo, a society which was founded to promote co-operative development. But this was only a nominal capital. The actual working capital was supplied by the State, at that time still under the rule of the Russian tzars.

State funds were supplied in the form of a loan of 4 million marks at 3% rate of interest. In addition, the Bank was granted an annual subsidy of 200,000 marks - an amount which almost equalled its entire share capital.



In the course of time, as in the case of American Banks, O.K.O.'s share capital gradually passed into co-operative hands. By 1924, it was already entirely co-operatively owned. But in the following year, 1925, the State became a shareholder or - as the Finns prefer to emphasise - a member of the Bank, by acquiring a substantial part of its shares. In the years to come, however, State participation lost its importance. This was due to the large increase of the Bank's share capital on the one hand, and currency devaluation on the other.

For a long time O.K.O.'s rôle was similar to that of the French Caisse Nationale de Crédit Agricole. It consisted in the transmission of State funds to credit co-operatives, which in turn placed them at the disposal of their members. But in the course of time, fundamental changes in the position of the Bank took place. These occurred particularly after 1920 when O.K.O. and the credit co-operatives were authorised by the newly independent Finnish state to accept savings from non-members. This enabled them to mobilise large financial resources independently of State funds and to expand their activity accordingly.

Gradually, the structure of O.K.O.'s financial resources changed. To a large extent this change took place in the Bank's share capital which was increased to as much as 1,200 million marks, of which only 25 million or less than 2% is now held by the State.

The deposits now represent an abundant source of finance for O.K.O., as the credit co-operatives are obliged to transfer to it 10% of all the deposits they collect. In 1954, the deposits received by O.K.O. in this way amounted to Fmk. 5,222 million.

Another means of finance are the bonds issued by O.K.O. and in 1954 nearly Fmk. 4,000 million were obtained from this source.

On the other hand, O.K.O. had received credits from the Bank of Finland amounting to Fmk. 3,157 million. Further, it had at its disposal government funds amounting to Fmk. 9,570 million, which represented half of its total resources. These, however, are not State loans as such, but rather public funds managed by the Bank. They were entrusted to the Bank for the purpose of resettlement and internal colonisation which had become necessary with the cession of territories to the U.S.S.R. and the resulting transfer of population.

In the course of O.K.O.'s development, substantial changes took place also in its credit policy. Originally its activity was limited solely to the financing of credit co-operatives. In 1915, however, by a change in its status, it was given the authority to grant credits to other types of Co-operatives on condition that their object was the promotion of agriculture.

Further changes took place in 1928 and O.K.O. was able to widen the scope of its activity even further and finance, in addition to the co-operatives, the communes and parishes, as well as organisations which, although co-operative in character, were registered as limited companies.

An interesting feature of O.K.O.'s credit and financial policy is that the co-operatives receiving credit are obliged to take up shares in proportion to the credits granted, as in the case of American Banks for Co-operatives. Thus organisations receiving the most services from the Bank make the largest contribution to its capital, a sound measure which deserves a wider application within the world co-operative movement.

Substantial changes also took place in the relations between credit co-operatives and the Bank. Originally, the Bank was their only source of credit but in 1954 they had only borrowed 16,799 million marks, whereas the resources they had created themselves in the form of collected savings amounted to 54,698 million marks, that is three times as much.

O.K.O. has its own particular characteristics in matters of management and structure. In spite of its non-Co-operative form it is very much an organisation of co-operative character as it is now owned by Co-operatives and serves the Co-operatives. Moreover, at its annual meeting all shareholders including the State itself, have only one vote regardless of the number of shares in their possession and thus the Co-operative principle one member - one vote is fully applied. Nevertheless, as in the case of the Japanese Co-operative Bank for Agriculture and Forestry, O.K.O. is not managed entirely on Co-operative principles. Its managing board consists of 21 members, of which three are nominated by the State and not elected by the shareholders. This, of course, implies a breach in the full application of the principle of co-operative democracy and is due to the provision laid down by the present Law and for the time being there is no indication that this position will be changed. However, Finnish Co-operators do not seem unduly concerned about this situation, probably because of the good understanding existing between the State and Co-operative organisations in Finland. All the influential Finnish political Parties are co-operatively minded. As a rule, there are always experienced co-operators or people devoted to the co-operative cause among the Cabinet Ministers. Thus co-operative interests are well defended in Finland both within the Parliament and the Government. As a result, unlike many other countries, in Finland it is the State which is influenced by co-operation, rather than the reverse.

## S U P P L Y

### THE LARGEST PURCHASING CO-OPERATIVE IN U.S.

Forty years ago, three farm organisations joined forces to form the Co-operative Grange League Federation Exchange, which soon became known as G.L.F. This Co-operative, which serves 137,000 farmers in New York, New Jersey and part of Pennsylvania, has gone a long way since then. Now its 266 farmer-owned service stores and 271 agent buyers handle its products. It has grown into a centralised Co-operative covering manufacturing, processing, wholesaling, retailing, marketing, transportation and insurance, and the combined business volume last year was nearly \$400 million. Specialist services help members with their farm problems, and strict maintenance of quality has been a hallmark of G.L.F. since its inception, at a time when farmers suffered badly from dishonest adulteration in their feed service. Now, G.L.F. serves them through its four large feed mills, 13 fertiliser plants, 6 seed processing plants, 8 petroleum terminals, 66 petroleum bulk plants, 8 farm supply warehouses, and 10 egg assembling stations. Each bag of feed carries a tag showing the exact ingredients, and some 22 million tons of its have been distributed over the last forty years, together with over 10 million tons of fertiliser, 500,000 tons of seed, \$219 million worth of petroleum products, and \$250 million worth of general farm supplies and equipment.

G.L.F. has become one of US's largest purchasing Co-operatives. Members' investments in G.L.F. stock have increased forty-fold in forty years.

## P R O C E S S I N G

### CANADA'S FOURTH LARGEST MEAT PACKING PLANT CO-OPERATIVELY OWNED.

La Coopérative Fédérée de Quebec is the Central Federation of 375 local agricultural Co-operatives (75% of all Canadian Agricultural Co-operatives) serving 50,000 farmers in Quebec where French speaking Canadians are dominant.

La Fédérée was created in 1922 by the amalgamation of three Co-operatives - Comptoir Coopératif de Montreal, la Société Coopérative des Producteurs de Grain de Semence and la Coopérative Centrale des Agriculteurs de Quebec.

La Fédérée has developed tremendous economic activity and it is now one of the largest Co-operative Organisations in North America. It has established its own meat packing plant which is now the largest in Quebec and the fourth largest in the whole of Canada.

La Fédérée's meat packing operations have brought in renown far beyond Quebec province, and from 1944 onwards this side of its activity was greatly expanded. Its five modern plants represent a total investment of six million and volume of all kinds of livestock has increased from 88,000 head in 1954 to 611,000 in 1959. While much of the meat and poultry products go to the large urban markets of Quebec and Montreal, a fair percentage goes farther afield to small towns east and west, and most of the cured produces are exported to the British West Indies and Central America. The U.S.A. for her part gets from La Fédérée large supplies of veal.

## TECHNICAL ASSISTANCE

### CUNA'S TECHNICAL ASSISTANCE ACTIVITY.

CUNA spends \$70,000 a year on world extension. Since 1954, it has helped organise 3,000 Credit Unions in various countries - Pakistan, India, Viet-Nam, Japan, Thailand, the Philippines, Australia, Fiji, Samoa, Tonga, Africa and South America.

Credit Unions are based on Raiffeisen principles. Until recently their development was limited to U.S. and Canada but now they are increasingly gaining ground in different parts of the world and ~~acquiring~~ **acquiring** international importance.

## MARKETING

### CO-OPERATIVE SHARE IN THE MARKETING OF AGRICULTURAL PRODUCE IN CANADA.

In Canada, about 33 per cent of the total farm income is from agricultural products marketed through co-operatives. Their commodity percentages are:- wool, 63 per cent; grains, 60 per cent; maple products, 45 per cent; honey, 43 per cent; livestock, 30 per cent; dairy products, 27 per cent; fruit and vegetables, 25 per cent; poultry and eggs, 11 per cent.

## EDUCATION

### CO-OPERATIVE EDUCATION IN INDIA.

In India's third five year plan a large place is made over to Co-operative development. The whole rural economy is to be organised co-operatively, particularly credit, marketing and processing. Agricultural production is also to take on co-operative character in the form of co-operative farming. Other specialised co-operatives are also foreseen, among them productive co-operatives for industrial workers in rural areas.

As about 80% of India's population is living in rural areas, it is obvious that co-operative development presents a substantial part of her planned economy. But co-operative development is hardly possible without education. Measures are therefore, being taken with a view to furthering Co-operative Education.

The rural institutes, training youth for careers of rural service, have already included Co-operation in their curriculum. Co-operative educational centres have also been set up all over India.



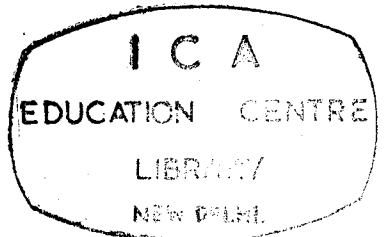


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## TECHNICAL ASSISTANCE

### SWISS CONTRIBUTION TO TECHNICAL ASSISTANCE.

It is nowadays generally accepted that technical assistance to under-developed countries is an urgent need. But of all economic forms, only co-operation has engaged in technical assistance, apart from official bodies, of course. This is logical. Technical assistance is an expression of the idea of solidarity on which co-operative action is based.

The ideal of solidarity takes different forms of expression within the co-operative movement. It finds expression not only in the relations between members of one society, but also in those of co-operative organisations at national and international level. In the past, co-operative organisations of one country have often assisted those of another. The English C.W.S. helped the Australian agricultural co-operatives at a time when they were faced with insurmountable difficulties and were unable to obtain assistance even from their national government. It also helped French Consumers' Co-operative Movement at a difficult moment. But it is in recent years, after the 1954 I.C.A. Congress held in Paris, that international co-operatives' solidarity has found expression in the form of assistance given by co-operative movements in advanced countries to those in retarded areas. A number of co-operative movements, particularly those in Sweden, U.S.A., France, Denmark and others are already engaged in Technical Assistance work, in addition to the I.C.A. itself.

Recently, the number of Western co-operative organisations active in the field of Technical Assistance has been increased as a result of the action taken by V.S.K., the Swiss Union of Consumers' Co-operatives.

V.S.K.'s contribution to Technical Assistance is both impressive and original. It is impressive because, for a small country like Switzerland, it will be operated with comparatively large resources. Its originality lies in its methods of financing and planning. The whole operation is well planned, well balanced and well defined with regard to finance, duration, the type of assistance to be given and the country to be assisted.

The method of financing is the principal and most outstanding feature of the Swiss Technical Assistance scheme. As in the case of other movements, its resources are voluntary contributions. But the Swiss system of financing is based on the Law of large numbers. It is so ingeniously constructed, that it provides for efficient and abundant financing in a comparatively simple and easy way.

Practically all co-operative members and co-operative employees will participate in V.S.K.'s project. This naturally makes it possible to collect large amounts without overburdening individual contributors. At the same time the amounts likely to be collected each year, will be known in advance and the whole operation can, therefore, be planned and implemented accordingly.

It is possible that Switzerland has established a pattern for the financing of Technical Assistance activity which could be followed by co-operative movements in other countries. Applied to the British movement, in view of its great strength and huge membership and staff, the system could possibly work wonders.

The originality of V.S.K.'s method of financing Technical Assistance is in the way by which the support of the entire co-operative community is secured. Responding to V.S.K.'s appeals, affiliated co-operatives decided to give full support to the project at their regional meetings. Although voluntary, the decision was not made individually by every member, but collectively. Similar decisions were taken by co-operative employees in agreement with their corresponding organisations.

Another original feature of V.S.K.'s system of financing is that there are no contributions in cash. Instead, the contributors forgo a small part of the dividend of their purchases. Psychologically this is a good method, as it is easier to cede something that has not yet been received than to make a contribution from the money one has in hand.

In view of the large number of participants the contribution of each co-operative member is infinitely small. It will consist of only 1% of the dividend on annual purchases. Instead of 100 francs every contributor will receive 99 frs. in dividend. But although this is so small a sacrifice that it will hardly be felt by individual contributors, collectively it will result in the accumulation of large sums of money. It is estimated that annual contributions will amount to no less than 750,000 francs. As for co-operative employees, they will contribute to the scheme by giving one hour of their work every three months. This will also hardly be felt by individual contributors but will produce 250,000 francs every year. Thus V.S.K. will have 1,000,000 Swiss francs at its disposal for Technical Assistance work every year.

Despite the insignificance of individual contributions, they will not be made indefinitely or for an unspecified number of years. According to V.S.K.'s plan, the whole operation will last for five years and after that period no contributions will be needed.

The work will be concentrated on one single country - Dahomey. This is one of the newly independent African countries which, being democratically ruled, is a fertile ground for co-operative action. Conditions are made easier by the fact that the language spoken in Dahomey is French.

In effect V.S.K. is applying its well-known system of "parrainage", that of adopting retarded Swiss villages in order to assist their development, to an entire country and the project is usually referred to as "Operation Dahomey".

On the whole, V.S.K.'s Technical Assistance work will follow the general pattern and will consist mainly of educating co-operative officers. For this purpose, Co-operative courses will be held in Dahomey itself and the most capable students will be taken to Switzerland and France for six months to gain a thorough knowledge of agricultural and fishery co-operation respectively. The students schooled in this way will be sent back to Dahomey to set up agricultural co-operatives with V.S.K.'s financial assistance and other support.

The last point is noteworthy. V.S.K. will not only educate, but also financially and practically help co-operative development, although at present it is not clear how much and what kind of assistance will be given.

Too much help kills self-help and financial assistance must, therefore, be given in such a way that it stimulates self-help. The experience gained by American Banks for Co-operatives could perhaps be used to advantage. This involves the participation of co-operative members in the capital of the society in proportion to the services obtained and permits a constant increase of the co-operative capital. At the same time it creates an ever increasing interest in the life of the co-operative on the part of members.

A further very important point is that such a system would enable the funds provided by V.S.K. to be repaid and invested elsewhere, to help the establishment of other societies.

This method seems to be of primary importance and merits the consideration not only of V.S.K. but also that of other co-operative organisations engaged in the Technical Assistance work.

#### AN INTERESTING FORM OF AMERICAN ASSISTANCE TO INDIA.

The Economic Bulletin of the Co-operative League of the U.S.A., reports an interesting form of American assistance to Indian farmers. Working with the Indian Co-operative Union, the Co-operative League of the U.S.A., carries out a project for small farmers who cultivate less than 15 acres each. Such farmers form two-thirds of India's population.

The project covers 15 villages with some 1,500 farming families. The Co-operative League of the U.S.A., provides revolving credit, pays Indian personnel and with the American International Association jointly supplies American advisors. For its part, the Indian Co-operative Union finds qualified Indian personnel, handles loans and provides administrative control. Its farm advisor helps the farmer to study his resources and make plans for increased production.

The Indian farmers have no knowledge of planning or of using new methods of cultivation. With the help of I.C.U., the farmer draws up and submits a sample "Farm Plan". Within seven days, he is given a loan at the rate of 6 $\frac{1}{2}$ %, whereas local money lenders charge 25-50%. The only security required is the farmers good faith and willingness to work. The I.C.U. advisor goes with the farmer to purchase supplies and keeps in constant touch with him.

Experience has shown that the farmers helped in this way are good credit risks. No less than 95% of the loans are recovered.

The scheme has proved completely effective. In project areas food production has risen 15% per year. Living standards have also risen, and money lenders are reducing their rates. Co-operatives as well as the economy in these areas are developing.

With the help of the Ford Foundation, plans are being made to extend the methods which have proved to be successful in this project to co-operatives in some 2,000 of India's 500,000 villages in seven states.

The Ford Foundations' loan guarantees will open up sources of credit for small farmers at the rate of seven to nine per cent through Co-operative Banks. It is stressed that this project may be of historical significance not only for India's co-operatives and agriculture, but for her freedom and her future.

## C R E D I T   A N D   F I N A N C E

### CREDIT CO-OPERATIVES IN PAKISTAN'S PLANNING.

The Pakistan Second Five-Year Plans give the following data on the development of Credit Co-operatives:-

#### Credit Co-operatives in Pakistan

	1955/6	1956/7	1957/8	1958/9
Number of Societies	28,400	27,500	28,200	28,900
Individual Members	3,277,000	2,298,000	2,392,000	2,373,000
Working Capital	529,800,000	557,200,000	563,100,000	577,700,000

The Pakistan Planning Commission stresses, that in the First Five-Year Plan high priority was attached to the development of Co-operatives. However, little was accomplished during the plan period. In fact, scarcely any progress was made, as the above figures suggest.

The Agricultural Bank was established in 1957 to promote agricultural and co-operative credit, with an authorised capital of Rs. 200 million of which Rs. 30 million was subscribed by the Central and Provincial Governments. The Bank has established 16 branches, 8 in each province.

In the view of the Planning Commission, "the best prospects for solving the problem of rural credit lies eventually in setting up Co-operatives". The Plan therefore, provides for the rehabilitation of the Co-operative Movement at all levels; primary Co-operatives, Co-operative Banks and an Apex Bank in each Province. The Central Banks and Apex Banks will be debarred from making loans to individuals.

All Co-operatives are expected to mobilise savings in the form of share capital and deposits. Co-operative organisations are to be encouraged to create their own resources and not to pump State Bank funds. The Government may participate in the share capital of Apex Banks but only up to one third of the total paid up capital.

The main efforts in the development of the Co-operative Movement will be concentrated on the organisation of primary societies.

It is proposed that at least 500 new large primary societies are to be set up during the second Five-Year Plan in West Pakistan. These societies will not only provide credit, but also undertake the marketing of produce and the supply of essential requirements to their members. Furthermore at least 10,000 small societies will be organised.

In East Pakistan 500 of the existing 3,500 multi-purpose societies will be reorganised.

The Agricultural Bank will open branches only where co-operative societies do not exist and are not likely to be established. The Bank will supplement rather than replace Co-operative organisations. Ultimately the Bank will concentrate on long-term credit whereas short and medium term credit will be left to Co-operatives.



## M A R K E T I N G

### FRANCE: FORMATION OF "UNION-EXPORT".

Towards the end of 1960, French Unions of Agricultural and Fishery Co-operatives affiliated to SYNCOPEX, set up a new organisation, "Union-Export". It has a capital of 1,000,000 new francs and is composed, 60% of co-operative unions and 40% of organisations for agricultural credit.

The purpose of Union-Export is to organise the export of agricultural and food produce on behalf of its affiliated specialised unions. Local co-operatives which are members of these unions will thus be directly integrated into and benefit by the activity of the new organisation.

Through its affiliated organisations, Union-Export accounts for 25% of French agricultural production, and is therefore, likely to become an important factor in French agricultural policy.

### F.A.O. PUBLICATION ON MARKETING CO-OPERATIVES AND MARKETING BOARDS.

A recent F.A.O. publication entitled "Marketing Livestock and Meat" by R.F. Burdette and I.C. Abbott gives an interesting survey of problems of livestock and meat trade and solutions sought in various countries. The authors maintain that, when organised, the farmers have the important advantage that they can make sure that the slaughtering facilities are operated on their behalf. "If their plant can be operated at low cost", the authors say, "they will obtain the full benefit in the form of higher prices for their animals or increased membership dividend and, as the volume of production expands, farmers can profit from larger markets due to lower retail prices".

The authors stress that the success achieved by farmers' co-operatives in Denmark in co-ordinating successive phases of production and marketing merits particular attention. Many co-operatives have achieved vertical integration that begins on the farm and carries through to the retailer in the domestic market and to the wholesale distributor in a number of export markets. The establishment of local refrigerated cold stores is a recent development in Danish villages. This could be a very useful practical model for co-operative action in many parts of the world.

A unique feature of the Danish system is that the co-operative determines in advance the prices that will be paid to its members on the basis of estimated domestic and export demand. The authors say that there is no reason why the marketing methods used by European co-operatives cannot be adopted elsewhere. However, many obstacles must be overcome. In Denmark the farmers have had a long tradition in working together; the country is small and communications between various parts easy and rapid.

In different countries various official bodies have been set up by the Government for the purpose of improving livestock and meat marketing procedures and organisation. Some of them are government agencies and act as advisors; others are essentially producer and/or trade organisations with compulsory powers, and may be called meat boards, meat marketing boards, meat control organisations.

The first marketing boards were the outcome of difficult marketing conditions for primary producers during 1930's. Since then marketing boards with compulsory powers are a feature of many livestock economies. Special interest in meat marketing boards has been shown in countries like Australia and New Zealand where farmers' income depends on successful sales in distant markets. An interesting feature is seen in the New Zealand meat producers' boards. Prices received for meat in export markets during and after the second world war exceeded substantially those paid out to farmers. The accumulated surplus (\$114 million in 1956) stands in reserve fund which can be drawn upon to supplement payment to producers should the export price fall sharply.

After having analysed the marketing boards in various countries the authors say, that it is inadvisable to give marketing boards and control organisations wide general powers "to set up the industry on a sound basis", introduce "needed improvements; licence processing plants etc..."

Experience has shown that the establishment of administrative machinery with extensive power to accumulate funds and control detailed trading operations, places many temptations in the way both of influential group interests and of the staff that run it. The authors point out that the "Abandonment in 1959 of the elaborate Santiago butcher licencing system led to the disappearance from the slaughterhouses of a number of middlemen".

#### COFFEE MARKETING IN TANGANYKA.

In its Report for 1959/60, the Kilimanjaro Native Co-operative Union refers to the problems and extent of Coffee Marketing. It points out that in 1960, the Tanganyika Government had published a Bill, in connection with the Washington agreement signed by Britain, which introduced control and restriction of coffee exports. The K.N.C.U. opposed the Bill and brought the matter before a United Nations visiting mission. Subsequently, the Bill was withdrawn.

The Union's Sales of Coffee for 1959/60 amounted to 7,118 tons, to the value of £2,156,000. With the exception of a small quantity, all sales were made at auctions.

To improve the quality of coffee, the Union has introduced awards for quality. Three Societies have obtained quality awards, which take the form of the presentation of cups held by them until the following season. In addition the Union presented Sh. 1,000 to each of the prize winning Societies.

#### CO-OPERATIVE MARKETING OF COCOA AND COFFEE IN SIERRA LEONE.

The "Sierra Leone Co-operative News" reports, that in the last season some 3,350 tons of cocoa was graded by the Produce Inspection Branch of Commerce and Industry. Of this total quantity, no less than 1,508 tons were handled by Co-operatives.

In the same season, for the first time in Sierra Leone's Co-operative history, the South-East Co-operative Federation exported coffee direct to London. Two shipments were also made to San Francisco, via Monrovia. In all, the Federation exported about 1,100 tons of coffee, which is considered to be a very good start.

### P R O D U C T I O N

#### INDIAN PILOT PROJECTS IN CO-OPERATIVE FARMING.

The Indian National Co-operative Advisory Board has decided that pilot project on co-operative farming are to be started from April 1961. In the first year of the Indian Third Plan period, 70 Co-operative farm projects are to be launched and 15 training centres set up to give training in Co-operative farming.

In India there are already various forms of Co-operative farming societies known as better farming, tenant farming, joint farming and collective farming societies. The Board recommends that a society should be classified as a Co-operative farming society if there is pooling of manpower and land and joint cultivation.

The Board has made some basic recommendations and has set forth the principles on which Co-operative farming is to be based. It insists that co-operative farming societies are to be constituted voluntarily. The bulk of their membership should consist of small cultivators or landless farm workers or both. Land should be pooled for a minimum period of five years. Assistance to societies in pilot projects should be given in the form of State participation in share capital, managerial subsidies and medium and long term loans.

## LAND REFORM AND CO-OPERATION

### LAND REFORM AND CO-OPERATION IN THE PHILIPPINES.

The basis for Land Reform in the Philippines was laid down by the Act No. 1400, otherwise known as the "Land Reform Act of 1955". According to Atty Julian U. De Vera, the Act has "more than ever pointed out the crying need of organising Co-operatives among the tenants of various estates administered by the Land Tenure Administration. It is not enough to give land to the landless; it is important that the farmer, having just been emancipated from a way of life that meant dependence if not subservience to a landlord, should be afforded such assistance as an owner-operator. Unfortunately, our present Land Reform Act does not provide for such assistances. It seems to be more concerned with the collection of repayment and the early recovery of its investment than in insuring the social and economic standing of the tenants it has liberated from the shackles of landlordism".

Unlike that in two neighbouring countries - Japan and Taiwan, Land Reform in the Philippines is not based on Co-operative development. In the former two countries, Land Reform was successful thanks to the "admirable co-operation of landowners themselves". Both in Japan and Taiwan, co-operatives dominate the lives of every farmer.

Whereas in these countries the Co-operatives are geared to the country's Land Reform programme, Land Reform in the Philippines has remained inflexible.

Under the Philippine Land Reform Act 1955, co-operatives are mentioned only in connection with tenant's deposits. The tenants are required to form co-operatives, which affiliated to a Government financing agency, and the Agency in question - the Agricultural Credit and Co-operative Financing Administration, is given "exclusive power to organise farmers Co-operatives".

The attempts made by the Land Tenure Administration to organise Co-operatives in its own estates or in those estates which are the subject of petitions for acquisition, have been invariably rebuffed by the ACCTA, and without its agreement, no Agricultural Co-operative could be registered.

According to De Vera, such a situation results in the farmers losing confidence even in existing co-operatives.

## INTER CO-OPERATIVE RELATIONS

### FARM AND CONSUMER PRICES.

The Co-operative Builder reports that Mr. B. De Loach, a University of California farm economist, has established that from 1947 to 1959, consumers cost of food products increased by 16%. Yet, the farmers share in this dropped by 15% while marketing charges rose by 43%.

According to Mr. De Loach, farmers can only improve their position collectively, by uniting their forces, and not individually. This is of course, true. But is the same not valid for the consumers? Moreover, is there not a need for united collective efforts on the part of both consumers and farmers through the development of inter-co-operative relations?

## EDUCATION

### THE FRENCH INSTITUTE OF CO-OPERATIVE STUDIES.

In 1930, Charles Gide and Bernard Lavergne founded an "Institute of Co-operative Studies" in Paris, which grouped almost all European specialists in the co-operative movement. But, lacking financial resources, this Institute - of which certain Congresses held at Paris, Budapest, and Cambridge were decisive stages in the elaboration of a modern co-operative theory - did not survive the second world war.

After that, France appeared to lag behind certain other European countries such as Germany, where co-operative institutes exist at Erlangen, Marburg, Frankfurt and Munster. However, the formation of two organisations renewed co-operative thought and teaching in France. The first is the Institute for Co-operation Action (IFAC) which is directly concerned with the problems confronting French-speaking countries outside metropolitan France. In matters of Agricultural Co-operation it draws on the teaching apparatus of the National Centre of Agricultural Co-operation (CNCA). The second is the Co-operative College, where Professor Henri Desroche, senior Lecturer in Co-operation at the Ecole des Hautes Etudes, pursues the fruitful work of his research and teaching.

The new Institute of Co-operative studies will complete this group. Apart from teaching and research, the programme of the Institute will include the publication of works on co-operation (an Encyclopaedia of Co-operation, a Co-operative Anthology and a selection of Charles Gide's writings are planned) as well as the publication of the Review of Co-operative Studies, which, with the support of the Institute, will no doubt obtain the wider distribution it deserves.

In view of the fact that agricultural co-operation in France has, from the very beginning, preached the need for co-operative development and teaching and the necessity of revising and reviving co-operative doctrine, the new Institute is particularly welcomed in agricultural co-operative circles.

### EMPLOYEES STUDY SWEDISH CO-OPERATIVE ENTERPRISES.

Twenty-three Co-operative employees, coming from Finland, France, Italy, the Netherlands, Norway, Great Britain and Western Germany, took part in 1960 in the ninth of a series of annual tours designed to acquaint them with Co-operative enterprises elsewhere. This time the venue was Sweden, and as in past years, there was a UNESCO grant towards travel expenses.

The invitation to Sweden came through the Swedish member organisations of the International Federation of Agricultural Producers, and the tour included visits to a wide variety of Co-operatives, giving insight into the diverse farming conditions of the country. The intensive one-week programme enabled the students to judge for themselves what had contributed towards making Sweden's Agricultural Co-operative Movement outstanding among the co-operative movements of the world. They learnt, sometimes, with surprise and envy, that Sweden's farmer co-operatives handle 98% of the national trade in milk and dairy products. The Swedish Agricultural Co-operative Movement, they found, covered almost every branch of farming and associated processing industries - for breeding, distilling, starch production, flax and hemp growing, and so on. Every Swedish farmer belongs to two or more co-operatives and thus the movement is broadly representative of Swedish agriculture as a whole.

Two types of co-operatives that attracted special attention were those for meat marketing and the sale of forest products - both have achieved a success almost without parallel outside Scandinavia. The forest owners' co-operative organisation is still in process of rapid expansion.



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### CO - O P E R A T I V E D E V E L O P M E N T

#### CO-OPERATIVE DEVELOPMENT IN THE CONGO.

The attention of the world today is very much directed towards the Congo and it would be of interest to know the position as regards co-operative development there.

Unfortunately information is rather scarce in this respect. The survey given here is taken from the few sources available, one of which is a brochure entitled: "Le Mouvement Coopératif au Congo Belge et Ruanda Urundi", published in 1955 and written by Ernest Glinne.

The first foundations of the Co-operative Movement in the Congo were laid down by decree in 1921 by the Belgian colonial authorities. This decree made it possible for individuals as well as for juridical persons to establish co-operatives. It contained no discriminatory provisions as regards natives and Europeans but it was not adapted to the needs and mentality of the natives. Emphasis was placed on commercial and lucrative ends and no consideration was given to the educational character of co-operation which is of primary importance for the natives.

Under the régime of 1921, co-operative development was very slow because of the many difficulties encountered. Native co-operatives met with the hostility of European merchants and even of the Government. Their registration was often refused by the administrative authorities. Sometimes measures were taken to suppress their true co-operative character. Often co-operative societies were obliged to distribute their surplus according to the number of shares, not to the business done with individual members. Various profit-making organisations were set up in the form of co-operatives and the result was that in pre-war days there was hardly any genuine co-operative development in the Congo.

After the second world war, in 1946, there were a number of "co-operatives" in existence and others were being set up. These had a variety of aims but they had neither legal foundations nor statutes. A commission was, therefore, appointed to look into the matter, and as a result a new decree was issued in 1949.

The new decree distinguished between the co-operatives set up by natives and those established by juridical persons. The new regulations only applied to native co-operatives and the others continued to operate under the 1921 decree.

The new decree was based on the application of co-operative principles. The co-operatives under it were primarily considered as organisations of educational character. Every co-operative had to be approved by the Governor. If approved, it could obtain initial funds from the Colony's Treasury or other public sources.

At the end of 1952, there were 38 co-operatives in the Congo operating under the decree of 1949. Among them were co-operatives for the handling of cotton, rice, coffee, for the production of rubber, palm oil and others. For the most part their managers were natives. Only 15 co-operatives were still operating under the 1921 decree.

In 1955, the establishment of co-operative unions was allowed. Co-operation however, met with strong opposition and its progress was slow. The main opposition came from the Colonists' Association, a settlers' organisation.

More up-to-date information about co-operative development in the Congo was given by Mr. John M. Bailey, of the U.S. Farmers' Co-operative Service, in an article published in the "News for Farmers' Co-operatives", (December, 1960). He visited the Congo in 1960 and collected on-the-spot information with regard to co-operatives. According to his account at the end of 1958, there were 91 co-operative societies with a total membership of 206,000. Of the total number, 62 were classified as agricultural co-operatives and accounted for about 195,000 members. The remainder consisted of consumers', merchants' and artisans' co-operatives. Rural co-operatives handle palm oil, peanuts, coffee, rice, corn and rubber. Some of them handled farm supplies, such as fertilisers, tools and insecticides as well as consumer goods. Many co-operative societies provide milling facilities for making flour from the roots of manioc plants. Several products are processed before marketing. Coffee berries are washed, dried and graded; latex is collected from rubber trees and processed into raw rubber. A fishermen's co-operative produced about 4,600 tons of fresh fish in 1958.

However, now that settlers' opposition has been removed, it is to be hoped that if peace is finally restored in the Congo, co-operation may make rapid progress there, as in the case of other newly-liberated countries.

## I N S U R A N C E

### DEVELOPMENT OF FARMERS' CO-OPERATIVE INSURANCE IN HOLLAND.

During the post-war period, co-operative insurance among farmers has made great progress in a number of countries, the United States and Canada among them. In the January issue of this Bulletin the spectacular success achieved by co-operative insurance in Japan was also reported.

One of the countries in which farmers co-operative insurance has obtained encouraging results, is Holland. In that country Co-operative Life Insurance for farmers has constantly realised substantial surpluses in recent years. This enabled considerable increase to be made from January 1961 in benefits, which had been greatly diminished due to the longevity of farmers whereas credit returns had greatly increased.

The insurance fund is formed exclusively by members' contributions. According to the CEA Bulletin, the Fund had at its disposal a capital of 123 million florins, of which 40 million had been allotted to individual members of co-operatives in the form of credit. From 1949, the Fund was able to increase the dividends paid to members from 2% to 12%.

It is interesting to note that the success achieved by Farmers Co-operative Life Insurance is ascribed to the method of collecting the subscriptions. The collections are made by deducting the premium from the value of the milk delivered by the members to the co-operative dairies. This means that the collection of contributions is made at very little cost.

Farmers' Co-operative Insurance in Holland is based on the principle of voluntary membership but in fact the great majority of dairy farmers are insured. Of the 360 milk processing plants in Holland, the members of 270 Co-operative dairies have joined Co-operative insurance schemes.

Co-operative dairying is not everywhere as well developed as it is in Holland. But the Dutch system of collecting premiums can easily be applied in other marketing or even in other types of co-operatives.

## M A R K E T I N G

### WINE MARKETING CO-OPERATIVES IN FRANCE.

In an article in "Coopération Agricole" (January, 1961), Mr. J. Simonetti, General Secretary of the C.N.C.U. writes about the progress achieved by co-operation in the marketing of wine and the important place it has acquired in viticulture in general. In Metropolitan France, according to the author, 1.128 co-operative wine-cellars have combined not only wines for current consumption but also those having controlled names as well as those of higher quality. They have combined 20,500,000 hl. out of the total national production of 58,500,000 hl.

The progress achieved in co-operative marketing of wine can be seen from the following percentages: 1939 - 16%, 1950 - 23%, 1959 - 35%.

The membership of wine co-operatives is constantly increasing, but not all applications can be followed up. The existing plants are to be developed to make possible the admission of new members. In this connection various projects are being considered.

Wine co-operatives have successfully overcome the challenge presented by the Decree of May 1960, regulating the marketing of wine. This decree prescribes that in good years the producers have to store part of the production to put on the market in years of deficiency.

There were fears that wine co-operatives would not be able to store corresponding quantities of the 1959/60 vintage. They did however, successfully play their part. To do so even more successfully in the future, corresponding developments in storage space are anticipated. The financing of such developments will be facilitated by State Assistance.

A special co-operative organisation was set up to carry out the storing of wine within the cadre of the new marketing system. It is called Union Nationale Inter-Coopérative des Vins. Its main aim is to facilitate the signing of contracts regarding the storing of wines in the co-operative sector.

## SUCCESSFUL FISHERMEN'S CO-OPERATIVE IN SOUTH PACIFIC.

The Ponape Fishermen's Co-operative in the Eastern Caroline Islands beginning with a modest capital of \$490, in May 1959, and a membership of 98 has grown steadily and now has a thriving export trade. In the early days, the Co-operative was forced to refuse to buy fish from the fishermen because of lack of adequate freezer space. This problem of surplus fish was solved by finding markets for the fish outside the territory - it goes to other trust territory districts, and brings in many thousands of dollars. Now a new problem arises of getting enough fish for the local population.

At home, not only do members benefit from this co-operative enterprises, but other people in Ponape as well. They know there is a fish market where they can buy and sell fish, and more of them buy from the market instead of getting a tinned product. The aim of the Co-operative is to provide enough fish for all house consumption, so that housewives will learn to use it instead of the expensive tinned food they now buy.

## ECONOMIC INTEGRATION AND CO-OPERATION

### CONSUMERS' CO-OPERATIVES OF E.E.C. COUNTRIES ON THE IMPORTANCE OF AGRICULTURAL CO-OPERATION.

The "Agricultural Co-operative Bulletin" has already reported the favourable attitude of the Association of Consumers Co-operative Organisations of the Common Market Countries towards Agricultural Co-operation. At various times, this organisation and its representatives have stressed the need for developing agricultural Co-operation and establishing inter-co-operative trading relations. In a recent report, its secretary particularly emphasises the need for concluding trading agreements between agricultural and consumers Co-operative organisations. Such agreements, in his view, are in the interests of consumers as they would result, not only in fair prices, but also in the improvement of quality, particularly in the food sector.

Another point made in the report is that Common Market Countries should not merely limit themselves to their own problems. They should also assist under-developed countries, particularly in the solving of food problems. The Association wonders why in the Agricultural policy of the European Economic Community there is hardly mention of the advantages that farmers can derive from Co-operative methods in promoting their economic interests. In its view, the Community should insist on the need for maintaining the family farm as the basis of the agricultural structure. The report states, that great improvement could be achieved in the position of family farms if they were supported by true co-operative action.

The report further stresses that various studies have been made by the U.N. specialised agencies regarding co-operation in the developing countries. These prove how great are the possibilities that Co-operation offers to such countries. They also show the effectiveness of Co-operative methods. Such opinions are expressed particularly by the U.N. Economic and Social Council. The report, therefore, considers that the European Economic Community should also recommend agriculturalists to follow the path of Co-operation as being the most appropriate for solving their problems and overcoming the difficulties confronting them.

### THE FRENCH CEREAL AGRICULTURAL CO-OPERATIVES AND THE COMMON MARKET.

The French National Union of Cereal Agricultural Co-operatives (UNCAC) is conducting a vigorous campaign for the protection of the producers in view of increased competition brought about by the reorganisation of European markets and the Common Market.



Formed in 1945, UNCAC today groups more than 700 co-operatives representing 80,000 co-operators and collecting 80% of France's total output of cereals.

The income of French agricultural producers is dependent, to a certain extent, on guaranteed prices and they must be prepared to meet the possibility of a conflict of interests within the Common Market which could jeopardise their position. The co-operatives have therefore, to prove that they are capable of protecting the farmers. UNCAC emphasises that there is a need for greater co-operative integration of producer and stresses the necessity of a united front and co-ordinated action on the part of all primary co-operatives. It is felt that the instruments for ensuring a maximum income for the producer should be forged without delay, in order to meet a market which might move towards greater liberalisation.

UNCAC has already made considerable progress in applying this policy, including the setting up of a Special Committee of Cereal Agricultural Co-operatives of the European Economic Community. It intends to continue by intensifying the efforts of its economic services and, in particular, those of its export department, with the object of securing new markets abroad, and likewise by increased efforts at technical level, with the co-operatives and their members, to promote quality of production.

## P R O D U C T I O N

### FIFTY YEARS' CELEBRATION OF THE OLDEST KIBBUTZ.

The "Israeli Co-operative News" published by the General Co-operative Association "Hevrat Ovdim" in its February 1961 issue reports about the celebration of fiftieth anniversary of "Degonia" the oldest Kibbutz, the "mother" of Israeli Co-operative settlements, as it was stressed. What "Degonia" and the Kibbutzim means in Israeli life, could be seen from the extent of celebration. Gatherings and festivities were organised throughout Israel and tributes were paid to their work by all sections of Israeli population.

In its half century of existence, the Kibbutz movement has grown from a handful of idealists who founded "Degonia", into a central force in the State of Israel.

Today there are 250 Kibbutzim scattered throughout Israel. Many of their 90,000 members play a leading part in Israeli political, economic and cultural life. A large number of cabinet members have come from Kibbutzim ranks. Even the present speaker of Israel's Parliament is a member of Degonia and was among the main speakers at the celebration. He pointed out that the Kibbutz movement had had a great influence "in moulding the nature of Israeli society and its culture". Kibbutzim have played a tremendous rôle in agricultural development in Israel. Nearly all branches of agriculture had been introduced by Kibbutzim, and they are very much responsible for the progress achieved in Israel.

### OVER 63 PER CENT OF SUGAR PRODUCTION IN HOLLAND IN CO-OPERATIVE HANDS.

Co-operative Sugar factories in Holland process 63 per cent of the total production of sugar-beet.

There are 4 Co-operatives for sugar production in Holland and their membership amounted to 10,646 in 1959. Of the total number of 12 factories in Holland 6 were managed by Co-operatives, and had a turnover of 205,5 million florins.

## CO-OPERATIVE PRODUCTION OF FARM CHEMICALS IN CANADA.

The Canadian Co-operative central trading organisation - the Inter-Provincial Co-operatives, Ltd., - which is owned by seven regional co-operative wholesales, will start the building of a large factory to manufacture farm chemicals. The plant will be the first of its kind in Canada; it will carry out all steps of the manufacturing process, from raw ingredients to finished farm chemicals.

It is estimated that the building of the plant will cost 5-6,000,000 dollars. Financial assistance will be provided by the Saskatchewan Government and the Saskatchewan Credit Society.

The Inter-Provincial already owns a chemical plant, a food processing plant and a jute bag plant; it also controls the co-operative label programme. In 1960, it had a volume of trade of \$24,000,000 and savings of \$460,000.

## T E C H N I C A L   A S S I S T A N C E

### AMERICA HELPS JORDAN CO-OPERATION.

The American International Co-operative Administration known for short as I.C.A. has developed technical assistance for co-operative development in various parts of the world over a number of years. It has supplied 39 countries in Asia, Africa and Latin America with U.S. technicians to advise on establishing farmers' co-operatives to handle credit and marketing.

Among countries that have established or improved their credit system through the American International Co-operative Administration, is Jordan. In 1953, Jordan had 40 credit co-operatives with 1,800 members. In the second half of 1960 there were 240 co-operatives with 17,000 members and it was expected that, by the end of 1960, 60 more co-operatives would be established.

In Jordan loans are made through a central Agricultural Credit Co-operative. In 1960 an American expert was working with the Government of Jordan, to establish a more effective agricultural credit system. It will be operated by local loan associations, similar to U.S., production credit associations.

The American Production credit associations are co-operatives which advance credit to their members, provided that the members buy a share in the association to the value of 5% of the loan. The associations are financed by Federal Intermediate Banks which create funds for this purpose by selling short-term bonds known as debentures. These are secured by governmental securities but are not guaranteed by the government.

### TECHNICAL ASSISTANCE MEETINGS ON CO-OPERATION.

As in the past, a series of technical assistance meetings and seminars on Co-operation will be held this year: they will deal mainly with problems of Agricultural Co-operation. A list, with a few details about each, is given below.

1. A technical assistance meeting on Co-operatives will be held jointly by the South Pacific Commission and F.A.O. from April 12th to 26th at Noumea, Caledonia.
2. F.A.O. will be organising a meeting on Rural Co-operatives for the Northern Zone of Latin America but no date or place of meeting has yet been arranged.
3. In August 1961 a Seminar on Rural Co-operation will be organised by the German Foundation for Developing Countries. It will take place in Berlin and Hamburg and will be held in collaboration with the F.A.O.
4. The F.A.O./I.L.O. Danish National Technical Assistance Seminar on Co-operation will be held this year at Humleback (Denmark) and will be from July 10th to August 12th, 1961.

5. Finally, it may be mentioned that this year's International Co-operative School organised by the I.C.A. will take place at Athens in September and it will be entirely devoted to problems of Agricultural Co-operation. It may be reasonably expected that, in view of its location this year's School will be attended by students from Middle East countries.

## RURAL WELFARE

### THE RÔLE OF CO-OPERATIVES IN RURAL HOUSING IN FRANCE.

The guiding principles of future rural housing policy in France were formulated at the XIIth National Congress of Rural Housing, held at Biarritz in October. The importance of the rôle which rural Housing Co-operatives can play in implementing this policy is evident.

At the Congress, attention was drawn to the poor standards of rural housing and the extent of disrepair and decay which are hardly conducive to technical progress and economic development in agriculture. Special emphasis was given to the fact that building should correspond to actual need, and that rational organisation and systematic planning is essential in a field in which only one tenth of the building carried out is rationally planned. A five year plan was put forward which would provide for 80,000 new dwellings, 60,000 improved dwellings and re-organisation and improvement of 50,000 groups of farm buildings per annum. However, this cannot be achieved with the financial means at present available. Thus rural housing co-operatives, by virtue of the fact that they are non-profit making and by their co-ordinated activity and collective financial power can offer an effective solution to these problems.

The first rural housing co-operative in France was founded at Dijon in 1945 and there are now one or more in 51 different departments which are legally constituted as S.I.C.A.H.R., (Société d'Interêt collectif Agricole d'Habitat Rural). Their main purpose is to give advice on technical problems of building, on the administrative formalities involved, on financial assistance and on functional and organisational problems of farm buildings. They, therefore, cover a very wide field and consequently, are faced with considerable difficulties in organisation of work and recruiting of specialised staff who must combine a good knowledge of local rural conditions with a practical knowledge of building, law and financial administration.

Close relations are generally maintained between agricultural and rural housing co-operatives. There are obvious similarities in their legal form and in the way in which they operate - absence of the profit-making motive, concern for the common interest, direct contact with the members etc... That the co-operative rural housing movement has expanded considerably in the last ten years is beyond question and it is now almost certain that there will be a network of rural co-operatives throughout France in two or three years, providing at least one co-operative to every department.

## INTER - CO - OPERATIVE RELATIONS

### CEA'S ACTION IN INTER-CO-OPERATIVE TRADE.

In recent years CEA has continued its efforts to intensify trade between agricultural and consumers co-operative organisations. In this connection, a meeting was held recently in Milan, presided by M. Pierre Ludwig of Luxembourg, and agricultural co-operative organisations from the following countries were represented: Austria, Belgium, Finland, France, Holland, Italy, Luxembourg and Switzerland.

In his report Mr. H. Stern, C.E.A. delegate, drew attention to relations established with the I.C.A., particularly on the occasion of the International Co-operative Congress held in Lausanne in October last.

The representative of the Confederazione Cooperativa Italiana, Mr. Mayr, particularly stressed the need for closer relations between C.E.A. and I.C.A. He referred to the scope of I.C.A.'s activity and emphasised that I.C.A.'s membership today consists to a large extent of agricultural co-operative organisations. Finally, he underlined the necessity of establishing direct trading relations between agricultural and consumers' co-operative organisations affiliated to the I.C.A. This would lead, in his view, to improvements in the quality and prices of agricultural products. The views expressed by Mr. Mayr received the full support of all delegates.

The meeting decided that at the next C.E.A. general conference which is to take place at Baden-Baden, a special group meeting on agricultural co-operation will be held to discuss, among others, the question of intensifying economic relations and consumers' co-operative organisations.

## LAND REFORM

### "THE ECONOMIST" ON LAND REFORM AND CO-OPERATION IN ITALY.

In one of its January 1961 issues, the London Weekly "The Economist" refers to land reform and co-operation in Italy. In the article it is pointed out that the 1948 census has revealed that 53% of Italy's farms covered less than a hectare, 83.3% less than two, and 93.4% less than five hectares.

To improve the position, land reform was introduced ten years ago. About 700,000 hectares of land were expropriated and given to 100,000 families. If the magnitude of the agrarian problems in Italy is taken into consideration, such a partial measure could hardly be considered as a solution.

The official Italian policy tends to preserve family holdings. But, at the same time, it discourages any co-operative initiative by the farmers, "The Economist" maintains. "The Co-operative Farm" the paper says, "was considered as akin to the Russian Kolkhoz" and were not encouraged. Instead, there was a revival of the Corporative principle on which is based the powerful Federation of Agricultural Consortia. This organisation is the main channel through which Government aid and subsidies are ploughed into agriculture. It has a pseudo-democratic facade but in reality it keeps the virtual control of agricultural credits in the hands of a group more representative of big financial and business interests than of farming.

Such a situation has led the National Council of Economy and Labour (C.N.E.L.) to send unasked to the Government a highly critical report on the "Green Plan" together with its observations and proposals.

In the view of the C.N.E.L, old fashioned types of holdings need to evolve into modern farms worked with capital; agricultural credit needs reform; farmers need encouragement to organise themselves on a co-operative basis to lower their costs and defend their selling power.

The proposals made by the Council which is a constitutional consultative body and has to give advice only when asked, are considered as a little short of revolutionary.

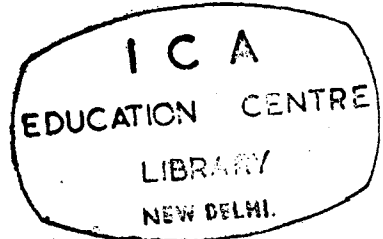


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## C R E D I T   A N D   F I N A N C E

### PECULARITIES AND PROBLEMS OF SWEDISH AGRICULTURAL CREDIT CO-OPERATION.

Swedish Agricultural Credit Co-operation is interesting in many respects. It has affinities with credit co-operation in other countries but it also has its own peculiarities and characteristic features. Like movements elsewhere, it is based on fundamental co-operative principles, but in its working methods it follows its own ways.

Unlike movements in most other European countries, agricultural credit Co-operation in Sweden is of comparatively recent date. The first agricultural credit co-operative society was established as late as 1915 but progress was very rapid. Only a few years later, in 1920, there were already 123 credit co-operative societies and 4 central organisations or Regional Banks, as they are called. Their volume of credit amounted to 3.7 million kroner and own capital to 2 million kroner.

The societies continued to increase in number and in 1930 there were 183 of them. By 1935, this number had risen to 771 and there were 9 Regional Banks. Since then, amalgamation has taken place and the number of societies has gradually decreased and fell to 575 in 1959. At the same time the number of central or regional banks increased to 12, and in 1959 these organisations had a capital of 32.4 million kroner, had granted credit amounting to 982 million kroner and had collected the impressive sum of 1.1 milliard kroner in deposits.

In its organisational structure the Swedish agricultural co-operative system follows the traditionally accepted pattern established by Germany. The basic units - the credit co-operatives - are affiliated to their corresponding central organisations - the Regional Banks, which is required by the Law of 1956. On average there are about 50 societies affiliated to every Bank, which suggests that the co-operatives are comparatively large units. For their part, the Regional Banks are affiliated to their apex organisation, the National Union of Swedish Rural Co-operatives. No organisations other than the banks, whether co-operative or not, are admitted to membership of the Union.

One particular feature of the Swedish credit co-operative is the composition of its membership. Unlike that of movements in most other countries, membership of agricultural credit co-operative is not limited to individuals. In addition to farmers and farm workers, agricultural organisations and local authorities are admitted, as are any "other people or enterprises", if it is ascertained by special investigation that their admission will not conflict in any way with co-operative aims.

Although membership of the co-operatives has such a broad basis, their activity is limited. The relationship between co-operatives and their central organisations differs greatly from what is usual elsewhere. As in other countries, credit co-operatives are officially and administratively independent organisations but economically they are strongly dependent on their central organisations, the Regional Banks. The extent of this dependence is such that for the most part they act as branches or agencies of the Banks rather than as independent institutions.

The basic source of finance for agricultural credit co-operatives in Sweden are the deposits, which can be collected from both members and non-members, although credit may only be advanced to members. The collection of deposits is, therefore, the principal activity. However, the credit co-operatives may only collect these acting as agents, for and on behalf of the Regional Banks.

The co-operatives are also restricted as regards their credit policy. For their financial resources they depend entirely on the Regional Banks and are not allowed to obtain credit from any other sources, except with the agreement of the Bank to which they are affiliated.

The co-operatives are not entitled to open current accounts credits to their members. They can only do this as intermediaries on behalf of the Regional Banks, and then for a period of only one year. They may discount bills on their own behalf for a period of 6 months, but extensions of this period are not permitted. Open credit cannot be considered, except for local authorities and credit institutions. Loans against securities are also closely restricted.

The position of the Regional Banks is in direct contrast to that of the credit co-operatives. Membership is restricted to co-operative societies but their field of activity is rather broad. Although only credit co-operatives themselves are admitted to membership, credit may be granted to agricultural organisations and local authorities which are members of the affiliated societies. This means that in practice non-members can be financed, although the generally accepted principle is that credit may only be granted to members.

In one of its recent issues, the "Mitteilungen der Deutschen Genossenschaftskas" analysed the Swedish agricultural credit system and compared it with the German system. According to the article, it is precisely due to this rigid organisational system and the strong links between basic co-operatives and their Central Banks that the Swedish agricultural credit co-operative system has succeeded in becoming an important factor in Swedish agriculture in a relatively short time.

## STRUCTURE

### AGRICULTURAL CO-OPERATIVE STRUCTURE IN SASKATCHEWAN.

Saskatchewan, like some other Canadian provinces is renowned for its Co-operative Wheat Pool. But that is not its only Co-operative asset; it has a great variety of other agricultural Co-operatives. These are so numerous and, on the whole, so successful that they make Saskatchewan one of the most advanced parts of the world in Co-operation.

Co-operative development in Saskatchewan owes much to the favourable attitude of the provincial government. There is in this respect a great difference between Saskatchewan and some European countries where agricultural Co-operation has also made great headway, such as Denmark or Holland. In these two countries the State has never taken any particular interest in the furthering of Co-operation and agricultural co-operation had, therefore, to make its way, to progress and achieve its success alone, with no intervention from the State. In Saskatchewan on the other hand, the provincial government follows an active Co-operative policy. Years ago it established a special Department of Co-operation Development headed by a Cabinet Minister. This Department developed a variety of co-operative activities and useful services.

Ministers for Co-operation exist today in various parts of the world. They are often very active but their activities are not always beneficial to sound Co-operative development. Their grasp on Co-operative organisations is sometimes so strong that it undermines the very foundations of Co-operation - the self-help and self-governing character which is the surest guarantee of lasting success in this field. These countries could perhaps learn a lesson from Saskatchewan's Co-operative policy which shows how public action and private initiative can go hand in hand and how State policy can be harmonised with Co-operative independence.

The Department of Co-operation and Co-operative Development in Saskatchewan publishes every year a Report in which it gives a highly interesting survey of Co-operative development in the province. Its Sixteenth Annual Report - for 1960 - has just reached the I.C.A. Office. It contains a great variety of information and gives a clear idea about the Co-operative position in the province. It states that "the volume of business transacted by Co-operatives in Saskatchewan in 1959 to 1960 reached record levels".

Farmers' marketing Co-operatives are the backbone of the Saskatchewan Co-operative Movement. They are the driving power behind various Co-operative developments whether in supply, insurance, credit or education.

Grain and Seed handling Co-operatives play a particularly important part but their share within the Co-operative Movement as a whole is declining.

In 1952-53 their share represented 62% of services rendered by all types of Co-operatives. In 1959-60, it was only 38%. This, however, is not an absolute but a relative decline. It merely indicates that other forms of Co-operatives than grain marketing, are gaining in importance.

The Saskatchewan Wheat Pool with 141,227 members, with its several important subsidiaries, continues to be the stronghold of the Co-operative Movement in the province. Among other important farmers Co-operatives are those handling live-stock, dairy produce and poultry.

An interesting Co-operative form in Saskatchewan is the Community service associations. Such associations are organised under the Co-operative Associations Act. Their purpose is social welfare, the providing of community rinks, halls, sportsground, theatres, the clearing of snow from the roads, providing communities with water and similar services. Another interesting Co-operative form is the Saskatchewan Mutual Medical and Hospital Benefit Associations Ltd. Further types of Co-operatives are: for grain storage, seed cleaning, housing, locker plants, rural electrification, farming Co-operatives, Co-operatives for the use of machines. In 1959-60 a number of highly specialised co-operatives came into being such as grazing, fodder, watershed, artificial breeding, tree planting, and other Co-operatives. In Saskatchewan there are, of course, traditional Co-operative forms, consumers co-operatives, credit co-operatives or credit unions.

Various Canadian Co-operative organisations of inter-provincial character have their seat in Saskatchewan. Leading among them is the Inter-provincial Co-operatives Ltd. It is the central purchasing agency for various provincial Co-operatives wholesales throughout Canada. It operates also an export-import business. Its imports mainly consists of farm requisites, whereas it exports mainly flour.

Several Co-operative Insurance Organisations have their headquarters in Saskatchewan. One of them is the Co-operative Hail Insurance Company Ltd. It provides hail insurance to farmers both in Saskatchewan and Manitoba. Two other similar organisations are the Saskatchewan Municipal Hail Insurance Association and its subsidiary Additional Municipal Hail Ltd.

Two other important Insurance Co-operatives of inter-provincial character with its headquarters in Regina is the Co-operative Fire and Casualty Company, and the Life Insurance Company. Both have been set mainly by Agricultural Co-operative organisations and cater mainly for farmers.

The Canadian Wool Growers Ltd., is one of the oldest co-operatives operating throughout Canada. It handles about 71% of the total Canadian wool clip going through government registered wool grading warehouses.

United Grain Growers Ltd., is also an inter-provincial organisation. In 1959-60 it had 50,742 members in the three prairie provinces and 780 elevators, and six subsidiaries. Its activity is multi-purpose. It handles grain and farm supplies.

An important organisation of inter-provincial character with seat in Saskatchewan is the Canadian Credit Society, Ltd. It shows an ever-increasing activity. It was set up by common efforts of various farmers and other co-operative organisations six years ago.

An interesting inter-provincial co-operative organisation is the Canadian Co-operative Implements Ltd. Its position has greatly improved in the last three years.

Two leading and representative co-operative organisations in Saskatchewan are the Co-operative Union of Saskatchewan and the Conseil de la Coopération de Saskatchewan. The first serves member associations in four main fields - education, legislation, co-ordination and defense. The aim of the second is "to promote all aspects of co-operation among French-speaking citizens of the province"

## M A R K E T I N G

### CO-OPERATIVE MARKETING OF WINE IN COMMON MARKET COUNTRIES.

According to Mr. Herbert-Kurt Nook, of the Institute of Co-operation of the University of Münster, co-operative marketing of wine is fairly well developed in wine producing countries of the European Economic Community.

In Germany, 25 per cent of wine is processed co-operatively. In France, 32 per cent of wine marketing is in co-operative hands.

The position with regard to wine marketing in Italy is less clear. As is well-known, there are two leading co-operative movements in Italy existing side by side at local, regional and national levels. One is grouped within the Lega Nazionale delle Cooperative, the other within the Confederazione Cooperativa Italiana. Both have a mixed rural and urban membership.

Of the two movements, the Lega is more agricultural in membership. Only 22 per cent of Lega member Co-operatives are agricultural. Of the total number of 873 processing and distribution Co-operatives affiliated to the Lega, only 7 per cent are Wine Growers' Co-operatives.

The position is quite different within the Confederazione, which has nine specialised national Co-operative Associations grouping various kinds of co-operatives. Of these nine national organisations, four consist of agricultural co-operatives. In one of them are grouped wine producers' co-operatives and the great majority of Italy's wine growers' Co-operatives are affiliated to the Confederazione.



Unfortunately no data are available as regards the share of Co-operatives in the Italian wine trade. All that is known is that Co-operatives collect 16 per cent of the grape crop.

In Luxemburg, the smallest of the common market countries, the processing and marketing of wine is highly developed. Not long ago, Co-operative processing of wine was reorganised with State assistance and this tiny country now has 6 wine processing Co-operatives of considerable capacity which process 70 per cent of Luxemburg's wine production. Of all common market countries, it would appear, therefore, that Luxemburg has the most highly developed co-operative system of wine processing and marketing.

According to a recent ECOSOC paper, "it is proposed that the trade in wine within the Community should be entirely free of any taxes, duties or restrictions". The common external tariff on wines will come into force on 1st January 1970.

#### FARMERS SHARE IN THE PRICE OF AGRICULTURAL PRODUCE IN U.S.

According to "Farm Reporter", farmers received an average of 39¢ of the consumer's dollar spent on farm products in 1960, compared with 38¢ in 1959. This is the first increase since 1951. On the market basket items during the years 1947-49, the farmers received an average of 50¢ of the consumer's dollar.

The farmers' share of the retail value of specific items is: beef, 60 per cent; pork, 52 per cent; eggs, 67 per cent; fryers, 55 per cent; fluid milk, 43 per cent; cheese, 49 per cent; butter, 71 per cent; canned milk, 40 per cent; ice-cream, 26 per cent; white bread, 14 per cent; fresh fruit and vegetables, 21 per cent.

It is interesting to note that there is a constant increase of prices of farm produce for the consumer whereas the farmers' share in them is diminishing. This has led the representatives of both groups to look for farmer-consumer integration in the food industry, as reported elsewhere in this Bulletin.

#### THE CO-OPERATIVE SHARE IN THE MARKETING OF FARM PRODUCE IN GERMANY.

Germany has one of the strongest agricultural Co-operative movements in the world. She is the fatherland of Raiffeisen and plays a leading part in the sphere of Agricultural Credit Co-operation. As regards Co-operative marketing and processing of agricultural produce her rôle is hardly less important. Although in this respect she is behind Denmark, and in some respects behind New Zealand or other Scandinavian countries, she is still one of the most successful countries in the world in agricultural co-operation.

The Co-operative share in the marketing or processing of individual agricultural produce in Germany amounted to:-

Dairy milk .....	80%	Dried Milk Production .....	70%
Liquid Milk .....	75%	Cattle for Slaughtering .....	23.4%
Butter Production .....	75%	Commercially Slaughtered	
Cheese Production .....	64%	livestock .....	13.3%
Tinned Milk Production .....	20%	Grain Marketing .....	41.3%
		Wine Production for	
		Marketing .....	25%

As the percentages suggest, the Co-operative share is comparatively high in the case of marketing of produce requiring little or no processing, but rather modest in the case of produce where more processing is necessary - such as tinned milk and slaughtered livestock.

### ONE THIRD OF U.S. PRUNE PRODUCTION HANDLED BY A CO-OPERATIVE ORGANISATION.

"Sunsweet Growers" is the name of the California Prune and Apricot Growers' Association which is a Central Federated Marketing Co-operative owned entirely by growers. It serves 25 local co-operatives acting as prune and apricot growers' manufacturing and sales agencies and has a membership of over 5,000 growers.

Californian fruit growers were not organised co-operatively until 1917 when their first Co-operative came into being. The present Association was established in 1921, as the direct successor of the first dried fruit marketing co-operative.

Sunsweet has grown into a powerful Co-operative and economic organisation. It handles no less than 40 per cent of California's dried prune tonnage, as well as apricots, peaches, nectarines and pears.

An integral part of the organisation is prune drying. Affiliated Co-operative dryers handle over 100,000 green tons of fruit each year. The recently amalgamated Sunsweet Dryers handle one third of the U.S. prune production.

### T E C H N I C A L   A S S I S T A N C E

#### F.A.O. TECHNICAL ASSISTANCE IN THE FISHING INDUSTRY.

In an F.A.O. publication entitled "Fish, the Great Potential Food Supply", of which the author is D.B. Finn, detailed information is given about F.A.O.'s Technical Assistance work in the Fishing industry in various parts of the world. F.A.O. has received requests from more than 30 countries during the past few years and has already issued more than 30 final reports on technical assistance projects completed by experts. F.A.O. technical assistance experts work on projects in various fields - fishery biology, technology and economics, including fishery co-operation.

The author draws particular attention to the forming of a new international agency, the European Inland Fisheries Advisory Commission. Its functions are: to assist in collecting and disseminating inland fisheries information; to assist in organising symposiums; to promote liaison and co-operatives; to advise governments on the development of fisheries. The author stresses that in "promoting Co-operatives among inland fisheries organisations and workers, the Commission will make a worthwhile contribution to the development of European inland fisheries".

F.A.O. has sponsored and given financial support to two regional councils - the General Fisheries Council for the Mediterranean and the Indo-Pacific Fisheries Council, both of which work closely with F.A.O.

One of the most urgent requirements of the Indo-Pacific countries is to train personnel in organising and managing fishermen's co-operatives. The author maintains that "the future development of fisheries in many parts of the world may largely depend on the organisation of co-operatives among fishermen". This is particularly the case in under-developed countries. But even in some highly developed countries, such as Canada or Norway, "Co-operatives have played a significant rôle from fishermen's point of view".

Mr. Finn insists that "most of the fishermen are not only poor but are illiterate and have no incentive to improve their position". He, therefore, considers that individual Governments should help fishermen to organise themselves into Co-operatives.

In his view the "government must, in the first instance, provide adequate financial support and credit to enable the fisherman to buy his boat, gear and equipment, and must also provide the trained personnel to organise and manage the co-operative. A co-operative may also extend operations into other fields of work such as welfare, education etc. Whatever the extent of operation of a co-operative the main point is that the government must provide the leadership and management to make the organisation effective. This has been clearly underlined in the experience of experts sent out by F.A.O. to deal with problems of organising co-operatives. Where fishermen are left to their own devices, management and operation of the co-operative very soon falls into the hands of the middleman and thus the situation reverts to the traditional pattern".

## R U R A L W E L F A R E

### HEALTH CORPORATION IN JAPAN.

Health Corporation is one of the youngest but by no means one of the least interesting branches of the world Co-operative Movement. Health Co-operatives first came into being after World War I among Yugoslav peasants to assist their fight against epidemics. By their success, they soon gained world-wide fame. Similar organisations or services were set up in many countries. Japan particularly proved to be fertile ground for the idea of Health Co-operation. Even today when, under the influence of recent political developments, health co-operatives have been dissolved in Yugoslavia, the Japanese multi-purpose Co-operatives continue to develop medical services to a substantial extent.

Individual Japanese multi-purpose Agricultural Co-operatives manage clinics or hospitals in some towns or villages. However, only nine hospitals and 115 clinics are managed directly by Co-operatives. As a rule, Co-operatives establish specialised "Welfare Federations of Agricultural Co-operatives" at county or prefectural levels, to manage hospitals and serve the members of affiliated Co-operatives.

According to Dr. Y. Hoynden, no less than 5,773 multi-purpose Co-operatives in Japan are engaged in medical service in one way or another. Welfare Federation of Agricultural Co-operatives are established in 22 prefectures and there are, besides, nine Federations of a county scale.

The Welfare Federations of Agricultural Co-operatives organise medical service for which Co-operatives contribute finance and supply patients. Funds are contributed particularly by rich agricultural co-operatives.

The Welfare Federations of Agricultural Co-operatives manage 137 hospitals, 80 clinics with 1,062 doctors, 3,340 nurses, 747 medical technicians, 1,447 clerks, and 18,143 beds. These figures may not seem to be large, says Dr. Hoynden, in comparison with corresponding national totals of 94,563 doctors, 129,860 nurses, and 510,000 beds. "Yet, Co-operative medical facilities set a total of 1,250,000 patients a year. We should not under-estimate this achievement".

Some hospitals managed by Co-operative Welfare Federations in rural areas in Japan, are unexpectedly large. The medical service organised by the Japanese Agricultural Co-operation has greatly contributed to the welfare of Japanese farmers. The importance of the rôle it plays in this respect has been admitted by the Japanese Government, which has designated the Co-operative Federations as public medical facilities in conformity with the National Medical Treatment Law.

The Health Insurance system that began in Japan among the employees has slowly spread to villages. National Health Insurance Associations are now being organised in villages. Some of them have their own medical facilities. On the whole, however, their members utilise the hospitals of Co-operative Welfare Federations.

All Japanese Co-operatives Welfare Federations are organised into the National Welfare Federation of Agricultural Co-operatives. It does not carry on medical treatment; it strengthens contacts among prefectural or County Welfare Federations of Agricultural Co-operatives and offers them guidance. It approaches the Government for assistance on behalf of the affiliated federations.

In health Co-operative Movement the attitude of Doctors is of particular importance. In this respect it is interesting to note that the Japanese Village Medical Academy has been established as an affiliated organ of the Federation by all doctors active within various federations and by those who are interested in promotion of the health in villages.

## INTER - CO - OPERATIVE RELATIONS

### U.S. MOVE TOWARD INTER-CO-OPERATIVE RELATIONS.

Recently a meeting on inter-co-operative relations was held in Sacramento, California.

The meeting was called "Farmer - Labour - Consumer Institute" and was the first of its kind ever held in California. It was sponsored by the California Farm Research and Legislative Committee and was attended by more than 100 farmers, organised labour officials and co-operative representatives, to discuss their respective bargaining position on the market.

One of the participants at the Conference was Murray Lincoln, the President of the Co-operative League of the United States, who called for a full scale Congressional investigation into the costs of food distribution and farm supplies.

Lincoln referred to the "twilight zone" which is the 62 cents of every dollar spent by the consumer for food in addition to the 38 cents received by the farmer. In his view, one of the questions that needs clarification is: how much do middlemen and suppliers make out of their service? He insisted that increased integration of the food industry on the part of farmers and consumers could reduce costs for both of them.

According to Lincoln, an integrated enterprise is the machinery by which food and fibre can be most effectively put to use; the savings created by this type of enterprise would go to the owner-users in the form of increased income. These enterprises would, therefore, merit Government help, because their goals were national goals.

Lincoln proposed the amending of the Farm Credit Act to promote and assist the financing and the selling up of integrated food enterprises on a Co-operative basis.

Looking for solutions on a broad, international basis he recommended that F.A.O. should finance an international food exchange - shipping food in accordance with the needs and resources of various countries. This, Lincoln claimed, would facilitate the maintaining of a World Food Bank and could help finance food supplies in times of disaster and economic crisis. Lincoln concluded "we can create abundance for all, if we build proper distribution machinery".

For its part the "Farm Reporter" in reporting the meeting, points out that at the initiative of Murray Lincoln, Californian farmers who grow much of America's and world's speciality food commodities, "for the first time in history became aware of their relationship to the huge Co-operative retail, wholesale, production, credit and insurance machinery which operates through the League and International Co-operative Alliance."

Obviously the idea of unity among the different sections of the Co-operative Movement - farmers, consumers, credit and others - is making rapid progress in the U.S.A.

## P R O D U C T I O N

### FISHING INDUSTRY AND FISHERMEN'S CO-OPERATION IN TURKEY.

Turkey has the second best fishing grounds in Europe but in fish production she takes 37th place. This statement was made by Mr. Nejat Kasal, secretary of one of the rare Turkish fishermen's co-operatives.

Fishing could be a potentially important industry for Turkey since grounds of the Bosphorus and the Sea of Marmara are among the richest in the world. But very little advantage is taken of this. According to the "Times" (March 10th 1960) no less than a third of the total catch of the Turkish fishing fleet in one day - perhaps 130 out of 400 tons - may have to be returned to the sea for lack of storage and canning facilities.

Properly organised, the fishing industry in Turkey could greatly improve her food position and even provide an important commodity for her export trade. But Turkey has not yet made a move in the right direction. She has requested and obtained, as D.B. Finn pointed out in his book, the services of an F.A.O. fishery biologist. But she does not lack fishing grounds and has no problems of actual fish production. What she needs above all, is proper and up-to-date commercial organisation and some of the American financial assistance given for this purpose does not seem to have been properly used.

Turkey, like many other countries, urgently needs properly organised fishermen's co-operative. At present Turkish fishermen sell all their catch through two large firms which have a tight monopoly on the market, and fishermen are constantly in the hands of moneylenders.

In Turkey, as elsewhere, fishermen can only improve their position by grouping themselves into co-operatives and clearly the greatest need is for F.A.O. specialists in fishery co-operatives rather than in fishery biologists. The right move in the right direction can easily solve Turkey's fishing problems.

### COMMUNES ABANDONED IN CHINA.

According to Neue Zürcher Zeitung (April 8th 1961), the Peoples Commune continue to exist in China in name alone. In reality, agriculture is now divided into smaller units similar to the Soviet Kolkhoses. The peasants are even allowed a certain amount of private production.

According to the paper, when, in 1958, the Peoples Communes were introduced by compulsion and terror, there was talk about "permanent revolution" and "revolutionary enthusiasm". Today, apparently, China is following the line of gradual development.

## E D U C A T I O N

### SEMINAR IN THE CAMEROONS.

Bearing in mind that "vast areas of Africa are still agricultural and the organisation of Agricultural Co-operatives for increasing productivity and opening new marketing facilities can bring very tangible results", the I.L.O. organised a second Regional Seminar on Co-operation in Rural Areas of African countries. The Seminar was held in Yaounde in the Cameroons, from September 19th to October 15th 1960 and was conducted in French, whereas the first one was held in English in 1959.

Twenty-five fellowships were granted by I.L.O. and participation was restricted to managers and principal personnel of co-operatives in various countries of the region.

The countries represented at the Seminar were: the Cameroons, the Central African Republic, Dahomey, the Ivory Coast, Madascar, Mauritius, the Niger, the Congo (Brazzaville), Chad, Togo and the Upper Volta.

The major part of the course was devoted to lectures and discussions on administrative and commercial organisation of co-operation. Opportunities were given for examining the influence of the Co-operative Movement on the economy of the host country, i.e. the Cameroons, and local establishments were visited.

Of particular interest was the information given by the participants about the conditions and problems in their respective countries. This exchange of information served a dual purpose. It enabled the participants to receive expert advice on any difficulties encountered. At the same time, it gave I.L.O. experts an overall picture of the rate of progress being made by the co-operative movements in the countries represented.

#### MEMBERS EDUCATION IN U.S. AND THE RÔLE OF F.C.S.

In two separate studies, the U.S. Farmer Co-operative Service research has found that the most effective channels for communicating with members are: 1. Printed material; 2. Personal contacts.

To be effective membership education must be a continuing process. Many co-operatives today are aware of this and have set up member education programmes. Many co-operative members have no emotional involvement with their co-operative to which they belong mainly for commercial reasons. To get them closely interested in co-operative work, large regional co-operatives in U.S. are reaching them through regular local community meetings, attended by a director and one or more head-office staff members who bring information about activities of their co-operative.

For its part, Farmers Co-operative Service, through research, service and educational activities, assist co-operatives in solving member relations problems. Staff members of F.C.S. are analysing the member relations programmes of a group of local associations and preparing recommendations for improvements.

F.C.S., together with the American Institute of Co-operation is sponsoring a continuing series of educational regional member relations conferences to help co-operative leaders reach better understanding of effective techniques for the strengthening of member relations. Through these conferences co-operatives are becoming better acquainted with member relations problems and methods and with each other.

Farmers Co-operative Service works closely with various agencies in the co-operative educational field. Among them are: the American Institute of Co-operation; the Federal and State Agricultural Extension Services; the various State Co-operative Councils; the Vocational Agricultural teachers and others.



International Co-operative Alliance

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C R E D I T A N D F I N A N C E

FINANCIAL BASIS FOR FREEDOM FROM HUNGER

The Freedom From Hunger Campaign launched by F.A.O.'s Director General Dr. B. R. Sen, has already proved quite a success. To a large extent it is dominating the activities of F.A.O. and in many respects it is gaining the character of a powerful world wide movement. It is backed by an ever growing number of governments and a multitude of international organisations. In some countries such as Sweden, U.K., Germany, U.S.A., it is even backed by particular national movements especially launched for the purpose. The campaign also already enjoys the personal support of such prominent personalities as Prince Philip and President Kennedy.

Under the influence of the Campaign, the magnitude of the hunger problem has become more well-known today than ever before. People increasingly realise that it reflects shame on the civilised world that half of its inhabitants are constantly threatened by hunger, while the rest of the world is proud of its scientific and technological achievements, of abundance and its high standards of welfare.

Actually, FFHC is no longer a propaganda movement which aims merely to point out the existence of the hunger problem in the world. It is rather gaining the character of a movement dedicated to the service of a greater cause: concentrated mobilisation for an overall attack against hunger in the world, in fact for the solution of the hunger problem in a practical way, by practical means. The need of a "positive approach" to the problem is increasingly stressed.

Various proposals have already been made for the establishment of particular institutions that would deal with individual aspects of the hunger problem. One of them is the proposal for the establishment of a World Food Bank. Such a proposal was made in 1960 by the U.S. Vice-President Mr. Nixon. It is thought, in certain quarters, that the establishment of a World Food Bank could become a reality within two years.

There is no doubt that for the solution of the hunger problem a financial basis must be laid down. The problem is in many respects a financial problem. The question is whether it can be solved by a World Food Bank, i.e., an international institution handling problems of food alone. This question deserves careful consideration.

The hunger problem has two aspects. In its immediate sense, it is the problem of diverting existing food surpluses to these parts of the world where the population is on subsistence level. These surpluses are already immense and constantly increasing; at the beginning of this year world surpluses of grain alone were estimated to be 125 million tons. This is a huge problem calling for an urgent solution.

A World Food Bank would indeed help to solve this type of problem; it could finance the purchase, transportation and storage of the surpluses and make them available where they are most urgently needed. This would be a valuable contribution but would not solve the hunger problem in its entirety.

For real solution of the hunger problem, there is need of increased production of food in depressed areas themselves. This can be done, as has been often pointed out, by mechanisation of agricultural production, by intensive use of fertilizers, by selection and use of quality seeds, by bringing under cultivation new areas, by irrigation, better breeding, by the introduction of quality livestock. It is estimated that in this way world food production could be increased by 50 per cent and more. The more fundamental solution to the problem of hunger is therefore improved production rather than in diverting existing surpluses.

But even if production of food was greatly increased by adequate international financial action, the hunger problem could hardly have been entirely solved if people are too poor to buy it, as is often the case in some countries. The great majority of population threatened by hunger in various parts of the world, are agricultural producers, but often they cannot produce themselves the food they need. The character of their production, particularly in tropical areas, is often limited by climatic and natural conditions. In many cases, they are confined to one crop. Increased food production would hardly help the one crop farmer, if there is no improvement in his own conditions. It would hardly help the Sudanese cotton grower, Pakistan jute producer, Indian and Ceylonese tea planter, Brazilian coffee grower, Malayan and Indonesian rubber planter, Caribbean sugar-cane producer, the African cocoa and citrus grower and many others. To improve the food position of all these people, their own production problems must be solved; and also problems connected with marketing, processing, and storing. They must be enabled to obtain the real market value of their produce. This can only improve their general and food position. And here, inevitably, co-operation enters into the scene.

Experience all over the world has shown that agricultural problems, whether in the production, processing or marketing field, cannot be properly solved without co-operative action. This is a reality; this is a truth that cannot be challenged by any objective observer. Nowhere have substitutes been found for agricultural co-operatives. That is valid for economically advanced countries as well as for those that are still in their economic infancy; that is valid for Capitalist as well as for Communist countries.

This suggests that world food problems and world agricultural problems in general are in fact primarily Co-operative problems. Their solution, in many respects, depends on Co-operative development. This is already realised by national governments; Co-operation in most countries is officially backed, both morally and financially. This is already realised also at international levels; U.N. and its agencies have developed an intensive campaign to promote Co-operation in the world, particularly in emerging countries. But whereas some other economic branches are financially helped from international sources, help to Co-operative agriculture has been limited to the advisory field alone. The time seems to have come when a step further should be made in the international field, to solve the world food problem; an international decisive financial effort is to be made, if the Freedom From Hunger Campaign is to bear lasting fruits. That could not be achieved by the establishment of an international financial institution of limited scope - but only by the establishment of a World Co-operative Food and Agricultural Bank. Such an institution would be the real answer to world food and hunger problems, not only in space but also in time. It could be a solid financial basis for Freedom From Hunger Campaign, and an important practical contribution to the solving of the hunger problem in the world.



## SOURCES OF FARMERS BORROWINGS IN JAPAN

According to the quarterly Review of the Central Co-operative Bank of Japan, the Japanese farmers' borrowings come from the following sources:

43%	from Co-operatives
25%	from individuals
16%	from Government
7%	from private Banks
9%	from other sources

It is interesting that borrowings from individuals with 25 per cent are still substantial. This does not seem logical in a country where agricultural co-operation is highly developed and the entire population is Co-operatively organised. It is pointed out, however, that borrowings from individuals are mainly temporary and come from friends and relations. Professional money lenders hardly exist today in Japan.

## TOWARD MORE REALISTIC ATTITUDE TO CREDIT CO-OPERATIVES IN INDIA

From the Co-operative point of view, India is a highly interesting country. Both her people and Government are strongly co-operatively minded. Co-operation is India's great hope and Co-operative development plays a prominent part in her economic planning. She is one of the rare countries which tends to establish a co-operative economic system - a co-operative common-wealth. Her Co-operative policy is therefore of great importance and is observed closely, not only in India, but also abroad, particularly in countries of South East Asia.

India has developed various co-operative forms in agriculture and in recent years has emphasized the importance of farming Co-operatives. Nevertheless, agricultural credit co-operatives, initiated by the British administration about half a century ago, still forms the backbone of her Co-operative Movement. They play an important part in Indian agricultural economics, but they must gain far more influence and importance if they are to substantially improve the position of the debt-ridden Indian peasantry.

The Indian authorities have taken various measures to ensure Co-operative progress. They were anxious to rapidly increase the number of societies. In order to strengthen the societies financially, the Government has introduced the system of State participation in their share capital. This is one of the particular features of the Indian Co-operative policy. The question was whether or not such a policy conformed to fundamental co-operative principles and was likely to bear lasting fruit. The answer was given by the recent findings of the Estimates Committee.

According to the All India News Service, in its report to Lok Sabha, the Committee observed that the increase in the number of societies could hardly serve any purpose, if these were not efficient in practice and in this respect its findings do not seem to be encouraging. Only about 15 per cent of the total number of primary agricultural credit societies could be said to be working satisfactorily. On the other hand, an assessment of the Reserve Bank of India has shown that the position of 10.9 per cent of the societies was bad and that of 10.9 per cent stagnant.

In the opinion of the Committee, although Co-operation should increasingly pervade the Indian economy, especially in the rural sector, "it would hardly serve any purpose to create more societies and cover more and more of the rural population every year if these societies are not able to serve their objective".

On the question of State participation in the share capital of Co-operative societies, the Committee was of the opinion, that a co-operative institution should draw its sustenance from within its own resources in the interests of its own healthy growth. The Committee recommended that the National Co-operative Development and Warehousing Board make a "random selection of societies out of those to whom they have rendered financial assistance and keep watch to see how far they have improved in their working and are in a position to stand on their own".

The Committee also stressed the importance of non-official leadership of the Co-operative Movement.

The views expressed by the Committee are highly realistic and, properly implemented, the recommendations could result in sound and true co-operative development. The numerical increase of societies would be supplemented by an improvement in their quality.

State participation in the share capital of Co-operative Societies deserves particular attention. Such participation recalls early Co-operative ventures by Raiffeisen.

To begin with, Raiffeisen had been establishing credit co-operatives with mixed membership: composed of peasants who were in urgent need of funds and those who were prepared to help them financially. But although some initial success had been achieved, Raiffeisen observed that the desire of people of good will to help needy farmers was inclined to be short-lived. He therefore came to the conclusion that the peasants must help themselves, that they alone must pool their needs and responsibilities in order to solve their own problems. Thus self-help became the foundation of Raiffeisen's co-operative credit system.

Of course Co-operative self-help does not exclude outside help, particularly State-help. But State assistance has to supplement, not to supplant self-help. A Co-operative must be the responsibility of its members. In establishing a Co-operative, farmers have to supply its own share capital, no matter how modest, by their own efforts, and be responsible for the risks incurred. If the State participates in share capital they are no longer self-reliant. The State can help Co-operatives by extending credit at low rates of interest, but farmers must constantly remain aware that the responsibility of their Co-operative is their own and not that of the State.

Indian farmers depend for about 90 per cent of their financing on private sources, particularly on money-lenders. The Co-operative share in credit to farmers barely reaches 3 - 4 per cent. The rates of interest paid by farmers to money-lenders may be up to 50 per cent. This rate could be reduced by State credits to co-operatives. If it were reduced to 5, 7 or even 10 per cent it could put an end to the dependence of farmers on money-lenders. But it is not in accordance with essential co-operative principles for the State to become a shareholder and share the farmers' responsibilities for credits to the co-operative.

There is another point. Self-help also means self-management. Where there is no proper self-help, there cannot be proper self-management, there cannot be proper co-operative democracy. The Estimates Committee is right in insisting on the importance of non-official leadership of the Co-operative Movement. De-officialisation of Co-operation is an old topic in India, but in the light of the Committee's findings it gains an increased importance. De-officialisation, of course, does not mean exclusion of any State control, above all in its capacity as a creditor. This was clearly stressed by the Committee.

#### FIVE YEARS OF AMERICAN FINANCIAL ASSISTANCE ITALIAN CO-OPERATIVES

The Istituto Finanziario delle Cooperative Americane e Italiana is an Italian American Bank for financing Italian Co-operatives. It celebrated its fifth anniversary towards the end of last year.

The Institute came into being as a result of American Co-operative action to help co-operative reconstruction in devastated Europe after the Second World War. American co-operators had set up a Fund for this purpose in 1944 with Mr. Lincoln as its president.

After various studies of conditions in Italy and consultations with leading Italian Co-operative personalities, the Institute was established as a practical instrument for giving financial help to Italian Co-operation.

In the course of the five years of its existence the Institute has loaned 200 Italian Co-operatives more than 2 million dollars. In addition, the aid granted to strengthen services to co-operatives amounted to 170,000 dollars.

It is interesting to know that Italian bankers regarded the activity of the Institute with great scepticism, yet some of them are now asking to participate in its financial activity.

## MARKETING

### CANADIAN VIEWS ON MARKETING BOARDS

A report on Co-operative Marketing was presented by Charles Gibbings at the Congress of the Co-operative Union of Canada recently held in Ottawa. With few amendments the Report was approved by the Congress as a basis for further studies. This report, according to Ernest Page, is one of the "most lucid documents on co-operative marketing". It deals with a number of questions: legislation, extent of producer control, Co-operative processing, social concern and member enlightenment.

From the point of view of Co-operative policy, the views expressed on the subject of marketing boards are of particular importance. The report states: "Legislation should provide complete authority for marketing boards to control and direct the product the Marketing Board was established to handle. It may not be desirable or necessary to exercise complete control at times, such as in the case of a co-operative member to use his own (Co-op) facilities on a voluntary basis, but the authority for complete control should be provided in the legislation".

In analysing these views, Ernest Page is of the opinion that a number of points relating to marketing boards versus Co-operatives throughout Canada require clarification. But he is quite resolute in defending the producer's right to "establish and use Co-operative processing facilities on a voluntary basis". Any government interference in these rights would be "at the cost of losing something very precious to humanity".

Ernest Page's conclusion is: "granted the need for marketing boards under some circumstances, granted that the stage of maturity has not been reached where each producer is ready to throw in his lot co-operatively with others, granted that the Co-operative way is often slow and difficult (largely because the environment is not of its choosing): but never expect us to agree that any authority should frustrate the proper aspirations of those courageous and hardy souls who do wish to take direction of their affairs through Co-operative organisations".

### THE ROLE OF MARKETING CO-OPERATIVES IN NORWAY

The Co-operative Committee of the Royal Agricultural Society of Norway has recently published a book entitled "Co-operative Organisations in Norway". It gives a comprehensive survey of Norwegian co-operation, and contains particularly interesting data about various sections of the agricultural co-operative movement. Prominent among them is the rôle played by marketing co-operatives.

About two-thirds of the total Norwegian agricultural produce is marketed by marketing and processing co-operatives. It is interesting to note that agricultural products are also partly marketed through consumers' co-operatives.

The strength of marketing co-operatives, and the rôle they play, can be seen from the following table:-

Societies	Membership	Volume of business	% of wholesale trade
Dairy Co-operatives	149,000	871	98.5
Meat Co-operatives	114,000	654	70
Egg Co-operatives	28,500	84	66
Gardeners' Hall (Fruit and Veg. marketing Co-operative)	8,500	69	48
Fur Co-operatives	3,200	58	85
Potato industry	5,100	25	100
Forest Co-operatives	48,500	422	65

The total volume of trade of marketing and processing co-operatives amounts to 2,200 million kroner, or 78 per cent of the total wholesale trade.

## P R O D U C T I O N

### ARAB CO-OPERATIVES IN ISRAEL

The fact that there are about 200,000 people of Arab nationality living in Israel as Israeli citizens is perhaps insufficiently known. Unlike so many other Arabs who have left for surrounding Arab countries and have now been living there for years in refugee camps, these people have remained in Israel, in their homes and on their fields. But what is their position as Israeli citizens? Are they incorporated into the dynamic Israeli social political and economic life? These questions have been answered in a research survey by an American, I. Avrech from which the following information regarding the position of Arabs within the powerful and expanding Israel Co-operative Movement, particularly in connection with agricultural production, has been drawn.

Of the total number of Israel's Arab citizens, 171,500 live in rural areas. Some 80 per cent of them are land owners but on the whole they are of limited means. This makes them, of course, particularly suitable for Co-operative action and in fact, the Co-operative Movement among Israeli Arabs has proved most successful. It helps them to develop their holdings, purchase machinery, market their produce at the right market price and compete successfully against the larger land owners. Co-operation protects them from exploitation and helps them to increase their crop yield and raise their standard of living.

The co-operatives of Israeli Arabs are now affiliated to Thuwa, the central co-operative organisation of Israel for the marketing of agricultural produce. They are also linked with Hamashbir, the Central Consumers' Co-operative Organisation.

There are now 64 Arab Co-operatives in Israel, of which 53 are linked with Histadrut, the Central Organisation of Jewish Labour.

The Co-operatives are of different types - agricultural, productive, credit, fishing, consumers' etc.

A Co-operative has even been organised among the Bedouin tribesmen in the Negev. Co-operative action concerning irrigation has proved extremely beneficial. In the past, wells were privately owned and Arab peasants had to pay one-third of their crops in return for water supply. Today, under Co-operative ownership, they pay only 1 per cent. This has enabled them to extend irrigation over much wider areas and they now irrigate about 10,000 acres as compared to 500 acres in 1949. Wheat yield has risen from 200 kilos per acre in 1949, to 800 kilos today.

Co-operative farming has also taken root among the Israeli Arabs. It has taught them crop rotation, has improved their livestock, eliminated share-cropping, and introduced payments in wages to the farm labourer, instead of payment in kind and that at the same rate as the Jewish labourer.

In order to raise capital for development and investment in agricultural co-operatives, Histadrut has established a special "Workers and Peasants Fund Ltd.". The Fund issued initially 72,500 shares at IL.1 each, in Arab villages. Up to date, some 25 Co-operatives have become associated with the Fund, which has already raised IL.75,000.

## T E C H N I C A L   A S S I S T A N C E

### THAILAND LAUNCHES CO-OPERATIVE CREDIT PROGRAMME WITH AMERICAN ASSISTANCE

The Thai Ministry of Co-operation and Agriculture has launched an agricultural credit programme on Co-operative lines. In this it is assisted by American Specialists, particularly by Mr. W. T. Maddock, who is the Agricultural Credit Adviser of the Thai Government, under the technical assistance programme of the American International Co-operative Administration.

Thai peasants, like those in other South East Asian countries, are in urgent need of organised credit facilities. Up to now, however, they have not had the opportunity of obtaining credit at favourable rates from official sources. According to a report prepared in 1959 by a U.S. consultant team, 90 per cent of credit used by Thai farmers is obtained from money-lenders, merchants, relatives and landlords. The average rate of interest paid on loans from these sources varies between 18 and 45 per cent per annum. But in many instances it goes up to 300 per cent "under loan conditions requiring repayment by delivery of specified amounts of produce in repayment of the loan obligation".

It is on the ground of this report, that the Thai Ministry of Co-operatives and Agriculture has initiated a broad agricultural credit programme. Thailand has actually made efforts before to organise agricultural credit. An agricultural credit programme sponsored by the Government was put into operation as early as 1916, but progress was slow.

To be successful, an agricultural credit system must correspond to the character and the needs of the farmers themselves. Thailand is a country of small peasantry where more than 80 per cent of land is owned by the working peasants themselves. This suggests that their credit problems can be solved primarily by Co-operative action and this is the line that has been taken in the launching of the new agricultural credit programme.

The first Co-operative under the new system was registered in 1959 and began its activity early in 1960. It was called Co-operative Production Society on the American pattern. Its methods of financing and granting credits are also very much influenced by the American Co-operative farm credit system.

The amount and use of credit granted by the Co-operative are carefully planned with the farmer himself. The interest rate is 1 per cent per month and repayment coincides with the harvesting and marketing of farmers' crops.

It is interesting to note that the granting of the first loans was preceded by a 5 months' training, education and study programme with small groups of farmers conducted by a team of Thai officials. New credit policies, practices, methods, and requirements were discussed, studied, modified and approved.

Minimum credit needs of co-operative members is worked out with the borrower himself. In this connection, specialists of the International Co-operative Administration have visited many farms, together with Thai officials, to study the problem and advise in the work.

Necessary funds for the launching of credit operations were made available to the society. These amounted to \$40,000. But the members themselves had to provide \$2,500 of the initial capital. They also had to subscribe for additional shares on a basis of 5 per cent on the amount of each loan they obtain, as in U.S.A. Members, of course, may also deposit their savings with the Co-operative Society. This is very important. The report suggests that many Thai farmers have savings, but they invest them mainly in jewellery and farm products. In wide rural areas of Thailand there are no banks, and organised savings are therefore not possible. The co-operatives can play an extremely important part in this respect; through the Co-operative channel funds may be brought into productive use. Thus agricultural credit co-operatives may play not only a salutary part as a source of cheap credit for the farmer, but also an important economic rôle as mobilisers of people's savings.

The implementation of the American farm credit system in developing countries is an extremely interesting experiment. It combines State initiated and State financed co-operatives, with the gradual development of the co-operative spirit of self-help and self-reliance. It is a system which, by its very working, inevitably transfers the ownership and the management of co-operatives into the hands of farmers themselves. This is very important in developing countries where the peasants tend to consider co-operatives as merely State institutions when they are financed by the State and influenced or managed by State officials. By taking shares in the capital of Co-operatives in proportion to credits or services obtained, farmers will increasingly take an interest in co-operative work and life. They will consider the co-operative society more and more their own business, their own responsibility.

It is however questionable whether the American system can be applied in its original form to developing countries. It would seem logical that adaptations have to be made to fit in with actual circumstances in every country, particularly as to the percentage of shares to be taken by borrowers. Peasants in developing countries are in a far less favourable position than American farmers. Taking shares in proportion of 5 per cent of the credit may seem rather excessive for many peasants. It would be easier for them if the percentage were say, 1, 2 or 3 per cent.

In the case of Thailand the matter deserves some consideration. The interest charged by the co-operative is 1 per cent a month. That means 12 per cent a year. If to this, 5 per cent is added for shares, the borrower would be charged with 17 per cent. That is only 1 per cent less than the minimum rate of interest charged on loans from private sources. If the farmer were to take shares for only one or two per cent of the loan, the difference would be quite obvious and adverse propaganda by opponents of Co-operatives would be less successful. It is true that 5 per cent is not interest but rather a compulsory saving, but for the needy farmer the distinction might not appear to be of practical significance as even the smallest amount is important to him.

## E D U C A T I O N

### COURSE IN AGRICULTURAL CO-OPERATION FOR AFRO-ASIANS IN ISRAEL

Geographically, Israel belongs to the under-developed areas. But she has achieved tremendous economic progress in a comparatively short time, especially in agriculture. This is mainly due to the rôle played by co-operatives. About 70 per cent of Israel's production, and the marketing of agricultural produce, is co-operatively organised.

Israel's co-operative success and her co-operative experiences have gained world wide fame and are increasingly attracting the attention of the Afro-Asian countries, all of whom, on the whole, look for a better future by following the co-operative way.

Having in mind these circumstances, a Course in Agricultural Co-operation was organised in Israel for Afro-Asian representatives, from September to November, 1960. Conducted entirely in French, the Course was attended by students representing seventeen African and Asian nations, seven of the countries being French speaking.

The primary aim of the course was to give the participants an insight into the experiences gained in Israel, in the co-operative and rural field, and into their ideas. The subjects comprising the Course included - The Co-operative Movement in the World; Various Forms of Co-operatives in Israel (kibbutzim, moshav, moshavi, shitoufi); Co-operative Marketing of Agricultural Produce; Mutual Agricultural Insurance; Credit and Consumers' Co-operatives; Co-operative Housing, Administration and Formation; and The Co-operative Education of Young People.

The students also toured the country, visiting co-operative and other enterprises and institutions, in order to study various aspects of the Israeli social and economic life. The Course was directed by experienced Israeli co-operative leaders, and among the lecturers were University professors and prominent co-operative workers.



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## PRODUCTION

### THE KOLKHOZES STILL TO BE KEPT.

The January issue of this Bulletin contained a report about various shortcomings in Soviet agriculture, disclosed at a special hearing by the Central Committee of the Soviet Communist Party. The kolkhozes were particularly under fire, and considerable speculation has taken place since, about their future. Various proposals were put forward regarding their dissolution, their merging with Sovkhoz, their transformation into State farms, and about putting an end to farmers' small, private plots.

According to The Times (21.6.61) the position concerning the future of the kolkhoz system has now been clarified by the publication of an article in Kommunist - the organ of the Central Committee of the Soviet Communist Party. The following points can be made from an analysis of this article:-

Marketing and Supply. The kolkhozes, as is known, have no organisational or commercial links with each other; they have no common supply or marketing enterprises. In this respect they depend entirely on State enterprises and, to a limited extent, on consumers' co-operatives.

The system has now been re-organised. Compulsory deliveries of farm produce to State enterprises will now be replaced by a system of long-term contracts, as has been practised in Yugoslavia when forced collectivisation was abandoned. As for the supply of farm requisits, specialised agencies have been set up.

Peasants' Private Plots. When collectivisation was carried out in the Soviet Union, the peasants were left small plots, to be used individually for their family needs. After the hearing, the opinion was expressed "that collective farmers' division of interest between work for the collective and work on his private plot, has become an obstacle to further increase in collective farm production". Mechanisation on collective farms had rather a negative influence, as it made it possible for the peasants to be absent from the collective farm and to devote much more time to their own private plots, than in the days of horse and plough. This has led to proposals for the abolition of private plots. Kommunist, however, says "anyone at all acquainted with life in the kolkhoz village knows the time has not yet come for the abolition of private plots, and will not come as soon as some people imagine". It is, therefore, wrong to make it artificially difficult for collective farmers to work on their private allotments, as was attempted in some places. This is leading not to "a strengthening but to a weakening of interest in work on the collective fields".

According to Kommunist, private plots cannot be abolished until the collectives are capable of meeting all the needs of the villages, although every effort should be made to see that private plots do not become a mere auxiliary and subordinate element of production in agriculture. One proposal envisages fixing the size of plots according to the fertility of the different regions.

Transformation of Kolkhozes into State Farms. Kommunist states that in a number of republics "an incorrect tendency" has become widespread "in favour of a wholesale transformation of collective farms into State farms". A Leningrad specialist calculated that collective farms use three and a half times more man power than State farms. He, therefore, considers that the kolkhoz form of agriculture production cannot facilitate higher productivity of labour; hence the need for transformation into Sovkhozes. According to Kommunist, the proposals for the fusion of collective and State farms are "profoundly wrong" because, should they be accepted, the State would have to bear the losses.

This does not mean that co-operative farms will not gradually come to an end. But the changes, when they do come, will not be made by abolishing the co-operative system, but rather as a result of the gradual fusion of collective and public ownership.

The impression gained by analysing this article in Kommunist is that both the kolkhozes and the peasants' private plots are to be kept for the present, but they will gradually disappear, and Sovkhozes or State farms will then be the only form in agricultural production.

#### FORMS OF CO-OPERATIVE FARMING IN INDIA.

Co-operative Farming is the most discussed Co-operative topic in India. But on the whole, the discussion is concerned with what is called joint cultivation. There are, however, also other forms of Co-operative farming. They have been analysed and described in an article by the Krishna Pratap, who, among others says:

Co-operative Farming in itself is more or less a loose term, signifying the endeavours of cultivators to help each other, ranging from mere mutual assistance in securing credit facilities, seed, manure to the pooling of their land, resources and labour for agriculture on entirely collective basis. Roughly speaking, there are four types of co-operative farming. First of them are the Better Farming Societies, now commonly known as Service Co-operatives. They allow farming by their members on individual basis and help them by better results through purchase of seeds and manure, harvesting and selling of the produce, use of machinery, watch and ward any other specific service on a joint basis. The Government have proclaimed a policy of concentrating on such societies during the initial stages. It has been recommended that there should be one Service Co-operative Society for each village. There are already primary multi-purpose co-operative societies, which among other things, arrange for giving loans to their members for agricultural purposes. Most of them have established their utility beyond doubt in supplying seeds and manure. Arrangement for other essential services as well is in their easy reach.

The next are the Co-operative Tenant Farming Societies, which obtain land and distribute it among their constituents. The members carry on the cultivation on individual basis like any other farmers, but undertake some selected agricultural operations jointly as in the case of Service Co-operatives. Such societies are little improvement over the first variety and are easy to organise in areas, where sufficient new land can be leased out for cultivation.



The third and the most important type of Societies for us are the Joint Farming Societies. Cultivators of uneconomic and small holdings voluntarily pool their land and other resources to carry on all agricultural operations jointly under the management of an elected committee. The proprietary rights of the members in their respective plots of land continue, but the field boundaries are removed and cultivation is done as one unit. The members can secede from such Societies on pre-settled terms and can obtain land, equivalent to their own, or its value. The cultivation is done by the members on wages. The net profits are divided into two parts - one Land Dividend and the other Labour Dividend. The first is distributed among its members in proportion to the value of the land, contributed by them in raising the Society, while the second is shared in accordance with the Labour, put in by them during the year, for which they already have received wages. For purposes of calculating Labour-Dividend, the work done by the members on wages is reckoned in terms of certain forms fixed by the Society itself.

The last type of co-operative farms are the collectives in which the proprietorship of the land solely vests in the Societies and their members are only entitled to wages for the work done by them and the Labour-Dividend, out of the net profits. If any member secedes from a collective, he only forgoes his right to work on the farm. Such a Society can either be formed by the members surrendering their proprietary rights on the land, while pooling it with or without obtaining compensation or price for it, or by taking on lease or acquiring land, which will become the property of the Society. Such type of Societies are common in the U.S.S.R.

## C R E D I T   A N D   F I N A N C E

### CREDIT CO-OPERATIVES IN THE CARIBBEAN.

According to R.C. Gates, the author of "A Monograph on Co-operative Development in the Caribbean", the most successful type of credit co-operatives in the region are the credit unions, over 700 in number. In Trinidad and Tobago, there are more than 450 agricultural credit societies which are of unlimited liability and run on semi-co-operative lines and are the agents for the Government Agricultural Credit Banks. In British Guiana there are some 300 Co-operative Thrift and Credit societies with limited liability. In the French Departments, the Caisse Régionales de Crédit Agricole Mutuel provide first-class credit service, though they are not based on caisses locales, as in Metropolitan France.

Backed by the Credit Union National Association of America, the Caribbean Credit Union Movement has advanced faster than other types of Co-operatives in the area.

The author insists that credit society is by far the finest school in which the people of the under-developed countries can learn the principles of co-operation and simple business practice and the skills required to manage a co-operative. When its members have learnt how to run their credit society, then they will be able to undertake the management of more complicated co-operative forms.

Throughout the region, there is a dearth of capital for the development of rural areas. There are, however, signs that money, in not inconsiderable amounts, is lying largely dormant in the hands of rural population. To mobilise this money for the improvement of the standard of living in rural areas, it is essential to organise credit co-operatives and to train people to deposit their saving in their co-operatives.

### CREDIT CO-OPERATION IN EAST PAKISTAN.

When Pakistan gained her independence, there were no less than 26,687 agricultural credit co-operatives in the Province of East Pakistan. They were of unlimited liability, many of them small and uneconomic. It was felt, that measures should be taken to put them on a more sound basis.

A first attempt to re-organise them was made in 1950. No less than 25,192 societies disappeared either through liquidation or merger with their newly started multi-purpose societies.

According to a Pakistan author, today agricultural credit co-operation has an organisational structure of three stages. At the bottom there are some 3,500 union multi-purpose co-operative with the responsibility of looking after both loan distribution and other activities. However, for reasons of inactivity at higher levels, they have not yet been able to show any significant achievement so far.

The secondary organisations are central co-operative banks. They are 57 in number and have to struggle for affording resources, to assist the affiliated societies, largely with borrowed money. There are also 68 central co-operative multi-purpose societies actually existing in name only, for lack of funds, says the author.

The Apex organisation is the East Pakistan Provincial Co-operative Bank Ltd. It is solely concerned with the distribution of loans for agricultural development from central Government and State Bank.

In the development plan now in operation, further liquidations are visualised, but primarily attention is given to the strengthening of a chosen number of societies at each stage. Out of 3,584 Union multi-purpose societies at primary level, only 500 will be developed under the new scheme. Progressively a larger number will be handled from year to year, during the five years of the Scheme.

At the secondary level, only 50 banks and 30 central multi-purpose societies will be developed. At the Apex level, the existing provincial Co-operative Bank Ltd will handle credit only. It is proposed that an apex institution for the marketing and other activities of multi-purpose societies should be set up. However, it will be practically considered only after the primary and secondary stages have shown some progress under the Scheme.

Large amounts are foreseen for the implementation of the Scheme. A substantial part of it will be given in the form of outright grants. The remainder may be given in the form of loans, partly interest-free, and for a term of about 15 to 20 years. Primary societies will get almost three quarters of the financial assistance.

According to the Scheme, non-members will be entitled to participate in the stores-supplying activities of the societies, but the granting of credit will be limited to members only.

#### CREDIT CO-OPERATIVES IN FINLAND.

The Annual Report of the Finnish Central Union of Co-operative Credit Societies for 1960 contains interesting information about the position and progress of agricultural credit co-operatives in Finland.

At the end of 1960, there were in Finland 537 credit co-operatives as against 548 at the beginning. The decrease was due to the amalgamation of societies with other societies. This suggests that within the Finnish agricultural credit co-operation there is also a tendency toward amalgamation and the creation of viable co-operative units.

In spite of the decrease in the number of societies, there is a progress in membership. It has increased from 297,125 to 302,000. The progress is noticeable in view of the developed co-operation consciousness among Finnish farmers who are already mainly enrolled into Co-operative ranks.

The deposits collected by co-operative societies have marked a record increase. The progress can be seen from the following figures:-

	1960	1959	Increase in 1960
		(in millions marks)	
<u>Total deposits</u>	109.951	89.745	20.206

The debts of Credit co-operatives to O.K.O., the Central Bank of the Credit Co-operatives Societies, have increased by 4.969 millions to 24.446 million marks at the close of the year.

## M A R K E T I N G

### CO-OPERATIVE FARM MARKETING IN ALASKA.

Alaska's conditions make this 49th State in the U.S.A. particularly suited to the co-operative method of farm marketing. Farms are too few and production not adequate, to maintain several efficient marketing concerns in each area, as is the case in other parts of America. The chief farmer co-operative is the Matanuska Valley Co-operating Association, whose major products for marketing are milk and potatoes. Today it is also the largest locally owned food processing concern in the State, with a main plant and several branches; and through its supply department it provides the farmer with hardware, building materials, feed concentrates, hay, fertiliser, farm machinery. At its Trading Post, farmers and townspeople too, patronise the grocery and clothing departments. In 1959, through its various operations, the co-operative did business amounting to \$7 million.

"MVFCA" as it is called, began in a very small way in 1936, as a result of "the need of a sound means of marketing the colony's production and a means of supplying the colonists with the necessities of life". There were many obstacles to its growth. The land had to be cleared, and then members had to learn how to make the land productive, and how to make a co-operative success of marketing their eggs, milk, meat and so on. The military market stimulated production in the Second World War, and MVFCA increased its sales considerably as a result. Post-war days proved difficult, for the co-operative faced big problems resulting from over-production in a dwindling market. But in 1948 it was successful in securing military contracts and has grown rapidly ever since. In 1950, a five-year contract was taken to manufacture re-combined milk for the military bases in Anchorage, and this business helped MVFCA to expand its plant facilities and handle still more business. A new area was served when, in 1954, the co-operative contracted to recombine milk for use at military posts near Fairbanks. In 1956, further expansion came when the Tanana Co-operative in Fairbanks merged with MVFCA.

As the co-operative grew, so did farm operations. In 1959, the dairy departments marketed milk for about 90 members who supplied about 35,000 pounds of milk a day. The sixteen farms marketing through MVFCA are not large; in 1957, three of them had less than ten cows, ten had between ten and nineteen cows, and the rest had twenty or more. These cows have a high productive capacity and the long Alaskan winters do not seriously damage production. The average production of cows on these farms was about 11,000 pounds of milk per cow in 1957, and the assets of the sixteen farms totalled \$57,000. Those farmers in MVFCA who have qualified as Grade A milk producers receive \$10 for 100 pounds of milk, plus a premium for high butterfat content.

Another farmer co-operative in Alaska is the Juneau Dairies. This is a much smaller enterprise which deals solely in dairying, packaging and selling milk, and serving the neighbouring towns. It operated a small bottling plant and, like MVFCA, sells the milk to stores, restaurants and other buyers. Unlike MVFCA, it also does door to door delivery.

## C.F.A. ON STATE, CO-OPERATIVE MARKETING AND MARKETING BOARDS.

A recent policy statement by the Canadian Federation of Agriculture advocates the comprehensive development of agricultural co-operatives as "the best means for putting agriculture on a more stable, orderly basis".

The Federation, while accepting that agriculture will need a large measure of government co-operation and assistance in carrying out its programme, does not believe that over-all government control of marketing and production is either a desirable or necessary part of farm policy. It sees agricultural co-operatives, with their scope for individual freedom and initiative, together with producer marketing boards as the best means of achieving a permanent and satisfactory solution to farming problems.

## I N T E R - C O - O P E R A T I V E R E L A T I O N S

### SURVEY OF WINE GROWERS' CO-OPERATIVES IN DIFFERENT COUNTRIES.

In a number of countries, particularly in Europe, wine production forms an important part of the agricultural industry. Where natural conditions are unsuitable for other branches of farming, it is often the only source of income for a large number of farmers, hence its great importance.

The wine industry is confronted today by various difficulties. There is a constant increase in wine production and ever-intensified competition in the wine trade. But the rate of wine consumption remains fairly steady, or in any case, does not progress to the same extent, because of competition from other drinks, particularly soft drinks. Even in important wine producing countries such as Italy for example, some non-alcoholic drinks like coca-cola are becoming more and more popular. This is a disturbing development for the wine industry and often places wine producers in a very difficult position.

A further difficulty is that the market is becoming more selective and demands improved quality, preparation and presentation. The peasant, particularly the small and medium growers is hardly in a position to fulfill these requirements by himself.

Wine-making requires skills that not every farmer can possess and investments that he, as a rule, cannot afford. This makes the wine industry a fertile ground for Co-operative action.

On the other hand, whereas in the past consumers' co-operatives were hardly interested in wine, today they are handling it to an ever-increasing extent. This opens up possibilities for trading relations between Co-operatives engaged in the wine business. It is in view of furthering these relations, that the second I.C.A. Conference about export and import of agricultural produce to be held in September next, will be concerned with wine.

The Conference will take place in Cagliari, Sardinia, Italy and a number of Co-operative organisations will take part. They will be mainly represented by managers who handle wine and they will discuss practical measures for increasing co-operatives import and export of wine.

In view of the topicality and importance of the subject, a survey is given here on wine growers co-operatives in various countries. Information is from various sources but to a substantial extent taken from the recent publication of the Plunkett Foundation by M. Digby and P.G. Gorst, entitled "The Co-operative Marketing of Horticultural Produce".

### France.

In France Co-operatives play a substantial part in the wine industry which is an important branch of the French national economy.

Wine Co-operatives began among French small growers between 1900 and 1910. Today there are 1.120 wineries with over 247.000 members. They have greatly contributed to the improvement of the quality of French wines, to their purity, and reliability and the maintenance of a uniform standard. Their efforts in this respect were greatly assisted by the loans of the National Agricultural Credit Banks.

Co-operative wine-cellars are now handling wines of controlled names as well as those of higher quality, besides, of course, wines for current consumption.

Wine growers co-operatives have a major share in the production and marketing of wine. They handle about 32% of French wines coming on the market or 20.500.000 hl. out of a total national production of 58.500.000 hl.

The increase of the co-operative share in the marketing of wine in France can be seen from the following percentages:- 1939 - 16%; 1950 - 23%; 1959 - 32%.

### Italy.

Information is rather scarce about the position in Italy. As has already been reported in this Bulletin, the two leading Italian co-operative organisations, Lega and Confederazione, both have wine-growers co-operatives in their membership.

Of the total number of 873 processing and distributing co-operatives affiliated to the Lega, 7% are wine growers co-operatives.

Within the Confederazione there are nine specialised national co-operative associations. One of them consists only of wine producers co-operatives which form the great majority of Italian wine co-operatives. No data are available about their rôle and development.

### Austria.

The following table is taken from the Annual Report of the General Union of Agricultural Co-operatives in Austria.

	<u>Wine marketing Co-operatives</u>	<u>Members</u>
1953	959	212.782
1958	732	231.508

In 1958, Co-operative production of wine amounted to 110.000 hl. and the sales to 92.000 hl.

### Western Germany.

In Western Germany wine-making co-operatives are fairly well-developed although obviously less than in France. In 1959, there were 539 wine-making Co-operatives with 48.000 members or just under one-third of wine growers.

Of the co-operatively produced wine 80% is sold to the trade, 10% through co-operative distributive organisations and 10% direct to the consumers.

Most co-operatives are small. Only 15 of them have a membership of over 100 growers. A few societies merely press the grape and deliver the juice to a central winery, but most of them carry through the whole process.

In recent years, the Government has made available a subsidy for the promotion of the wine industry.

About 25% of the wine produced in W. Germany, is co-operatively processed.

### Switzerland.

Switzerland is a wine importing country but she has, to a substantial extent, her own wine production. In 1960, her production amounted to 1.104.000 hl. of which 989.000 hl. white wines, which cannot easily be marketed because of the preference given by Swiss Consumers to red wines.

The greatest agricultural Co-operative organisation is V.O.L.G., Winterhur, which has in its membership 365 agricultural co-operatives, mainly multi-purpose, and has developed an intensive wine trade. It is thanks to its efforts, that the quality of wines in East Switzerland has greatly improved.

In 1959, VOLG processed 2.448 tons of grapes and stored 21.305 hl. of wine in cellars. The quantity stored in 1960 was 8.454 hl.

### Luxemburg.

Wine processing Co-operatives play a very important part in Luxemburg as they process about 70% of all national production. There are just 6 wine processing co-operatives in all, but they have considerable capacity.

### Cyprus.

In 1949 a wine products scheme was set up in Cyprus to protect producers. The scheme is centred on the Vine Products Co-operative Marketing Union Ltd with 56 local societies and 4,000 wine growers in its membership. It is financed by the Co-operative Bank from funds made available by the Government.

Prices of wine are stabilised by the fixed prices of raw alcohol, which influences the prices of all other vine products.

### Algeria.

The wine industry is carried on in Algeria mainly by farmers of European origin. Co-operative wineries are probably the oldest form of marketing co-operatives in the country and they handle the bulk of Algerian wines.

According to the existing regulations from each years' production a quantity of wine is released by the National Wine office. Co-operative members are entitled to sell the equivalent proportion of their own wine to whom and at what prices they wish.

### South Africa.

Wine farming is mainly concentrated in the Cape Western districts.

Wine growers co-operatives came into being from 1905 - 1909. In 1917 a new organisation called K.W.V. was set up to stabilise the prices. It acquired true co-operative character in 1923.

The 1924 Wine and Distilling Act gave K.W.V. complete control over distilling of wine. By 1923 it was responsible for over 80% of the total export trade in wine.

K.W.V. exports of all S.African wines and brandies 90%.

In 1952 there were 39 co-operative wineries altogether in the Union with a combined membership of about 7,000 and a turnover of £65 million.

### PLANS FOR WINE TRADE BETWEEN ITALIAN AND AMERICAN CO-OPERATIVES.

In connection with the forthcoming I.C.A. conference on export and import of wine, it is interesting to note that trading relations already exist between wine exporting and importing co-operative organisations of some countries, but these could be greatly intensified and extended.

Plans are well-advanced for the export and import trade in wine between Italian and American Co-operative organisations. In its issue of June 26th, 1961 the New York Times published an interesting article on this subject by Brendan U. Jones.

He says:- A considerable broadening of markets for Italian regional wines beyond their present limited scope in the United States is the goal of a rather unusual partnership of American and Italian co-operatives.

The programme has been developing gradually at the trade level. This part of the campaign reached a high point in May with an exhibit in the United States World Trade Fair at the New York Coliseum by the Italian Federation of Co-operative Wineries.

The Italian wineries federation now represents 228 wine producer co-operatives in every region of Italy. These, in turn, represent 67,300 vineyard owning members. The wineries employ skilled technicians to assure quality and production of genuine wine types; handle marketing and return a fair profit to producer members.

Sampling of the Italian regional wines by trade representatives at the exhibit in May is credited with generating enthusiasm that is moving the campaign for them on to the consumer level.

One of the first major new retail outlets for the regional wines is expected to be the Greenbelt Consumer Co-operative, which operates a chain of twenty-four supermarkets in Maryland, Virginia and the Washington area. Interest in carrying the regional wines also has been evidenced by requests for supply and sales data from dealers, including a large wine and liquor importing concern.

The response from dealers who have sampled the wines has been extremely encouraging, according to Vincent Checchi financial specialist with the Washington consulting organisation. The marketing programme now is ready for a strong follow-through effort, emphasising initially additional co-operative outlets but aiming also at all possible sales channels.

## C O - O P E R A T I V E   S T R U C T U R E

### MULTI-PURPOSE CO-OPERATIVES IN FIJI.

On the little Fijian island of Koro, the two and a half thousand inhabitants have achieved a good standard of living through a willingness to adopt co-operative and self-help methods of working. Life has an agricultural basis and people are mainly self-sufficient, with dalo and yams as the staple diet. But bread supplements, the home-grown root crops, and fish, pigs, and a few cattle help to provide the necessary protein. Supplementary home-grown foods are sweet potato, tapioca, bananas, greens, oranges, and good quality mandarins. Peanuts are being tried out as a cash crop, and may become an addition to the diet in future.

Work has to be both more efficient and more creative in order to give the increased production needed to meet a growing population and to provide a higher standard of living. The people of Koro have shown their readiness to work harder - they have planted new coconut palms, experimented with peanuts, and taken an interest in cocoa schemes.

The island has 10 registered societies of limited liability, and 11 unregistered co-operative groups. There was no prohibition on the granting of credit when the co-operatives were launched, and as this factor threatened their existence, the Registrar of Co-operative Societies stipulated that unless credit was abolished, the co-operatives could not be granted registration and would not be able to receive the training facilities, audit and supervision given to registered societies. As a result, debts have nearly all been wiped out, and further credit is prohibited.

The co-operatives are multi-purpose, carrying on the marketing of copra and yaqona (kava), operating consumer stores and bakeries, and providing savings facilities. Between them the co-operatives sold £31,965 worth of copra and £7,493 worth of yaqona for the year ended June, 1960.

In retailing, members have followed the Rochdale principle of selling at local market prices, and by the end of the financial year they had a good sum in the Reserve Fund, and were able to distribute surpluses, after all expenses had been met, to all members in proportion to their purchases. All members were paid 5% interest on share capital.

Provision for saving is the most recent activity, and about one thousand savings accounts were opened and the initial deposits made. Here is a source of funds for future development projects. At present, a good deal of capital and effort is going into the improvement of village housing.

## R U R A L   W E L F A R E

### U.S. ELECTRIC CO-OPERATIVES WANT TO GENERATE THEIR OWN POWER.

In the United States, co-operatives still produce only a small part of the electric power they sell - 16%. But their generating capacity is growing fast. Ten years ago, they produced 1.1 billion kilowatt hours of power - last year the figure was 4.7 billion. Now, the Rural Electrification Administration has approved a loan of over 60 million dollars to Hoosier Co-operative Energy, and over a half of this amount will go towards building a 198,000 kilowatt steam powered generating plant in Indiana. By 1967 the plant will be furnishing adequate power to the sixteen electric co-operatives that comprise Hoosier Energy, and which serve farm and non farm consumers in 44 Southern Indiana counties. It is estimated that the sixteen co-operatives will save about \$5,500,000 in ten years, by generating their own power instead of buying it from private utilities.

The Government subsidised, rural electric co-operatives came into being twenty-five years ago, for the purpose of bringing power to farmers so isolated that private utilities found it uneconomic to give such a service. At the beginning it was a struggle. Each farmer contributed a membership fee of five dollars and agreed to pay a minimum electric bill of \$2.50 a month. When the co-operative had got enough customers, it borrowed money from the Rural Electrification Administration in order to put up poles and power lines, and arranged to buy its power from utility companies at wholesale rates. There were initial years of hard work when these co-operatives made no money. Then gradually they grew, began to make a satisfactory turnover. REA is the Federal overseer of these co-operatives. It is an agency of the Agriculture Department and was set up in 1936 to make a widespread electricity service in the vast rural areas a possibility. In the last twenty-five years REA has approved loans of more than \$4.2 billion to 1,087 borrowers, most of them rural electric co-operatives which used the funds to distribute power, being loaned the money at a fixed interest rate of 2%.

About 97% of America's farmers are now linked to power lines, compared with 11% when REA was set up. Today, electric co-operatives, having fulfilled their early mission to farmers, have prospered to such an extent that they are now putting their excess profits into a different field - that of industrial development. The move is meeting with much criticism from private utilities, who insist that these co-operatives "have no business in urban territory or in serving industry". Subsidising their operations in a sparsely settled farm area, they say, is one thing - it is quite another when four out of five of their new customers are not farm people at all. Private utilities object, too, on the ground that the electric co-operatives pay a much lower interest rate than themselves, and are exempt from Federal income taxes.



The increasing trend for co-operatives to want to set up their own power plants is also causing concern, though private utilities are still supplying 84% of the REA co-operatives' power. But, though the co-operatives are the customers of private utilities, they get their power at low, wholesale rates. If these rates were to be raised to a level REA considers too high, the co-operative may obtain loans from the Federal agency to build their own generating plants. Recently, too, it has been decided that loans to co-operatives for generating plants, will be granted if a utility shows "unfriendliness" towards a customer co-operative, or if REA feels there is some doubt about the co-operative's future source of supply.

Meantime, electric co-operatives are investing money in such things as a shirt factory, a new business development corporation loan, new industries for rural areas, such as making plastic truck cabs. They now sell 60% of their power to non-farmer customers, and are sending a growing share into city homes; as the towns have encroached on outlying areas, so the electric co-operatives have been adding more and more city dwellers to their list of customers. They claim they need to attract industry to rural areas to preserve them from gradual decay. The degeneration of the farm population has been described by one co-operative as "tragic".

#### INDIAN CO-OPERATIVE MEDICAL AND PHARMACEUTICAL SOCIETIES.

Co-operative medical aid societies in India are few in number - 670 with a membership of 33,690 - but they do very useful work. The majority of them are in West Bengal, which has more medical aid societies than all the other states put together. But there, since the development of comprehensive health measures undertaken directly by the state government, this particular form of co-operative enterprise has been on the decrease.

In other states, however, the societies do valuable work among the people, and the state of Mysore has a co-operative hospital. Some of the medical aid societies also manufacture indigenous medicines, which are popular among the country people. Here is a field for expansion. India is rich in a natural growth of herbs that can be used for medicinal purposes. Research and study, to bring production methods up-to-date, and the organisation of a network of co-operative pharmaceutical societies throughout India, could be instrumental in bringing cheaper and reliable medicines to the village folk.

#### E D U C A T I O N

##### FILMS PRODUCED BY THE JAPANESE AGRICULTURAL CO-OPERATION.

The Japanese agricultural co-operation has developed a highly successful activity in co-operative education, press and propaganda. Information concerning its publishing organisation, Light of the Home and its Co-operative College has already been given in this Bulletin.

The "Japanese Agricultural Coop News" of which the first issue (Vol.1 No.1, June 1961) has just reached I.C.A., reports among other things, about the activity of the National Rural Film Association.

The Association is a "corporate juridical person, composed of 47 organisations related to central as well as local agricultural co-operatives". It has been promoting film-shows through agricultural co-operatives for the benefit of rural and mountain villagers. It has also been producing films pertaining to agricultural co-operatives as well as agriculture, play films and slides; one of its projects for 1961 is the production of 6 play films.

The reason for the production of these films is that agricultural co-operatives hardly benefit from the ordinary commercial films. They are considered as extremely unsuitable for the promotion of the agricultural co-operative movement.

The films scheduled for production are play films such as "A maid loves milch cows", "Passage of Mind" and four cultural and educational films such as "Thinking Rural Wives", "Insect Damage and Farm Chemicals", and others. In addition it is intended to make an agricultural co-operative news release every month. For the circulation of films it was decided to provide throughout Japan 200 film circles attached to agricultural co-operatives.

One film circle is to cover 50 unit co-operatives. Each co-operative is to pay a monthly fee of 5,000 yen which will amount to 600,000 yen a year.

The funds raised in this way finance these new projects.

FRENCH CENTRE NATIONAL ORGANISES CORRESPONDENCE COURSES.

The French Centre National de la Coopération Agricole organises courses on Agricultural Co-operation. Its object is to give the necessary knowledge to the students about the problem and functioning of agricultural co-operatives.

The Correspondence course consists of 7 parts: Knowledge of Co-operation; Agricultural Co-operative Legislation; Scientific Organisation of Work; Book-keeping and Financial Techniques; Commercial Problems; Human Problems, Rural Economy.

For those who are interested in co-operative problems in overseas countries, there is an additional lesson. Particular Aspects and Problems in Developing countries.

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THE REVIEW OF INTERNATIONAL CO-OPERATION, July/August,

will be a double number devoted to Agricultural Co-operation. Many aspects of this very wide sector of the Co-operative Movement are covered by specialists in their respective branches. Among the articles are:

Credit for Farmers in the U.S.A., by R.B.Tootell,  
Governor of Farm Credit Administration.

Oil Supplies for Farmers, by Wayne McCann, General  
Manager of ICPA.

Triple Alliance in California, by W. Reich.

Farmers' and Consumers' Inter-Co-operative Trading,  
by Norman Wood, Director of the English CWS.

Agricultural Co-operation in S.E.Asia, by Dr.S.K.  
Saxena, ICA Regional Office, New Delhi.

International Collaboration for Rural Co-operation,  
by Roger Savary, Secretary General of IFAP.

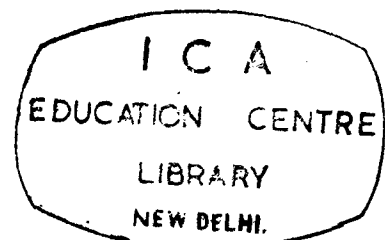
"Might is Right", (Agricultural Production, Marketing  
and Finance), by E.H.Stern, Economic Expert of ECA.

The work of the ICA in this particular sector is covered by the chairman of the ICA Auxiliary Committee on Agricultural Co-operation, A. Axelsen Drejer, in a report on the activities of the Committee, and by the ICA Specialist in Agricultural Co-operation, Mr. G. Davidovic, writing on the ICA Technical Assistance Programme in relation to Agricultural Co-operation.

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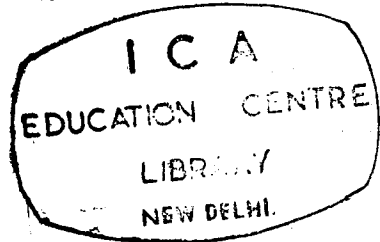




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T A X A T I O N

THE SUPREME COURT OF CANADA ON THE NATURE OF CO-OPERATIVE SHARES.

Legally and economically, there is a fundamental difference between "capital" in a Co-operative Society and a capitalist company. In many languages the difference comes into expression also in the terminology used. In German for example, capital in a co-operative is called "Anteilkapital" as distinct from "Aktienkapital", which is the term used for capital in capitalist companies. In French the difference is made by using the expressions: "Parts sociales" and "Capital Action" as corresponding terms. In English, on the contrary, the term used in both cases is "share capital". This may suggest of course, that there is no difference in the nature of capital whether it be of co-operative or capitalist enterprises. And indeed the confusion in the terminology often results in confusion as to the nature of capital in both cases. Yet they are as distinct from each other as are co-operative and capitalist enterprises, enterprises of service and profit-making enterprises.

In a co-operative Society capital serves the members as buyers, sellers, borrowers, not as shareholders. It will not serve a member who owns a large number of shares but makes no use of the services of the co-operative enterprise, and vice-versa. In a capitalist enterprise on the contrary, the greater the number of shares, the larger the benefit obtained by the shareholder. In a co-operative society capital obtains only a limited interest, as in the case of saving deposits; in a capitalist company, capital obtains all the surplus, all the benefit achieved by the enterprise. In a co-operative society the shares have a fixed value, and it is not influenced by the success of the enterprise; in a capitalist company the greater the business success, the greater the value of shares. In a co-operative society the shareholder, if he no longer wants to be a member, can obtain only the amount he has paid and nothing more; in the case of a capitalist company the shareholder sells his shares and normally obtains a value quite different from that he has paid. The difference is obvious.

Such differences are not only of a theoretical nature; they are of great practical importance, above all from the point of view of taxation. But that is not always realised. Moreover, powerful organisations are at work, particularly in North America, to impress public opinion, and persuade tax authorities, to disregard the differences existing between co-operative and capitalist enterprises, between capital in a co-operative society and a capitalist company, and to treat them in the same way. It is, therefore, of great importance that the Supreme Court of Canada has recently taken a decision, by which the true character of co-operative shares was clarified.

The case considered was that of the Co-operative Society - La Société Coopérative Agricole du Canton Granby. This society maintained that in spite of the use of the term "share", the true relationship between the Co-operative and the holder of the share, was that of lender and borrower, rather than of company and investor. It, therefore, considered that the interest paid on preferred shares should be deducted from the income. The Court has decided, that the Co-operative should be permitted to deduct from its income sums paid as interest on preferred shares in the years 1947-1953. The amount involved was \$100,000.

The Court's decision was based on the character of the preferred shares of the Co-operative society. The wording on the face of the certificate would indicate that its holder was a purchaser of preferred shares, subject to provisions stated on the back of the certificate. But those provisions, according to the Supreme Court, are entirely inappropriate to describe the right of the holder of preferred shares. They are an unequivocal and unconditional promise to pay the principal amount received from the holder at maturity, together with 5 per cent interest.

The case has established, that preferred shares at a co-operative society have the character of an obligation, and not of a "share", regardless of the term used. And this is considered in Canadian co-operative circles, as leading to the recognition of the true character of co-operative shares with all its consequences from the legal and tax point of view.

## C R E D I T

### OVERHAULING INDIA'S PRIMARY AGRICULTURAL CREDIT SOCIETIES.

The Indian Ministry of Community Development and Co-operation, through its Co-operative Department, has issued a really excellent advice note on the revitalisation of primary agricultural credit societies, to co-operative secretaries in all the States and Union territories.

This revitalisation programme was launched during the Second Five-Year Plan, to enable credit societies to function effectively as service co-operatives, and it is to be completed during the Third Plan. The present Note is intended to indicate the general procedure to be followed, and contains the sensible suggestion that its contents should be published in the local languages and circulated to central co-operative banks, societies, and any other bodies to whom it would be useful.

"The success of the programme", says the Note, "will depend not so much on financial assistance by the Government (societies taken up for revitalisation are to receive a subsidy of Rs 900 over a period of 3 to 5 years) but on the care bestowed on the various steps required for systematic rectification and consolidation".

The position of the co-operative credit societies is analysed very frankly and clearly. The majority of them - 89,147 (or 66.6 per cent) are of C category, which means they are mediocre, and many of them functioning unsatisfactorily. Another 17,882 are in D class - societies in a bad way, which will have to be liquidated if they do not progress to C category within two years. And finally, on the bottom rung of the ladder are the 2,657 E class societies (2 per cent) which, to quote, "are past all hope and have to be liquidated".

At the top are the A societies. These are functioning satisfactorily and can serve as models for less satisfactory co-operatives. They number 4,371 (3.2 per cent). The 19,886 B societies (14.8 per cent) are to be classed as satisfactory too - which means that a total of only 18 per cent of all credit societies are operating as they should. Obviously, the large C group is where the main work of revitalisation has to be done. At a rough estimate, about 10,000 societies need liquidating. About 42,000 societies have been taken up for revitalisation from 1959 to 1961, and another 60,000 are to be revitalised under the Third Plan. Under recent policy decisions regarding unit size, a number of societies will have to be amalgamated, and this will reduce the number requiring aid. The Third Plan has made financial provision for revitalisation and/or reorganisation of 52,180 such co-operatives.

The whole scheme has to be tackled on the basis of actual inspection of the individual societies, in order to assess them accurately and do what is necessary. The suggested method is demarcation of the whole area into divisions, each having a stated number of societies, and then allotting each division to a director of the co-operative central bank, or an official of the Department. The Note also considers that the first important step is to prepare, on the basis of information available through audit notes and bank registers, a list of societies that should be liquidated. "The programme of liquidation should be given high priority so that no bad society might be borne on the registers after 1963-64 at the latest. Where the number of societies under liquidation and those to be brought under liquidation, in the circle of an Assistant Registrar, are sufficiently large, one or more special liquidation inspectors will have to be provided".

The wider duty of the village co-operative, resulting from the latest policy decision, is to undertake supply functions as well as to provide credit". In addition", says the Note, "the co-operatives will help to formulate, and implement the plans of agricultural production for the village, and undertake such educative, advisory, and welfare work as members may be willing to take up".

In the revitalisation of societies, a suggested procedure is given in detail for dealing with the writing off of bad and irrecoverable debts. Finally, there is the salutary warning that, "when a society is set on its feet again by the efforts outlined above, it becomes necessary to ensure continued good management so that there is no sliding back into the old state".

## S U P P L Y

### NORWEGIAN AGRICULTURAL SUPPLY CO-OPERATIVES.

Agricultural supply co-operatives in Norway have almost a century of steady growth behind them. From the beginning, co-operative purchasing was based on a few big wholesale organisations that divided the country into clearly defined regions. There are nine of these supply co-operatives, their Norwegian name being Felleskjop (joint buying), and they supply the farmers with fertilisers, fodder concentrates, seeds, farm machinery and implements, chemicals, technical equipment, and other things necessary for production. Supplies are expected to be of the highest quality, selling at moderate prices.

Farmers can, and sometimes do, place a direct order with the supply co-operative. But mostly they get what they want from the small local societies they join, or they may become affiliated with the large supply co-operative through the dairy or local consumers' co-operative to which they belong. Many of the specialised, local supply societies are affiliated to the farmers' local professional societies, and joint liability is accepted. The supply co-operatives are united in the Supply Co-operatives' National Association, and through it they co-operate in matters of common interest. They are also represented in the Central Association of Agricultural Co-operatives.

Supply co-operatives do more than purchase and sell. Through local agricultural journals and by the employment of consulting engineers, they carry on an extensive information service. They also run experimental farms, testing crop varieties, fertiliser rates, and so on. It is on these farms that the high quality seeds are grown for distribution to the farmers.

The agricultural co-operative movement has two other co-operative buying societies, as well. The business of the first - Landbrukets Emballagesforretning og Gartneres Felleskjop - is to manufacture and sell packaging material for agriculture and agricultural co-operatives, and to provide professional gardeners and fruit growers with any technical equipment they require. The second buying society - Landteknikk - manufactures and sells technical and other equipment to dairies, slaughter houses, and other co-operative plants. Both these concerns were founded before the war, and have expanded considerably since.

Figures for 1958 show that 85,500 farmers were members of supply co-operatives, and that the local societies numbered 2,300. Approximately kr. 369, M. was spent on purchases through the co-operatives of fertiliser, fodder, seeds, etc, while 70.8 million kr. went on machinery, implements, repairs, etc., total business done by the supply co-operatives being 439.8 million kr. The following percentages are also interesting; of the total farm supplies purchased through the co-operatives, fertiliser represented 62 per cent, fodder concentrates 50-55 per cent, and seeds 60-65 per cent.

## I N S U R A N C E

### CO-OPERATIVE INSURANCE FOR INDIAN FARMERS.

The Union Co-operative Insurance Society in Bombay is considering the question of extending protection to farmers against loss of crops from natural calamities. The idea is to begin by insuring those farmers who are loyal members of the co-operative society, with five years membership. Only cotton and sugar cane crops will be covered at first. Later, paddy, tobacco and ground nuts will be included. The insurance society will be liable to pay if production falls below 75 per cent of the average production of the last five years.

### 13,000 CANADIAN FARMERS GET HAIL INSURANCE REFUND.

The Canadian Co-operative Hail Insurance Company has paid out \$1870,000 in patronage refunds to 13,000 of its farmer members in Manitoba and Saskatchewan. This represents a 15 per cent refund on the Company's 1960 insurance premium receipts.

Those members with more than \$50 invested in share capital will get their full refund in cash. Those with less than \$50 will have their refund in the form of share capital.

Business for Hail Insurance in 1960 was so good, there was an almost record figure of \$436,000 in savings. It is from this sum that the \$187,000 has been drawn. But, since Hail Insurance is an enterprise full of uncertainties, the Company has allocated \$250,000 of the year-end surplus to general reserve, bringing the total to over a million dollars for the first time since the company's formation in 1947.

## S T R U C T U R E

### THE ORGANISATION AND ACTIVITIES OF JAPANESE AGRICULTURAL CO-OPERATIVES.

Japan has about 30,000 unit agricultural co-operatives, 1,200 agricultural co-operative federations, and a total membership of some seven million people. A full account of this Movement and its varied activities makes up the contents of the first issue of a new publication - "Japan Agricultural Co-operative News" - which came out in June this year, and is being distributed to related co-operative organisations all over the world, with the object of making the Japanese Movement known abroad.

Agricultural co-operatives, which surpass all other types in their numbers and the variety of their activities, are already over sixty years old. Today, they count as members 5,700,000 farming households as their members, and are playing a vital rôle in promoting a better farming economy. Before World War II, they tended to be managed by the very powerful landlords, who possessed 46 per cent of the total tillable land. After the war, extensive land reform took place, enabling tenants to own the land for which they had hitherto paid high rents. Agricultural co-operatives made a new start, these new landed farmers being their mainstay.

But though the tenants now owned their land, their scale of farming was as small as ever, with tillable land per farming household amounting to only 80 acres on an average. Output certainly increased; it amounted to 1,600,700,000,000 yen in 1959, its production index being as high as 131 per cent over pre-war level. Rice was the first product, accounting for 50 per cent of the total amount. In recent years rice production has increased enough to meet domestic demand, and there has been a striking increase too in livestock products. Expanded production has been made possible by the vigorous efforts of the owner farmers, together with improved methods and better farm equipment. Nevertheless, since individual holdings are so small, labour productivity is low and is not improved by the poor use made of new farming equipment. In comparison with other industries, agricultural income is extremely low. It amounted to only 20 per cent in 1951, though the agricultural population represented 40 per cent of the total population. In 1958, agricultural income had dropped to 13 per cent, and the inevitable result is that farming families send their members into other industries for employment. At the present time, 65 per cent of all farming households draw income from sources other than agricultural, and actual farming is a side line.

To remedy this, an effort was made some years ago to establish an Agricultural Fundamental Law to promote sound development of agriculture and put the farmers' income on a level with that of other industries. The Bill is now being deliberated in the Diet.

These small scale farmers have organised themselves in agricultural co-operatives in order to secure mutual benefits. The unit or general co-operatives in towns and villages have varied activities, including credit, but they have only a small amount of capital. Bigger scale business is done through the federations established in each prefecture, and these federations, in turn, are organised into national federations.

General co-operatives engage in credit activities, marketing and storage of agricultural products, purchase of materials and equipment, mutual aid activities, guidance and education of members, cultural activities. Because the farming is on a small scale, production and consumption are inseparable, and most farm crops are for self-consumption. Variety is rich, but amounts are small, thus preventing crops from being collectively cultivated and marketed in other regions.

The majority of co-operatives have about 500 members, but recently, to keep pace with economic development, there has been some amalgamation, reducing the number of co-operatives by about 1,000.

Besides general co-operatives, there are others devoted to a single agricultural product - dairy, poultry, tangerine co-operatives, for example. Altogether they number 17,765, the largest group being the sericultural co-operatives, of which there were 6,938 in 1960.

A number of other organisations are concerned with the agricultural co-operative movement. The Central Bank for Agriculture and Forestry, though not established by the Agricultural Co-operative Law, is closely related to agricultural co-operatives, and covers fishery and forestry co-operatives, functioning as a national wide financial co-ordinator for agriculture, forestry and fishery. The National Co-operative Finance Association has liaison with credit federations. The Ie-No-Hikari (Light of Home) Association is a co-operative educative body. Then there are the central unions - one in each prefecture - and the central co-operative union at national level, which covers all the members of prefectural unions, various national federations, the Central Bank for Agriculture and Forestry, and the Ie-No-Hikari Association. This Union gives guidance on organisation, activities, management, education, and so on.

Maximum service to members through the various activities, is the aim of the agricultural co-operatives. At the moment, co-operatives are being encouraged to take part in an economic planning campaign on a national scale, which aims at total regional agricultural output, improved management, and a stepping up of marketing and purchasing. In the educative field there is special emphasis on farm guidance, and at present there are nearly 10,000 farming instructors in general co-operatives throughout Japan. There is also guidance on matters of daily living-food, clothes, living conditions. Courses, exhibitions, group meetings, publications, radio broadcasts, inspection tours, all come under educational activities, which the Central Union does much to assist.

## TECHNICAL ASSISTANCE

### AMERICA PUTS THE EMPHASIS ON HELP TO CO-OPERATIVES ABROAD.

The Kennedy Administration in America puts great emphasis on Co-operative development. This comes into expression also in its technical assistance policy and its aid to overseas countries.

The International Co-operative Administration, an official American institution for help to overseas countries, according to its Director, Mr. Labrousse, a former consultant of the World Bank and President Kennedy's adviser on matters of economic assistance, will try to find "where the co-operative approach can contribute to the self-help objectives of U.S. foreign aid". According to him, the International Co-operative Administration will marshal the resources of federal and private agencies to this end.

A full-scale review of the work of the International Co-operative Administration's work with Co-operatives will take place. Its aim will be to guide the Administration's field workers in "the Co-operative approach" and to put "greater emphasis on Co-operatives". In the review, the Administration will be helped by the leaders of different Sections of the U.S. Co-operative Movement - Credit, Housing, Agriculture, Marketing, Supply.

It is interesting to note that Mr. Aldai Stevenson, the U.S. Chief representative at the United Nations and one of America's most prominent political personalities, also stressed the value of co-operation and the need for helping co-operatives, when he returned from a long journey in Latin America countries. He pointed out that Co-operatives have some roots in Latin America, "but they are meagre". He insisted that "producer and consumer co-operatives can be extended and efforts should be made to step up their membership - especially in housing." He emphasised that U.S. aid to Latin America can be most effective and will cost least, if it is used to promote self-help.

## MARKETING

### THE ROLE OF CO-OPERATION IN THE MARKETING OF MILK AND MILK PRODUCTS.

Butter, cheese and milk, are commodities in everyday use, and the purpose of this survey is to give a brief outline of co-operative conditions in various countries where the marketing, processing and sale of milk and milk products is concerned. The information is taken from Farmers Marketing Organisations - a publication of the European Productivity Agency, and No.34 in the 1961 series of Documentation in Food and Agriculture.

#### Austria.

Income derived from milk represents nearly a quarter of Austria's total agricultural income, and producer co-operatives take delivery of about 85 per cent of the milk production for sale. The co-operative dairies belong to regional associations, many of which have special plants for processing surplus milk from member dairies, and for common production in processes demanding expensive equipment. They act as joint organisations for selling and negotiating the distribution of the dairies' surplus. Their long-term policy is concerned with quality, information and service for the benefit of member dairies and milk producers, whose interests they further in every possible way. The work of the regional associations is co-ordinated and supplemented by the Austrian Dairy Federation (Ömolk) which is the national association of milk producers and has entire responsibility for all necessary export and import of dairy products. It also runs a well developed buying service for the benefit of dairies and milk producers.



## Belgium.

Co-operative production of milk has developed most in the northern Flemish districts, and of total milk treated in dairies, co-operative dairies receive 60 per cent, but with very great regional variations. Most of the co-operative dairies are affiliated to a regional central dairy to which they supply a stipulated minimum under contract. This minimum is usually surplus to the requirements of the local market. These central dairies are usually well-equipped with pasteurisation plant, bottling machines or milk drying plant. There is also a union of co-operative dairies in the French-speaking part of Belgium.

## Denmark.

Co-operative dairies receive over 90 per cent of all milk entering the Danish market, and the co-operative export and sales associations play a very important part in the industry. The butter exporting associations are of long standing and have done a good deal of quality promotion work. A Butter Export Committee, dominated by the producers and co-operative dairies, organises and regulates the export of Danish butter, the Committee deciding on quantities to be exported, price levels, and regulative storage. The same type of work is undertaken by the Cheese Export Committee. A national association of regional co-operative sales organisations of cheese dairies, has built up an effective cheese sales organisation on the home and export market.

Danish dairies are members of regional dairy associations which, in turn, are affiliated to the Federation of Danish Dairy Associations - the highest organisation for the dairy industry, with the power to negotiate and administer official regulations.

## France.

Milk processing co-operatives handle 45 per cent of all dairy treated milk, but where fluid milk for consumption is concerned, the co-operative share of the market is much less, though it is considerable in some districts, such as the Paris area. There are milk sales or collecting co-operatives which can either sell to milk processing firms or join co-operative processing plants, and there are dairy co-operatives processing the milk and selling it directly or through intermediant dealers.

There are many small cheese dairies which together supply half of the entire French production of cheese, and a large number of them leave the maturing of the cheese to specialised co-operative enterprises. Co-operative butter dairies supply about half the dairy butter in France.

Types of production requiring high capital investment have been undertaken by larger co-operative societies and their amalgamations. Of the 25 regional dairy amalgamations, some are co-operative sales organisations, some specialise in processing and treating milk or semi-finished products received from the dairies. Particularly important in the export trade is Union Nationale des Coopératives Laitières, a national co-operative sales organisation.

There are regional and national non-commercial organisations that look after the interests of the milk producers and co-operative dairies, giving specialist assistance on technical, administrative and economic problems. La Confédération Nationale Laitière is a common organisation composed of La Fédération Nationale des Producteurs Laitiers and la Fédération des Coopératives Laitières.

## Germany.

Producer co-operatives handle about 80 per cent of all dairy milk. Milk marketing, as in Austria, is thoroughly regulated by a Dairy Act, but in principle the marketing of other dairy products is free. Co-operative dairies (private ones, too) are usually members of the sales associations for milk products, of which there is one in every federated state, and whose main purpose is the utilisation of the market for members' products.

Co-operative dairies and their central organisations are members of the regional agricultural co-operative associations and their central association Deutscher Raiffeisenverband e.V. The programme now being carried out by the co-operative dairy sector includes work on the elimination of unnecessary small collection centres, on furthering amalgamation, and on specialisation of production and co-operative use of processing plants.

#### Greece.

Producer co-operation plays only a small part in Greek dairy farming and milk marketing as yet, but it is slowly gaining ground. A few local co-operative enterprises are based on the sale of milk, and several small cheese dairies are co-operatively run. They are usually able to sell at higher producer prices than other marketing channels. The market for milk is insufficiently developed, and could do with competition from a producer co-operative with a solid background. The public authorities are giving good support to the development of a co-operative organisation for processing and sales, but the problem of providing capital remains unsolved.

#### Ireland.

About three-quarters of the total milk supply for manufacturing purposes - cream and butter are the major products - is handled by co-operative creameries. Some cream is exported through a voluntary co-operative organisation of the butter dairies. In the sale of liquid milk, co-operatives have a less important position. Most of this trade is in the hands of small private concerns.

#### Italy.

Co-operatives sell or process one-third of the milk marketed in Italy, and producer co-operation is an important factor in milk marketing; it is stronger in the industrial north than in the south, which is poorly served in every way.

Co-operative dairies account for about 60 per cent of other types of dairy production, especially cheese. Some are large and well-equipped, with a sales organisation for home and overseas markets, and sometimes have retail shops. Private concerns have almost a marketing monopoly in large areas of the more highly developed regions, and there is need for stronger producer co-operation.

#### Luxembourg.

There are only six dairies in this country, and four of them are co-operative and handle about 85 per cent of all milk on the market. This centralisation (there were 264 dairies in 1939) was carried out on a voluntary basis. All dairies, including the co-operative ones, are organised in the Luxembourg Federation of Dairies, which undertakes export of surplus production and controls the operation of the dairies and the quality of their products.

#### The Netherlands.

Co-operative dairies receive about 80 per cent of Dutch milk production. They are mostly large, and production is relatively specialised and rationalised. Practically all co-operative dairies are members of regional area associations which, in turn, are affiliated to a national dairy union - Algemene Nederlandse Zuivelbond. These associations take no active part in marketing, but they plan an important and active part in providing organisational, technical and administrative information and service.

#### Norway.

There are practically no private dairies left in Norway. Milk and milk products were the first commodity group to undergo co-operative organisation, and the first dairy was established over a century ago. Today Norwegian farmers market practically all their milk through about 400 co-operative dairies. The market regulation work for milk is administered by 8 regional milk pools and two apex organisations - the Norwegian Milk Producers' Association and the Norwegian Dairies Sales

Association. The milk pool was set up in 1930 to cope with falling incomes from milk production, and the system represents a means of market regulation unique to the dairy industry. The basic idea is to ensure all producers within a milk pool region the same price per litre of fats-corrected milk, regardless of the way the milk from the different producers will finally be utilised.

The milk pools and the Norwegian Milk Producers' Association have worked continuously to reduce the number of dairies in order to rationalise the dairy industry. One result of this process is that now there is not more than one dairy in any one city.

#### Portugal.

The most common form of producer co-operation consists of central dairies with pasteurisation plant, mainly based on the sale of milk direct to consumers. (Consumption of milk and milk products in Portugal is the lowest in western Europe). There are a few co-operative butter dairies and some other co-operatives specialising in the production of casein and other milk derivatives.

Co-operative enterprises are self-governed, but very much supported and controlled by the corporative administration of the economy peculiar to this country.

#### Sweden.

Average consumption of milk and cheese is highest in Sweden and Norway, and producer co-operation has a very strong position in Sweden, both as regards its share of dairy treated (about 98 per cent) and the horizontal and vertical integration within the marketing of dairy products. All producer co-operatives have their own dairy plant. Centralisation, with the object of exploiting technical development to the full, has gone very far in a number of districts. The same is true of the regional specialisation of production and the utilisation of regional co-operative plant, such as central plants for churning butter. Co-operative dairies in large districts have joined together in two types of dairy associations. In one, a quarter of the dairies, handling a third of the total milk, are affiliated to dairy companies which are, in fact, geographically extended co-operatives where transport, production, sale, investments, etc, are centrally planned for the whole region. In the other type of association, the remaining dairies are affiliated to dairy unions which are in the nature of co-operative organisations. Among their most important tasks is the regulation of surplus milk from member dairies.

#### Switzerland.

The Swiss home market is remarkable for an unusually even geographic distribution of milk consumption. The local co-operatives collect and sell the milk, either directly to consumers or to local retailers. They deliver it to central dairies in the twons, to cheese dairies, butter dairies, dried milk factories, etc, or they make cheese and churn butter in their own plant. The town dairies are mostly run by the regional associations of milk producers which nearly all have co-operative plants for butter churning. They are also responsible for regulating the supply of milk to their own districts, while at the same time supporting the local co-operative dairies and producers' associations. Producers co-operatives are in a strong position and are responsible for ensuring an adequate milk supply and obtaining a satisfactory basic price for the milk producers. The Milk Producer Association - Zentralverband Schweizerischer Milchproduzenten - undertakes information work and services for the benefit of milk producers and the co-operative societies.

## E D U C A T I O N

### V.S.K.'S SEMINAR IN AGRICULTURAL CO-OPERATION IN DAHOMEY.

The five-year technical Assistance programme of the Swiss V.S.K. to help co-operative development in Dahomey was officially launched on the 17th August 1961 in Porto-Noro, the capital, by the opening of a Seminar on Co-operation.

The Seminar was organised with the assistance of Unesco and under the Patronage of the Dahomey Government, of the I.C.A. and V.S.K. and was attended by 50 selected students.

The opening of the Seminar had the character of a solemn and rare occasion. In the absence of the President of the Republic who was abroad, the Seminar was opened by the Vice-President, Mr Souron Migan Apithy, in the presence of ambassadors, consuls, several cabinet ministers and numerous other official personalities.

In his opening address, the vice-president insisted on the importance of co-operation for developing countries. In the name of the Republic he thanked the Swiss Co-operative Movement for its generous help which was an example of "better understanding between all nations of the world". He also stressed that the Seminar would greatly contribute to the "rehabilitation of peasants" in Dahomey "the primary condition for social justice in this country". As for the rôle of agricultural co-operatives, he underlined that they have to make it possible for peasants to achieve a "life similar to those of townspeople". Hence the importance of having co-operative technicians, and of the assistance given by the Swiss co-operative movement in this respect. The help was all the more valuable, said the Vice-President, as it was given not by the Government or organisations, but by the people - by individual co-operative members, and co-operative employees.

He also expressed the appreciation of the Dahomey Government that the leaders of the Swiss Union will not only finance the establishment of co-operatives, but that they will actually take a practical part in their establishment.

The Vice-President was followed by the Minister for agriculture and co-operation, Mr. Sebastien Dassi, who after having thanked the Swiss delegation V.S.K. and the I.C.A. and Unesco, in the name of the Dahomey peasants, appealed to young people to take full advantage of the opportunity given them by the Swiss Co-operative movement to become useful citizens of their country.

For his part, Mr. C.H. Barbier, V.S.K. Director, expressed thanks for the cordial welcome tended to the Swiss delegation. He particularly stressed the importance of the fact that Dahomey Cabinet ministers were not only attending the opening of the Seminar, but several of them were actually among the lecturers. He vigorously stressed why the U.N., especially Unesco, were interested in the Seminar, and described the structure, rôle and technical assistance work undertaken by the I.C.A.

The Seminar programme consisted of lectures, film sessions and excursions. Lectures were given on the following subjects: the U.N. and its agencies; agricultural problems of Dahomey and their present perspective; radio information in agricultural and co-operative education; Switzerland and its problems; co-operative structure in Switzerland and V.S.K., technical assistance or co-operation; importance of co-operation for Dahomey; Dahomey, its future, its development, the responsibility of its citizens; work in an agricultural co-operative; agricultural credit and saving and their importance for Dahomey; problems of nutrition; rôle of women; methods in rural work; school and adult education.

Among the lecturers were M. C.H. Barbier, V.S.K. Director, Mr. Souron Migan Apithy, Vice-President of the Republic of Dahomey, Mr. Sebastien Dassi, Minister for agricultural co-operation, Mr. Michel AhouanMenou, Minister of Education, Dr. Heisler, F.A.O. expert.



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## C R E D I T

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### AGRICULTURAL CREDIT IN CEYLON.

Since agricultural incomes in Ceylon are seasonal, credit facilities are necessary, both for consumer goods and production. In the co-operative movement, which began as far back as 1911, there were only 1837 rural credit societies by the end of 1947, and only a small amount of credit was available. In 1948, as a result of Government sponsorship, societies were able to borrow from the Government at a 2 per cent interest rate, and lend to their members at 4 per cent interest. By 1957, when a survey of rural indebtedness was made by the Government, there was a big improvement in the amount of loan available for direct agricultural production. But even so, co-operative finance still only accounted for 3.9 per cent of the total indebtedness, a large portion being met by undesirable private sources.

Government assistance towards new forms of credit had the drawback that it did not tend to create a self-reliant agricultural community, little effort being made by the Co-operative Movement to build up its own capital.

Recently there has been a radical change for the better. Multipurpose societies instead of single societies, have concentrated the economic activities. Credit and marketing, which do not thrive well individually, are being integrated. The plan is that every village shall have its own multipurpose society, providing credit for production as well as for the purchase of consumer goods, for the settlement of former debts, for co-operative marketing. A considerable expansion of co-operative credit is envisaged, to cover all rural needs. Today there are 4,741 multipurpose societies. Funds for the proposed plan are to come from a People's Bank.

To ensure that loans granted are repaid regularly, the Government will amend the laws so that co-operative debt becomes a first charge on the crops raised the People's Bank will probably have the statutory function of supervising all societies borrowing from it, and that would mean a first class inspection service.

A link-up scheme has been introduced in that part of Ceylon which specialises in the production of vegetables. Credit, marketing and supply of consumer goods are being integrated. The scheme, which is working successfully, has enabled the vegetable growers to free themselves from the clutches of the money-lender traders. Indeed, vegetable production has been increased to such an extent, some people think there is over production. But a wider expansion of the marketing service has shown this is not the case.

## I N S U R A N C E

### ALBERTA REFUSES LICENCE FOR CO-OPERATIVE HAIL INSURANCE.

Once again the Co-operative Hail Insurance Company in Canada has been refused permission to enter the Alberta hail insurance field. This farmer-owned co-operative, which does business in Manitoba and Saskatchewan, had appealed against

an earlier ruling. The secretary-treasurer of C.H.I., Mr. W. Burgess, said the appeal was made because his company felt that the difference between the co-operative structure of C.H.I. and that of joint stock companies had not been fully understood.

The Alberta provincial secretary, Mr. A.R. Patrick, however, was firm in his refusal. He said it had been general policy in his department for many years that a co-operative association of a society should not be granted a licence, as an insurer, under the Alberta Insurance Act. It was also thought that it would not be proper to extend the privilege to an extra-provincial co-operative association when that privilege was denied to co-operative associations incorporated in the province of Alberta.

Mr. Patrick also said that even if Co-operative Hail registered with the federal government, his decision would be unchanged.

In the original refusal, Mr. McPhee, the insurance superintendent, questioned whether the Co-operative Hail Insurance Company's \$1,000,000-plus of reserves were actually available in the event of extreme hail losses. He suggested that Saskatchewan's hail insurance standards did not measure up to Alberta's, and that C.H.I. did not treat equally all the citizens with whom it had dealings.

Refuting these arguments, Mr. Burgess said that legal advice had assured the company that its reserves, though credited to individual shareholders equities, were indeed eligible as company assets, and thus available to pay losses. New amendments passed in 1960 made clear that the money was share capital.

Questioning the suggestion that insurance standards were higher in Alberta than Saskatchewan, Mr. Burgess said, "Since we have had a licence in Manitoba for 10 years it must follow that the same applies there. We had thought that there was a good deal of uniformity especially in the hail insurance field, but actually in all insurance in the three Prairie provinces". He added that he was at a loss to understand exactly what standard it was that his company was failing to meet.

As to the inference that C.H.I. did not treat everyone equally, Mr. Burgess noted that Alberta farmers would be governed by exactly the same by-laws as Saskatchewan and Manitoba farmer-members. "... even those who have insured every year for the 14 years (the Company's lifetime) and have their full allotment of \$50 worth of shares paid for, have no greater powers or no more votes".

In fact, Alberta farmers would benefit by becoming part of a co-operative which had got through part of its growing stages and had some experience. Another consideration was the mutual benefit of a wider base of risk, which was admitted as being sound insurance practice.

## S T R U C T U R E

### REVIEW OF THE INDIAN CO-OPERATIVE MOVEMENT 1959-1960.

Statistics issued by the Reserve Bank of India for 1959-60, in relation to the Co-operative Movement, show that there was a 10.4 per cent increase in co-operatives of all types, the number rising to 3,15,499. Owned funds rose to Rs 2,673.2 millions, and working capital to Rs. 10,834.7 millions.

Though the number of agricultural societies rose to 2,03,172 and their membership to 14.4 million, the latter figure is much below the target of 17 million set for the Second Five Year Plan. As many as 21,305 agricultural societies were inactive for one year, and 22,594 of them were dormant for two years or more, while 3,072 societies were under liquidation.

The percentage of population covered by co-operatives increased from 33 to 38 per cent during the year. The largest number of agricultural credit societies were in the state of Uttar Pradesh, and numbered 57,136, followed up by Madhya Pradesh and Maharashtra.

On the financial side, also, the agricultural credit societies fell short of the Rs. 1960 million target set in the Second Five Year Plan. Working capital amounted to Rs. 2,237 millions and borrowings from State and central co-operative banks to Rs. 1,419.2 millions. Loans advanced totalled Rs. 1690.9 millions, of which Rs. 1540.1 million was for short-term loans. Nevertheless, there was a good increase in membership and in the working capital and average loan per member.

There were 8,023 large-sized societies, and a decrease in numbers was due to the conversion into service co-operatives. Small scale agricultural credit societies, primary land mortgage banks and State co-operative banks all recorded considerable improvement and made a profit. Increased profit was made by the Central banks.

The 22 State Co-operative banks, since they confined membership solely to the central co-operative banks, had a decrease in the number of individual members and societies. The 400 central banks increased owned funds by 31.6 per cent, and their working capital rose to 2,474.0 millions. But they were in the unhappy position of having mounting overdues totalling Rs. 242.10 millions.

Among the non-agricultural credit societies, the number rose to 11,371 and a total membership of 4.23 million. Membership of primary land mortgage banks rose to 0.55 million and their numbers increased to 408. Primary agricultural and marketing societies increased to 2,501 with an individual membership of 1,183,907. There was a substantial increase in the sales of societies, both as owners and agents, and purchasers.

Other types of co-operatives reviewed were the 120 cotton ginning and pressing societies, 1,347 societies engaged in other processing, such as paddy husking and coffee curing, 1641 irrigation societies, 2,111 fisheries societies, and 5,631 farming societies. Of these latter, 968 were better farming, 2,012 tenant farming, 1,758 joint farming, and 893 collective farming societies.

There were 21 apex, 108 central and 11,086 primary weavers' societies, and sixteen spinning mills in nine states. Consumers' stores totalled 65 wholesale and 7168 primary stores, with an overall membership of 1.4 million and purchases and sales exceeding Rs. 940 millions. Of the housing societies, there were six at State level, - 5,558 primary ones with a working capital of Rs. 552.9 millions.

The 57 co-operative sugar factories of which 26 worked during the year, had a membership of 149,149 and a working capital of Rs. 473.9 millions.

## MARKETING

### FOREST CO-OPERATIVES IN NORWAY.

Forestry in Norway is often as great a source of income to farmers as agriculture, but until co-operative timber marketing was well-established, farmers had little or no voice in determining prices. They partly corrected the situation by organising local sales societies, which took over marketing, but were still dependent on buyers for capital to carry out their operations.

In 1929 co-operative timber marketing was reorganised and the marketing business transferred from local societies to 22 regional sales or marketing

organisations. This enabled them to negotiate with the timber buyers' organisations on an equal footing. At the same time the Farmers' Society for Short-Term Credit was organised as a subsidiary of Norway's Rural Credit Society for Agriculture and Forestry. One of its main tasks is to provide forest owners with cheap, short-term loans.

The apex organisation of the forest co-operatives is the Norwegian Forest Owners' Association, of which the 22 regionals are members. Each year the Association negotiates a general prices and delivery terms agreement with the buyers, for timber and pulp wood. An extended board, where all the regionals are represented, finally accepts or rejects the proposal from the negotiating committee. The regionals negotiate with their buyers as to further details concerning prices and terms of delivery.

Besides price bargaining, marketing, and credit extension, the co-operatives undertake advisory work and provide technical assistance for forest owners. The aim is to give individual members the necessary assistance for planning and operation, through close collaboration between the Association, the regionals and the 450 locals.

The Association also speaks for the forest owners on policy questions in such matters as taxation, land utilisation and so on.

There are only a few of the smaller timber-processing plants co-operatively owned. But a co-operative factory has been established in Western Norway, for the production of semi-chemical pulp from hardwood. The extensive afforestation planne for this part of the country aims at raising coniferous forests in place of the present birch.

#### CANADIAN CO-OPERATIVES TAKE PART IN DISCUSSION ON FEED PRICES.

Representatives of the federal and provincial departments of agriculture, co-operatives and Ontario livestock, dairy, poultry and grain organisations, recently met the Ontario Federation of Agriculture, to discuss feed costs.

United Co-operatives of Ontario noted that barley prices had advanced by 28 cents a bushel, wheat by 11 cents a bushel, and oats by 12 to 13 cents a bushel. Prices of some farm products had climbed but not sufficiently to overcome the increased cost of feed. If feed costs went much higher, farmers would have little if any margin on many of the products they produced.

### D E V E L O P M E N T

#### CO-OPERATIVE DEVELOPMENT IN MALAYA.

With the object of improving the financial position of agriculturalists and salary earners, who were heavily indebted to moneylenders, the Malayan Government introduced the Co-operative Movement into Malaya, in 1922, as a matter of policy. A new Department of Co-operative Development was set up, and under its guidance the Movement progressed. At first, progress was slow, for it was difficult to persuade the peasants of the advantages of co-operation and they were reluctant to form societies. By 1939 there were about 650 societies, and though most of them were inactive during the war, their funds were safely invested and when peace came, reconstruction came with it. By 1947 there were 841 societies, and co-operation has spread rapidly ever since. The demand for more societies, especially in rural areas, has been so great in the last three or four years that the staff of the Co-operative Department has had to be increased threefold. Today there are more than 2,400 registered co-operative societies of all types, with a total membership of some 280,000.

Malaya is chiefly an agricultural country, and most of its people depend on rubber, rice and copra for a living. Credit is a necessity, and co-operative credit provides a good system, as opposed to such local sources as the ruinous



"padi-Kuncha" system with an interest rate of about 100 per cent. About a quarter of the paddy planters in the country come under this system, which implies the repayment of a specific quantity of rice grain to the lender at harvest time, in return for a cash loan or for equivalent credit facilities.

The rural co-operative credit society of the Raiffeisen type has been considered the most suitable organisation for providing a good credit system - which must be such that the lender assumes the responsibility of facilitating the repayment by providing an adequate service as well as help which will create a stable environment for the borrower and thus enable him to honour his commitments to time, as well as promote his social and economic well being.

This type of rural co-operative credit society has been established among the Malayan agriculturalists, and at the end of 1959 there were 1,225 spread all over the country, and with a total membership of 52,000. Most of them are in the paddy areas where the "padi-Kuncha" system of credit used to be widespread.

The credit societies grant two types of loans - seasonal, and medium term. The first type are for meeting cultivation expenses and other current expenses between sowing and harvest, and are repayable within a year of harvest. The medium term loans are for the settlement of prior debts, improvement of land buying and cattle, building and repair of houses, purchase of property, especially land. Repayment period is from one to three years.

The development of these societies has made a large amount of capital essential, and so co-operative finance in the form of banking unions has been organised, enabling societies with insufficient funds to borrow from outside and so must their members' needs. There are 21 banking unions, the first being founded in 1950, and 1,156 of the 1,225 rural credit societies are affiliated to them. These Unions have not only successfully discharged their function of providing the necessary financial assistance to farmers through their member societies; they have also played a great part in spreading co-operative knowledge among the rural people.

All the banking unions are affiliated to the Federation of Malaya Rural Co-operative Apex Bank, formed in 1954.

Among the oldest of the co-operative societies are the Thrift and Loan, first established around 1922, and numbering 131 at the end of 1959, with a total membership of 87,167 and working capital of over \$56,000,000. Loans granted during 1959 amounted to \$30,345,080 and this gives an idea of their great value in keeping members out of the hands of the more rapacious type of moneylender. Many of the societies also run scholarship schemes for members' children.

Processing and marketing societies numbered 364 at the end of 1959. Of these 266 are for rice milling and fishermen's credit and marketing come next with 64 societies, followed by 20 rubber marketing societies. Pineapple and copra marketing, transport and marketing societies make up the remainder. There are also 9 rice milling unions and one Fish Marketing and Transport Union.

## E D U C A T I O N

### RECOMMENDATIONS OF THE STUDY TEAM ON CO-OPERATIVE TRAINING CONSIDERED BY THE MAHARASHTRA STATE CO-OPERATIVE UNION.

The Maharashtra State Co-operative Union has drawn up a memorandum dealing with the recommendations of the Study Team on Co-operative Training. The Union is in accord with the Team's view that co-operative organisations should be helped to become principally responsible, eventually, for conducting the training and education programme. "We are of the opinion" says the memorandum, "that this healthy principle should be accepted by the Centre and the States". Accordingly, the Union considers there should be a time limit within which this responsibility will be transferred to the State co-operative unions, and unless this is done, "it will not be possible to reach the goal indicated above, within a reasonable time".

The length of training for instructors is another point the Union discusses in detail. The All India Co-operative Union runs a training course for instructors who already have a three years' working knowledge of the Co-operative Movement. The rapid expansion of the Movement has meant that state unions need instructors on a large scale, engaged from the open market, and consequently it is difficult to get men with the necessary three years' experience to join in this capacity. So the memorandum suggests that the A.I.C.U. course be modified to allow instructors with one year's experience to take advantage of training at the Centre.

In connection with the Study Team's recommendations that a representative of the A.I.C.U. should be associated with the selection of instructors to be employed by state co-operative unions, the memorandum points out that the Maharashtra State Union has appointed a Selection Committee for recruiting instructors, who are expected to carry out the educative programmes of the state co-operative unions which comprise the All India member-education scheme. Therefore, the view is expressed that, where a state union following a recognised procedure in the selection of instructors and is discharging the function satisfactorily, there should be no need to associate a representative of the A.I.C.U. or anyone else from outside, with the state union selection committee.

"It should be the general policy of the All India Co-operative Union" says the memorandum, "to prescribe minimum qualifications and conditions of service for the staff of instructors to be engaged by state co-operative unions, and it should be left to a state co-operative union to select instructors in accordance with those rules. This, in our opinion, represents the correct policy of decentralisation".

The Maharashtra State Co-operative Union agrees with the study Team that there should be a three-months' training course for secretaries of village societies, instead of the present six to eight weeks, which is not adequate. But it disagrees with the proposal for a National Board for Co-operative Training, to replace the present Central Committee for Co-operative Training. The memorandum agrees that the Central Committee needs enlarging to provide greater representation to the state co-operative unions, but sees no justification for abolishing it.

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The July/August, 1961 issue of the REVIEW OF INTERNATIONAL CO-OPERATION is devoted entirely to Agricultural Co-operation.

Dr. Mauritz Bonow, President of the I.C.A., has written a foreword introducing articles by A. Axelsen Drejer and G. Davidovic on the Agricultural Co-operative Organisations in membership with the International Co-operative Alliance, and the work of the I.C.A. Committee on Agricultural Co-operation.

Roger Savary, General Secretary, I.F.A.P., contributes an article on International Collaboration for Rural Co-operation; Norman Wood, Director, English C.W.S., writes on Farmers' and Consumers' Inter-Co-operative Trading; E.H. Stern, C.E.A., on the instruments available on the international plane to redress the balance between agriculture and industry; G. Davidovic, on the I.C.A. Technical Assistance Programme for Agricultural Co-operation.

Aspects of national agricultural Co-operative Movements are described in articles on:-

Credit for Farmers in the U.S.A., by R.B. Tootell, Governor of Farm Credit Administration; Oil Supplies for Farmers, by Wayne McCann, General Manager of I.C.P. Agricultural Co-operation in S.E. Asia, by Dr. S.K. Saxena of the I.C.A. Regional Office, New Delhi; Triple Alliance in California, by William Reich; Japanese Co-operative and Rural Welfare, by Dr. Yoshio Hoynden.

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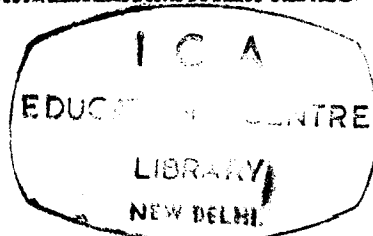


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CREDIT AND FINANCE



I.C.A. PROPOSAL FOR THE ESTABLISHMENT OF AN  
INTERNATIONAL BANK FOR FOOD, AGRICULTURE AND CO-OPERATION.

One of the questions considered by the I.C.A. Executive at its September Meeting in Athens was the 'Freedom From Hunger Campaign' and the Report "Development Through Food - A Strategy for Surplus Utilisation", prepared by the F.A.O. Director General.

After a thorough discussion of the paper submitted by the I.C.A. Secretariat on this problem, the Executive decided that as a practical contribution to the solution of the world hunger problem, an International Bank for Food, Agriculture and Co-operation should be established and the I.C.A. has submitted a proposal to this effect to the F.A.O. for its forthcoming Biennial Conference.

In its proposal, the I.C.A. states that it unreservedly supports the views expressed by the F.A.O. Director General that food surpluses should be mobilised and primarily used for economic development of the countries threatened by hunger and food shortage. General economic progress in depressed areas is an absolute necessity today, and various international bodies are already active in this sphere. The question that arises, however, is whether food surpluses should serve general economic development or more specific purposes. In the view of the I.C.A. it "would seem more logical if they were used for fighting hunger in the narrow sense, for the increase of food production in depressed areas and, to that end, for agricultural and co-operative development". This also seems to be implied in the U.N. Resolution passed in 1960 in connection with Freedom From Hunger Campaign. The Resolution stressed that the largest possible quantities of surplus food should be mobilised but the procedure should be "compatible with desirable agricultural development - - - of less developed countries".

In the I.C.A.'s view, the F.A.O. is well equipped to handle food problems in a general way. But there are financial aspects of the problem to be considered. Without financial mobilisation, food mobilisation is hardly possible. To achieve such mobilisation, an International Bank for Food, Agriculture and Co-operation should be formed. Specialised Agricultural and Co-operative Banks exist in most countries since agricultural and co-operative credit is a specialised field and cannot be successfully covered by ordinary banking institutions. Obviously, what is true for banking at national level, is also true at international level. Hence the need for a specialised International Bank.

In the opinion of the I.C.A. such a Bank is needed for various reasons. The fight against hunger has a double aspect - the immediate and the long term. In its immediate aspect it entails collecting world food surpluses and diverting them to areas where they are most urgently needed. This naturally requires financial resources.

In its long-term aspect, the fight against hunger requires the production of sufficient food in the depressed areas themselves. This means modernisation of, and

and investment in, agriculture. Not all governments can afford to supply sufficient funds for the necessary improvements in this field and their efforts should be supported by a specialised international banking institution. This is all the more necessary since the hunger problem is primarily one for the farmer and agricultural producer. It is his capacity to produce food that urgently needs to be improved.

In various parts of the world the farmer is restricted by natural conditions to the one crop system. To improve his food position he must be equipped to cultivate, store, grade, process and market his own produce in the best and most profitable way. At this point, co-operation is inevitably brought into action. It is more or less universally accepted today that the farmers' economic problems cannot be properly solved without the help of Co-operative Organisations. This suggests that problems of food, agriculture and co-operation are closely interconnected, and that they have common financial needs which should be covered at international level by a corresponding financial institution.

The problem that arises is, of course, whether it is possible to obtain, and if so from which sources, the financial resources for setting up such an institution. The I.C.A. proposal contains concrete proposals in this respect. To begin with, it suggests that the \$100 million proposed by the US Government for combating hunger, could be used as initial capital. Another source could be the food surpluses themselves. Needy countries could obtain these surpluses and pay for them in national currency. The Bank could then become the creditor of recipient countries and the debtor of donor countries. But arrangements could be made so that the latter countries could subscribe shares or bonds of this Bank to the value of food supplied. In due course, these could be converted. The Bank could possibly also obtain some resources from existing international financial institutions which are not particularly equipped to finance food surpluses and agricultural and co-operative development. Another source could be contributions from various national agricultural and co-operative banks as well as from other co-operative organisations. Finally, the Bank could create its own resources by issuing bonds on the international money market as do other banking institutions.

The I.C.A. considers that if a specialised international financial institution were formed to finance food, agriculture and co-operation, the position of farmers would be greatly improved - a very important point in view of the fact that farmers constitute the vast majority of the world's population.

#### FINANCES OF CANADIAN MARKETING AND PURCHASING CO-OPERATIVES

The Canadian Department of Agriculture has just published its 29th "Annual Summary" on Co-operation in Canada. The author of the survey is Mr. V.A. Heighton and he gives an instructive picture of the Canadian Co-operative Movement. Of particular interest is the information given on progress made as regards the financial position of marketing and purchasing co-operatives. The following data show what has been achieved:

<u>Total Assets</u>	<u>Liabilities to the public</u>	<u>DELHI Members' equity (shares, reserves and undivided surplus)</u>
1960 \$ 601,862,000	334,758,000	267,104,000
1959 \$ 560,184,000	314,686,000	245,461,000

As can be seen from this table, the total resources of Canadian Marketing and Purchasing Co-operatives have increased in one year by \$41.7 million. Another interesting point is that, whereas foreign resources have increased by just over 6 per cent, the increase in own resources is about 9 per cent.

There has been a steady, although slow, improvement in members' capital as compared to outside capital in recent years. Excluding the four large grain organisations, the relationship between own and foreign resources between 1955-60 was as follows:

	<u>Members' equity</u>	<u>Liabilities to the public</u> (in million dollars)	<u>Members' capital to each dollar of outside capital</u>
1955	123.2	58.3	2.11
1956	136.7	69.1	1.98
1957	146.1	80.0	1.82
1958	153.1	88.6	1.73
1959	166.0	94.3	1.76
1960	180.4	102.2	1.77

The table shows that the ratio of own and foreign resources has fallen from 2.11:1 in 1955 to 1.73:1 in 1958 and has continued to improve since that time.

#### AGRICULTURAL CREDIT CO-OPERATION IN INDIA

The Reserve Bank of India has released the Statistical Statements relating to the Co-operative Movement in India for 1959-60.

As in the past, at the end of 1959-60, Agricultural Credit Societies constituted the most important sector of the Co-operative Movement in India. Their number rose to 203,172 with a membership of 14,423,000. The working capital of societies amounted to Rs. 2.237 million, while deposits held by these societies stood at Rs. 118,6 million.

Of the total number, 8,023 were large societies.

The number of Apex Banks at the end of 1959-60 continued to be 22 and the working capital amounted to Rs. 1,747.4 million.

The Central Co-operative Banks and Banking Unions in various states continued to decrease in number as a result of amalgamation, and were reduced to 400 as against 402 at the beginning of the year. Membership amounted to 369,000 and working capital to Rs. 247.4 million at the end of 1960.

#### PROGRESS OF AGRICULTURAL CREDIT CO-OPERATIVES IN TURKEY

According to the Report of the Agricultural Bank of Turkey (published in 1961 in French) which has just reached the I.C.A., the Credit Co-operative Movement in Turkey is making steady progress. The Report states that the number of members in credit co-operatives is constantly increasing as is the number of villages they serve. Agricultural credit co-operatives numbered 1560 at the end of 1959. In 1950, there were only 900 co-operatives in Turkey. Membership of credit societies has increased from 438,410 in 1950 to about 1,000,000 in 1959. In 1950 8775

villages were served by credit co-operatives and by the end of 1959 the number of villages had increased to over 15,000

The total combined balance sheet of credit co-operatives amounted to Ltqs. 546.4 million as against Ltqs. 485.4 million, an increase of Ltqs. 60 million. Assets consisted mainly of credit to members and amounted to Ltqs. 470 million in 1959 as against Ltqs. 425.9 million in 1958.

Own resources amounted to Ltqs. 170.5 million as against Ltqs. 152 million in 1958.

The Report says that some agricultural credit co-operatives have suffered losses because the difference in the interest they are entitled to obtain and the interest they pay themselves on borrowed capital is too small to enable most of them to cover their administrative expenditure.

#### DEVELOPMENT OF AGRICULTURAL CREDIT CO-OPERATION IN FRANCE

Mutual agricultural credit in France comprises a highly decentralised group of credit organisations based on the principles of co-operation and mutuality. Its development has kept pace with the evolution of economic and technical conditions, and it has become the main financial institution for farmers and their professional organisations and is therefore closely linked with agricultural co-operation. The system is three-tiered, with organisations at local, regional and national level. The entire structure depends on credit supplied by the National Bank for Agricultural Credit, an institution which, apart from financing agricultural credit, also co-ordinates activities and supervises operations. Regional banks act as intermediaries between the national and local banks. In 1946 they formed their own representative body, the National Federation for Agricultural Credit, formed only of regional banks which borrow from the National Bank for Agricultural Credit and are under its supervision. The basic units are the local banks which are financed by the regional banks and grant credit to individual members.

Loans range from short-term credit for farming operations to long-term credit for investment in rural housing, electrification etc. Deposits have constantly increased. At the end of 1952 deposits repayable on demand amounted to 68.4 per cent of the outstanding short-term loans and this figure had risen to 127 per cent by 1956. In 1957 deposits collected by agricultural credit banks amounted to 255 milliard francs, in 1958 to 353 milliards and in 1959 to 416 milliards.

#### T E C H N I C A L   A S S I S T A N C E

##### U.S. ASSISTANCE TO BE CHANNELLED THROUGH CO-OPERATION

Information from Washington suggests that co-operation will be given prominence in future American technical assistance policy. With the backing of President Kennedy, American officials are preparing plans to put greater emphasis on the establishment and operation of various kinds of co-operatives in countries receiving economic assistance from the United States.

According to some American co-operative specialists, co-operative policy in developing countries should follow the pattern of electricity co-operatives in the United States. These Co-operatives, as is well known, came into being with the help of long-term credits granted by the State at low rates of interest. The system was remarkably successful. In a comparatively short period it was possible to electrify the countryside throughout the United States, a task considered by private companies as hardly feasible.

The supporters of the reorientation of American technical assistance through Co-operatives defend their point of view on various grounds. It is their contention that American foreign aid funds, surplus food stocks and private financial sources

can be tapped to provide the capital needed for the effective operation of Co-operatives in developing countries. The United States can also supply sufficient experts who would provide both technical guidance in setting up Co-operatives and would train local people to operate them.

Co-operation is considered to be the economic form most suited to conditions in developing countries where capital is scarce, interest rates high and credit difficult to obtain. These conditions are very similar to those that existed in America in the depression years of the thirties when the Co-operative Movement gained a strong impetus in the United States.

A particularly important argument in favour of Co-operatives, is that they encourage a feeling of self-reliance in ordinary people. By becoming shareholders in co-operatives and assuming responsibility for co-operative management, members become aware of the value of democracy. Moreover co-operative development is acceptable where capitalism is not, since people of developing countries often identify it with "colonial exploitation".

It is extremely difficult for the farmer from an under-developed country to regard capitalism as a solution to his problems and to accept it as such. But he "can understand joining together with his neighbours to form a non-profit co-operative organisation to market his crops, buy fertiliser and provide himself with electric power".

One of the strongest advocates of foreign aid through co-operation is Senator H. H. Humphery, who believes that, if co-operatives are properly used, they "can bring economic and social advancement to countries where rapid growth is a prerequisite of democratic social order".

For his part, Mr. Henry R. Labouisse, director of the U.S. International Co-operative Administration has pointed out that greater assistance to foreign co-operatives would be among the major objectives of the Agency for International Development under the Kennedy Administration. A team of 15 specialists, a "Co-operative review group" has already been appointed to prepare recommendations.

Some co-operative experts particularly emphasise that the key to the success of the new programme lies in making sufficient capital readily available for co-operative development abroad. If foreign co-operatives must rely on raising money only through their own members, progress will be too slow.

According to an official of the International Co-operative Administration in Latin America where much of the efforts will be concentrated, up to \$40,000,000 would be needed annually to finance co-operative operations. Much of this would be repayable as loans. More funds would be required to provide technical assistance and training in co-operative methods; some estimates put these costs at about \$20,000,000 a year, for the Latin American area.

The use of Co-operatives in the American foreign aid programme is not an entirely new idea. In the past 10 years the American International Co-operative Administration has provided training in co-operative methods to nearly 900 foreigners. Co-operative leaders now propose to expand the work greatly in this field.

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Production naturally varies from year to year, but as a rule co-operative wines consist of 77 per cent wines for ordinary consumption, 11 per cent of higher quality wine called "application simple", and 12 per cent of highest quality wine which includes wine known as "application contrôlée" as well as Alsatian and similar wines.

### FORESTRY CO-OPERATIVES IN MOROCCO

In all mountainous regions of Morocco the life of the inhabitants is closely bound up with the forest. It provides them with pasture and shelter for their animals in winter, fuel for heating and cooking, wood for making tent-pegs and cooking utensils. At the same time, they are required to keep constant vigilance in case of forest fires and to deal with them effectively should they occur. This close association between the life of the people and the forest means, obviously, that the people themselves should be concerned with its administration and conservation. However, the marketing of forest products has brought no profit to the inhabitants of such regions and the present system of the grower as intermediary between the government authorities and the forest worker does not make for collaboration. If the inhabitants are expected to participate actively in protecting the forests, it is only right that they should reap the benefits.

The government sees Co-operation as being the obvious solution and the Ministry of Agriculture's policy is progressively to establish co-operatives grouping forestry workers and local inhabitants and users of the forest. It is confident that this will eliminate offences and professional "trespassers", since the latter will become directly concerned in the working of the forest and, finding it more profitable to themselves, will respect the national forest land. Moreover, by eliminating outside competition and providing the population with a better livelihood, the co-operative system will stabilise rural population and check emigration to the towns. Finally the Administration des Eaux et Forêts (the Government Department for Forests and Waterways) will secure guaranteed protection and rentability of the national property for which it is responsible. The government states that the establishment of co-operatives will promote the rational use of manpower (which will be better and more effectively controlled), improve output and the quality of products, and modernise production methods.

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## I N T E R - C O - O P E R A T I V E   R E L A T I O N S

### I.C.A. CONFERENCE ON CO-OPERATIVE EXPORT AND IMPORT OF WINE

An I.C.A. conference on the co-operative export and import of wine was held from September 11th to 16th at Cagliari, Sardinia, Italy. It was organised on the lines of the conference on export and import of dairy produce, held in Denmark in 1960, and was therefore a meeting of a practical and businesslike nature. The main objects were to bring together co-operative managers in charge of export and import of wine, to give them an opportunity of discussing current problems of the wine trade in a friendly atmosphere, to explore the possibilities of initiating inter-co-operative trade relations where they do not exist, and of intensifying those already established.

Both exporting and importing co-operative organisations showed a keen interest in the conference. Of the exporting countries, France and Italy were represented. The importing and consumers' organisations sent representatives from Germany, France, Finland, Czechoslovakia, Great Britain, Switzerland, Sweden, and the U.S.A.

The Conference, over which Mr. A. Drejer (chairman of the I.C.A. Committee on Agricultural Co-operation) presided, was very well organised by the common efforts of the two leading Italian co-operation organisations - Lega Nazionale delle Cooperative and Confederazione Cooperativa Italiana. Papers on current problems of the wine industry were presented by S. Barocas, Dr. A. Salsi, G. Obino, Dr. E. Mazzoli, V. Franz, B. Eccles, M. Mastras, V. Valenza, C. Sackmann, J. Corbett, and G. Davidovic.

Italy was chosen as the conference meeting place because she is one of the largest wine producing countries in the world, and because she has made particular progress in the development of wine co-operatives. According to Dr. Salsi, "about 30 per cent of the grapes for wine are sent to the co-operative stores by member growers".

Moreover, the development of the wine industry has made tremendous strides in Sardinia in recent years, hence the choice of Cagliari. Mr. Obino pointed out in his report that, in 1947, in Sardinia, there were only 37,246 hectares under vine. In 1960, there were already 54,856 hectares in use. The annual increase is, therefore, 1,350 hectares. Sardinia has developed wine co-operatives very well, and some of them aroused the admiration of all participants when they visited them, on account of their modern equipment. They were considered as surpassing any similar installations existing elsewhere in Europe.

Various suggestions were made at the conference. Dr. Salsi, in his paper, emphasised the need for an international co-operative wine policy, and for regular contacts between co-operative organisations for the "exchange of information regarding prices, conditions of buying and selling, working methods, and requirements."

Actually, some contacts of this sort already exist between French and Italian wine growers' co-operatives, and it was agreed that they should be intensified and carried on in a more sustained way.

Dr. Malfettani and his colleagues proposed the forming of a sub-committee for wine within the I.C.A. Committee on Agricultural Co-operation. This, of course, is a decision that can only be taken by the competent I.C.A. authorities.

The conference was proved a success by the number of practical problems discussed, the contacts established, and by the fact that even some small business transactions were initiated.

## M A R K E T I N G

### CANADIANS DISCUSS RELATIONSHIP BETWEEN CO-OPERATIVES AND MARKETING BOARDS

The Co-operative Union of Ontario has set up a Commission "to study in detail the whole problem of Co-operatives and marketing boards' relationship with a view to reconciling the principles of voluntary co-operation and the objectives of marketing boards in order that both may play their full part in producer-controlled marketing service".

This problem is a very topical one and has aroused great interest in Canada. In some cases, marketing boards are highly successful and enjoy farmers' support. In others they cause dissatisfaction and are often criticised and opposed. It therefore appeared necessary to find a solution, to determine the right relationship between the two types of organisations, and to define their respective fields of activity.

After careful examination of the question, the Commission prepared a report in which interesting views are expressed. The Commission insists on the particular character of Co-operatives. In its view they are not just another type of economic enterprise but have also "a social significance", and as voluntary organisations are in a much weaker position than the marketing boards "in respect to the negotiation of price". The two types of organisations must, therefore, not be competitive but complementary in their operations. Moreover, there is abundant evidence that "this is entirely possible", and, in the view of the Commission, it could be achieved if the board were to give the Co-operatives "a special rôle in marketing". The Commission sees no justification "for permitting the formation by marketing boards of so-called 'Co-operatives' as their agents."

The Commission proposes the establishment by provisional and/or federal Governments of "Co-operative credit facilities" for farmers on the pattern of American Banks for Co-operatives. The Commission also considers that the ownership of processing facilities by a marketing board is "not in the best interests of the farmers involved."

### FOR AND AGAINST MARKETING BOARDS

Last July, egg producers in British Columbia Lower Mainland turned down by a decisive majority the plebiscite which called for the setting up of an egg marketing board under the provisions of the Natural Products Marketing Act.

The voting indicated, that the main opposition to the setting up of a marketing board came from owners of smaller flocks of up to 1,000 birds, and from the largest producers.

In Ontario, the Ontario Hog Producers Co-operative has decided to merge with the Ontario Hog Producers Marketing Board.

The decision was taken early in September and the Co-operative will disappear by the end of this year.

Up to now the Ontario hog producers have had three organisations: the Board, which had the legal powers to operate the hog marketing plan, the Co-operative, which acted as a marketing agency and business agent of the Board, and the Ontario Hog Producers Association, which represents hog farmers' interests in general. Up to last year, the directors of all three organisations were the same people.

There was some opposition to the manager of the Co-operative with the Board. One delegate said:

"If we retain the Co-operative and it should happen that this government - or any other government - decides to withdraw the powers of the marketing board, we would have a Co-operative to continue on a voluntary basis. We would have an insurance against state control."

## E D U C A T I O N

### CO-OPERATIVE TRAINING IN INDIA TO BE THE RESPONSIBILITY OF THE MOVEMENT

The Government of India's team on co-operative training has recommended that the Co-operative Movement should ultimately take over the responsibility and programme of co-operative education and training.

The team has recommended an increase in the number of co-operative training centres from 62 to 120. These centres will deal with training of junior officers, institutional personnel and elected office bearers of village co-operatives.

The centres recommended for training of institutional employees may be handed over to the State Co-operative Unions or registered co-operative training institutions.

An increase in the number of centres for training intermediate personnel from 13 to 15 has also been recommended. These centres which will be redesignated "Co-operative Training Colleges", will be progressively decentralised so that they are conducted at the State level.

An important recommendation has been made concerning the setting up of a Co-operative Institute for advanced studies and research. The functions of this Institute will be to provide orientation courses for senior departmental and institutional personnel, refresher courses for teaching personnel of co-operative training centres and colleges, and provisions for field study and research.

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### PUBLISHER'S ANNOUNCEMENT

As from January 1962 the publication of the Economic News Service will cease and it will be replaced by the new Consumer Affairs Bulletin.

There will be reports in the Consumer Affairs Bulletin on the following topics:

Consumer Protection	Consumer Expenditure
Consumer Education	Consumer Behaviour
Consumer Enlightenment	Consumer Economics
Co-operation and the Consumer	

There will be six issues each year. The subscription rate for the Consumer Affairs Bulletin will be fifteen shillings.

A FRENCH EDITION OF THE CONSUMER AFFAIRS BULLETIN WILL BE AVAILABLE.

The Consumer Affairs Bulletin is available from:

International Co-operative Alliance,  
11, Upper Grosvenor Street,  
London,  
W.1.

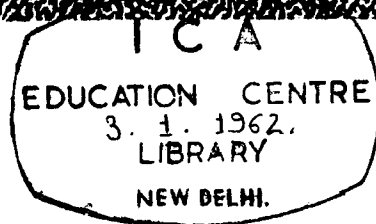
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**International Co-operative Alliance.**  
11, Upper Grosvenor Street, London, W.1.

November, 1961. No. 11.



C R E D I T   A N D   F I N A N C E

I.C.A. PROPOSAL FOR THE ESTABLISHMENT OF AN INTERNATIONAL BANK FOR FOOD, AGRICULTURE AND CO-OPERATION.

One of the questions considered by the I.C.A. Executive at its September Meeting in Athens was the 'Freedom From Hunger Campaign' and the Report 'Development Through Food - A Strategy for Surplus Utilisation', prepared by the F.A.O. Director General.

After a thorough discussion of the paper submitted by the I.C.A. Secretariat on this problem, the Executive decided that as a practical contribution to the solution of the world hunger problem, an International Bank for Food, Agriculture and Co-operation should be established and the I.C.A. has submitted a proposal to this effect to the F.A.O. for its forthcoming Biennial Conference.

In its proposal, the I.C.A. states that it unreservedly supports the views expressed by the F.A.O. Director General that food surpluses should be mobilised and primarily used for economic development of the countries threatened by hunger and food shortage. General economic progress in depressed areas is an absolute necessity today, and various international bodies are already active in this sphere. The question that arises, however, is whether food surpluses should serve general economic development or more specific purposes. In the view of the I.C.A. it "would seem more logical if they were used for fighting hunger in the narrow sense, for the increase of food production in depressed areas and, to that end, for agricultural and co-operative development". This also seems to be implied in the U.N. Resolution passed in 1960 in connection with Freedom From Hunger Campaign. The Resolution stressed that the largest possible quantities of surplus food should be mobilised but the procedure should be "compatible with desirable agricultural development - - - of less developed countries".

In the I.C.A.'s view, the F.A.O. is well equipped to handle food problems in a general way. But there are financial aspects of the problem to be considered. Without financial mobilisation, food mobilisation is hardly possible. To achieve such mobilisation, an International Bank for Food, Agriculture and Co-operation should be formed. Specialised Agricultural and Co-operative Banks exist in most countries since agricultural and co-operative credit is a specialised field and cannot be successfully covered by ordinary banking institutions. Obviously, what is true for banking at national level, is also true at international level. Hence the need for a specialised International Bank.

In the opinion of the I.C.A. such a Bank is needed for various reasons. The fight against hunger has a double aspect - the immediate and the long term. In its immediate aspect it entails collecting world food surpluses and diverting them to areas where they are most urgently needed. This naturally requires financial resources.

In its long-term aspect, the fight against hunger requires the production of sufficient food in the depressed areas themselves. This means modernisation of, and

and investment in, agriculture. Not all governments can afford to supply sufficient funds for the necessary improvements in this field and their efforts should be supported by a specialised international banking institution. This is all the more necessary since the hunger problem is primarily one for the farmer and agricultural producer. It is his capacity to produce food that urgently needs to be improved.

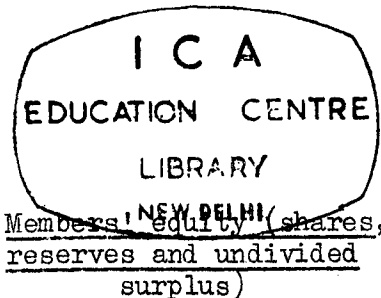
In various parts of the world the farmer is restricted by natural conditions to the one crop system. To improve his food position he must be equipped to cultivate, store, grade, process and market his own produce in the best and most profitable way. At this point, co-operation is inevitably brought into action. It is more or less universally accepted today that the farmers' economic problems cannot be properly solved without the help of Co-operative Organisations. This suggests that problems of food, agriculture and co-operation are closely interconnected, and that they have common financial needs which should be covered at international level by a corresponding financial institution.

The problem that arises is, of course, whether it is possible to obtain, and if so from which sources, the financial resources for setting up such an institution. The I.C.A. proposal contains concrete proposals in this respect. To begin with, it suggests that the \$100 million proposed by the US Government for combating hunger, could be used as initial capital. Another source could be the food surpluses themselves. Needy countries could obtain these surpluses and pay for them in national currency. The Bank could then become the creditor of recipient countries and the debtor of donor countries. But arrangements could be made so that the latter countries could subscribe shares or bonds of this Bank to the value of food supplied. In due course, these could be converted. The Bank could possibly also obtain some resources from existing international financial institutions which are not particularly equipped to finance food surpluses and agricultural and co-operative development. Another source could be contributions from various national agricultural and co-operative banks as well as from other co-operative organisations. Finally, the Bank could create its own resources by issuing bonds on the international money market as do other banking institutions.

The I.C.A. considers that if a specialised international financial institution were formed to finance food, agriculture and co-operation, the position of farmers would be greatly improved - a very important point in view of the fact that farmers constitute the vast majority of the world's population.

#### FINANCES OF CANADIAN MARKETING AND PURCHASING CO-OPERATIVES

The Canadian Department of Agriculture has just published its 29th "Annual Summary" on Co-operation in Canada. The author of the survey is Mr. V.A. Heighton and he gives an instructive picture of the Canadian Co-operative Movement. Of particular interest is the information given on progress made as regards the financial position of marketing and purchasing co-operatives. The following data show what has been achieved:



	<u>Total Assets</u>	<u>Liabilities to the public</u>	<u>Members' equity (shares, reserves and undivided surplus)</u>
1960	\$ 601,862,000	334,758,000	267,104,000
1959	\$ 560,184,000	314,686,000	245,461,000

As can be seen from this table, the total resources of Canadian Marketing and Purchasing Co-operatives have increased in one year by \$41.7 million. Another interesting point is that, whereas foreign resources have increased by just over 6 per cent, the increase in own resources is about 9 per cent.

There has been a steady, although slow, improvement in members' capital as compared to outside capital in recent years. Excluding the four large grain organisations, the relationship between own and foreign resources between 1955-60 was as follows:

	<u>Members' equity</u>	<u>Liabilities to the public</u> (in million dollars)	<u>Members' capital to each dollar of outside capital</u>
1955	123.2	58.3	2.11
1956	136.7	69.1	1.98
1957	146.1	80.0	1.82
1958	153.1	88.6	1.73
1959	166.0	94.3	1.76
1960	180.4	102.2	1.77

The table shows that the ratio of own and foreign resources has fallen from 2.11:1 in 1955 to 1.73:1 in 1958 and has continued to improve since that time.

#### AGRICULTURAL CREDIT CO-OPERATION IN INDIA

The Reserve Bank of India has released the Statistical Statements relating to the Co-operative Movement in India for 1959-60.

As in the past, at the end of 1959-60, Agricultural Credit Societies constituted the most important sector of the Co-operative Movement in India. Their number rose to 203,172 with a membership of 14,423,000. The working capital of societies amounted to Rs. 2.237 million, while deposits held by these societies stood at Rs. 118,6 million.

Of the total number, 8,023 were large societies.

The number of Apex Banks at the end of 1959-60 continued to be 22 and the working capital amounted to Rs. 1,747,4 million.

The Central Co-operative Banks and Banking Unions in various states continued to decrease in number as a result of amalgamation, and were reduced to 400 as against 402 at the beginning of the year. Membership amounted to 369,000 and working capital to Rs. 247.4 million at the end of 1960.

#### PROGRESS OF AGRICULTURAL CREDIT CO-OPERATIVES IN TURKEY

According to the Report of the Agricultural Bank of Turkey (published in 1961 in French) which has just reached the I.C.A., the Credit Co-operative Movement in Turkey is making steady progress. The Report states that the number of members in credit co-operatives is constantly increasing as is the number of villages they serve. Agricultural credit co-operatives numbered 1560 at the end of 1959. In 1950, there were only 900 co-operatives in Turkey. Membership of credit societies has increased from 438,410 in 1950 to about 1,000,000 in 1959. In 1950 8775

villages were served by credit co-operatives and by the end of 1959 the number of villages had increased to over 15,000

The total combined balance sheet of credit co-operatives amounted to Ltqs. 546.4 million as against Ltqs. 485.4 million, an increase of Ltqs. 60 million. Assets consisted mainly of credit to members and amounted to Ltqs. 470 million in 1959 as against Ltqs. 425.9 million in 1958.

Own resources amounted to Ltqs. 170.5 million as against Ltqs. 152 million in 1958.

The Report says that some agricultural credit co-operatives have suffered losses because the difference in the interest they are entitled to obtain and the interest they pay themselves on borrowed capital is too small to enable most of them to cover their administrative expenditure.

#### DEVELOPMENT OF AGRICULTURAL CREDIT CO-OPERATION IN FRANCE

Mutual agricultural credit in France comprises a highly decentralised group of credit organisations based on the principles of co-operation and mutuality. Its development has kept pace with the evolution of economic and technical conditions, and it has become the main financial institution for farmers and their professional organisations and is therefore closely linked with agricultural co-operation. The system is three-tiered, with organisations at local, regional and national level. The entire structure depends on credit supplied by the National Bank for Agricultural Credit, an institution which, apart from financing agricultural credit, also co-ordinates activities and supervises operations. Regional banks act as intermediaries between the national and local banks. In 1946 they formed their own representative body, the National Federation for Agricultural Credit, formed only of regional banks which borrow from the National Bank for Agricultural Credit and are under its supervision. The basic units are the local banks which are financed by the regional banks and grant credit to individual members.

Loans range from short-term credit for farming operations to long-term credit for investment in rural housing, electrification etc. Deposits have constantly increased. At the end of 1952 deposits repayable on demand amounted to 68.4 per cent of the outstanding short-term loans and this figure had risen to 127 per cent by 1956. In 1957 deposits collected by agricultural credit banks amounted to 255 milliard francs, in 1958 to 353 milliards and in 1959 to 416 milliards.

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## I N T E R - C O - O P E R A T I V E R E L A T I O N S

### I.C.A. CONFERENCE ON CO-OPERATIVE EXPORT AND IMPORT OF WINE

An I.C.A. conference on the co-operative export and import of wine was held from September 11th to 16th at Cagliari, Sardinia, Italy. It was organised on the lines of the conference on export and import of dairy produce, held in Denmark in 1960, and was therefore a meeting of a practical and businesslike nature. The main objects were to bring together co-operative managers in charge of export and import of wine, to give them an opportunity of discussing current problems of the wine trade in a friendly atmosphere, to explore the possibilities of initiating inter-co-operative trade relations where they do not exist, and of intensifying those already established.

Both exporting and importing co-operative organisations showed a keen interest in the conference. Of the exporting countries, France and Italy were represented. The importing and consumers' organisations sent representatives from Germany, France, Finland, Czechoslovakia, Great Britain, Switzerland, Sweden, and the U.S.A.

The Conference, over which Mr. A. Drejer (chairman of the I.C.A. Committee on Agricultural Co-operation) presided, was very well organised by the common efforts of the two leading Italian co-operation organisations - Lega Nazionale delle Cooperative and Confederazione Cooperativa Italiana. Papers on current problems of the wine industry were presented by S. Barocas, Dr. A. Salsi, G. Obino, Dr. E. Mazzoli, V. Franz, B. Eccles, M. Mastras, V. Valenza, C. Sackmann, J. Corbett, and G. Davidovic.

Italy was chosen as the conference meeting place because she is one of the largest wine producing countries in the world, and because she has made particular progress in the development of wine co-operatives. According to Dr. Salsi, "about 30 per cent of the grapes for wine are sent to the co-operative stores by member growers".

Moreover, the development of the wine industry has made tremendous strides in Sardinia in recent years, hence the choice of Cagliari. Mr. Obino pointed out in his report that, in 1947, in Sardinia, there were only 37,246 hectares under vine. In 1960, there were already 54,856 hectares in use. The annual increase is, therefore, 1,350 hectares. Sardinia has developed wine co-operatives very well, and some of them aroused the admiration of all participants when they visited them, on account of their modern equipment. They were considered as surpassing any similar installations existing elsewhere in Europe.

Various suggestions were made at the conference. Dr. Salsi, in his paper, emphasised the need for an international co-operative wine policy, and for regular contacts between co-operative organisations for the "exchange of information regarding prices, conditions of buying and selling, working methods, and requirements."

Actually, some contacts of this sort already exist between French and Italian wine growers' co-operatives, and it was agreed that they should be intensified and carried on in a more sustained way.

Dr. Malfettani and his colleagues proposed the forming of a sub-committee for wine within the I.C.A. Committee on Agricultural Co-operation. This, of course, is a decision that can only be taken by the competent I.C.A. authorities.

The conference was proved a success by the number of practical problems discussed, the contacts established, and by the fact that even some small business transactions were initiated.

## M A R K E T I N G

### CANADIANS DISCUSS RELATIONSHIP BETWEEN CO-OPERATIVES AND MARKETING BOARDS

The Co-operative Union of Ontario has set up a Commission "to study in detail the whole problem of Co-operatives and marketing boards' relationship with a view to reconciling the principles of voluntary co-operation and the objectives of marketing boards in order that both may play their full part in producer-controlled marketing service".

This problem is a very topical one and has aroused great interest in Canada. In some cases, marketing boards are highly successful and enjoy farmers' support. In others they cause dissatisfaction and are often criticised and opposed. It therefore appeared necessary to find a solution, to determine the right relationship between the two types of organisations, and to define their respective fields of activity.

After careful examination of the question, the Commission prepared a report in which interesting views are expressed. The Commission insists on the particular character of Co-operatives. In its view they are not just another type of economic enterprise but have also "a social significance", and as voluntary organisations are in a much weaker position than the marketing boards "in respect to the negotiation of price". The two types of organisations must, therefore, not be competitive but complementary in their operations. Moreover, there is abundant evidence that "this is entirely possible", and, in the view of the Commission, it could be achieved if the board were to give the Co-operatives "a special rôle in marketing". The Commission sees no justification "for permitting the formation by marketing boards of so-called 'Co-operatives' as their agents."

The Commission proposes the establishment by provisional and/or federal Governments of "Co-operative credit facilities" for farmers on the pattern of American Banks for Co-operatives. The Commission also considers that the ownership of processing facilities by a marketing board is "not in the best interests of the farmers involved."

### FOR AND AGAINST MARKETING BOARDS

Last July, egg producers in British Columbia Lower Mainland turned down by a decisive majority the plebiscite which called for the setting up of an egg marketing board under the provisions of the Natural Products Marketing Act.

The voting indicated, that the main opposition to the setting up of a marketing board came from owners of smaller flocks of up to 1,000 birds, and from the largest producers.

In Ontario, the Ontario Hog Producers Co-operative has decided to merge with the Ontario Hog Producers Marketing Board.

The decision was taken early in September and the Co-operative will disappear by the end of this year.

Up to now the Ontario hog producers have had three organisations: the Board, which had the legal powers to operate the hog marketing plan, the Co-operative, which acted as a marketing agency and business agent of the Board, and the Ontario Hog Producers Association, which represents hog farmers' interests in general. Up to last year, the directors of all three organisations were the same people.

There was some opposition to the manager of the Co-operative with the Board. One delegate said:

"If we retain the Co-operative and it should happen that this government - or any other government - decides to withdraw the powers of the marketing board, we would have a Co-operative to continue on a voluntary basis. We would have an insurance against state control."

## E D U C A T I O N

### CO-OPERATIVE TRAINING IN INDIA TO BE THE RESPONSIBILITY OF THE MOVEMENT

The Government of India's team on co-operative training has recommended that the Co-operative Movement should ultimately take over the responsibility and programme of co-operative education and training.

The team has recommended an increase in the number of co-operative training centres from 62 to 120. These centres will deal with training of junior officers, institutional personnel and elected office bearers of village co-operatives.

The centres recommended for training of institutional employees may be handed over to the State Co-operative Unions or registered co-operative training institutions.

An increase in the number of centres for training intermediate personnel from 13 to 15 has also been recommended. These centres which will be redesignated "Co-operative Training Colleges", will be progressively decentralised so that they are conducted at the State level.

An important recommendation has been made concerning the setting up of a Co-operative Institute for advanced studies and research. The functions of this Institute will be to provide orientation courses for senior departmental and institutional personnel, refresher courses for teaching personnel of co-operative training centres and colleges, and provisions for field study and research.

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### PUBLISHER'S ANNOUNCEMENT

As from January 1962 the publication of the Economic News Service will cease and it will be replaced by the new Consumer Affairs Bulletin.

There will be reports in the Consumer Affairs Bulletin on the following topics:

Consumer Protection	Consumer Expenditure
Consumer Education	Consumer Behaviour
Consumer Enlightenment	Consumer Economics
Co-operation and the Consumer	

There will be six issues each year. The subscription rate for the Consumer Affairs Bulletin will be fifteen shillings.

A FRENCH EDITION OF THE CONSUMER AFFAIRS BULLETIN WILL BE AVAILABLE.

The Consumer Affairs Bulletin is available from:

International Co-operative Alliance,  
11, Upper Grosvenor Street,  
London,  
W.1.

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# Agricultural Co-operative Bulletin

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## PRODUCTION

### INDIAN CONFUSION ABOUT CO-OPERATIVE AND COLLECTIVE FARMING

Co-operative farming has become one of the most important and most controversial economic topics in India. The Government, and particularly the Indian Prime Minister Mr. Nehru, are tirelessly advocating co-operative farming. But there does not seem to be unanimity on this point within the ruling Congress Party. On the other hand, the policy of co-operative farming is violently opposed in some Indian circles and by some of the smaller Indian political parties. They accuse the Government of wanting to introduce a Russian type of collectivisation which would put an end to the independent peasantry in India.

The controversy is very much due to confusion over form and essence, to the absence of a clear distinction between co-operative and collective farming. That is also evident in some of the otherwise very interesting articles published in the October 1961 issue of the "All India Co-operative Review", which is entirely devoted to problems of co-operative farming. The article by J. S. Garg and K. M. Varshney entitled "Co-operative Farming - A Social Problem" deserves particular consideration.

The authors give the following classification of co-operative farming societies:

<u>Kind of Co-operative farming society</u>	<u>Type of ownership</u>	<u>Type of operationship</u>
Co-operative better farming	Individual	Individual
Co-operative joint farming	Individual	Collective
Co-operative tenant farming	Collective	Individual
Co-operative collective farming	Collective	Collective

This classification can hardly be accepted as corresponding to reality or to the generally accepted terminology as regards co-operative and collective farming. One wonders how the "co-operative better farming society", where farms are both owned and managed individually, can be considered as a form of co-operative farming. The fact that independent farmers make joint purchases and joint sales does not mean that they farm collectively. As Professor Ramonna rightly points out in his article in the same issue, "co-operative farming involves the bringing of all the land of different owners in community of area and cultivate it under the management of a co-operative farming society."

Garg and Varshney maintain that "co-operative collective farming is prevalent in U.S.S.R. and China". This would suggest that collective farming while existing in China does not exist in East European communist countries. Yet the contrary is true. Collective farming came to an end in China in 1958 when, within a few months, the farms were, as the Chinese claim, "voluntarily and spontaneously"

replaced by the "Communes". And Communes are not similar to what is known in communist countries as collective farms and they have nothing in common with voluntary co-operative societies. They are large scale organisations with communal work and life, agricultural and industrial activities and, at the same time, have the responsibilities of Hsiangs (Local Authority). Some recent changes in their activities and structure have hardly changed their character.

On the other hand, collective farming is not limited to the U.S.S.R. but is the prevailing form of agricultural production in all East European communist countries, except for Yugoslavia and Poland. Garg and Varshney make no distinction between co-operative and collective farming, as they speak of "co-operative collective farming". Under this term, however, they understand organisations "where the ownership of the farm belongs to the State and the individual farmer has no right of his own either on land or resources or in making a decision of cropping programme. The factors of production, i.e. land, labour and capital, belong to the State and the farmer is only a wage-earner".

One must wonder whether the authors are not identifying the Kolkhozes (Collective Farms) which are theoretically farmers' organisations, with State farms called Sovkhozes. In both cases land belongs to the State. But whereas on Sovkhozes, cattle, machines, tools and everything else belongs to the State, that is not the case with Kolkhozes. Moreover, the farmer working on a Kolkhoze is not, as in the case of a Sovkhoze, a wage-earner. Theoretically his income depends on his farming and what is more important, he is responsible for the financial position of the collective farm. This was clearly pointed out in recent discussions in the Soviet Union about the failure of the Kolkhoze system and the widespread demand by Soviet public opinion for their dissolution and switching over to the system of Sovkhozes. "Komunist", the theoretical organ of the Central Committee of the Soviet Communist Party pointed out that the switching over to the Sovkhoze system cannot yet take place for various reasons, one of them being that the State would have to take over the financial deficits of Kolkhozes.

Nationalisation of land is not an essential condition for collective farming, neither is co-operative farming conditioned by private ownership of land. In Israel co-operative farming has existed for decades and is the prevailing form, although farmers on the whole are not land owners. On the contrary, in East European communist countries collective farming is more or less the rule, although land has not yet been entirely nationalised.

The main characteristic of collective farms is that they are instruments of State economic policy, not organisations created by the farmers and for the farmers. They come into being by "administrative methods" and, as Marshall Tito has recently pointed out, by the use of force if and when farmers do not accept them voluntarily. Of course, where there is no freedom of choice and no voluntary action, there cannot be co-operation.

Collective farming has a series of other features which make it quite distinct from co-operative farming. As their name implies, collective farms have to serve the collectivity, not the farmers alone, not a particular grouping and not only their members. Although formerly managed by the farmers, their activity depends





on State economic policy, the character and extent of their production depends on State economic planning, not on their own judgement; they have to produce the kinds and quantities of products prescribed by the State not what they consider as useful and profitable for their members. In addition, they have, as a rule, to market their produce not at what they consider to be fair prices, but at prices fixed by the State. Finally, they have to deliver their produce to organisations designated by the State, not those of their own choice. This is the general position; exceptions may well exist, but they are of no great importance.

Co-operative farming is, of course, quite different. Farmers are free to join the society or not. If and when a co-operative farming society is founded, it can develop the kind of production it considers most useful for its members; and it can market its produce when, where and at what prices it considers most favourable for its members. The aim of a co-operative farming society is the well-being of its members; the fundamental aim of collective farming is, on the contrary, the building of a communist society. There is a world of difference between the two.

These differences suggest that it is fundamentally wrong to consider co-operative and collective farming societies as belonging to the same category. They should be clearly distinguished and treated quite differently which is what Mr. Nehru does when he insists that he is absolutely and unreservedly for co-operative farming, based on the principles of voluntary membership, but that he is resolutely opposed to collective farming.

#### I.L.O. RECOMMENDS CO-OPERATIVES FOR PLANTATION WORKERS

The International Labour Organisation's Committee on Work on Plantations held its Fourth Session in Geneva in December 1961. Recommended in the Resolutions passed by the Committee was, among other things, the promotion and development of co-operatives among plantation workers. This Resolution was carried unanimously, and in it a number of principles were set forth to serve as a basis for action in the co-operative field.

The Resolution states that co-operatives organised among agricultural workers can provide both economic and social benefits and that special attention should be given to the interests of plantation workers and to the promotion of co-operatives in plantation areas where they do not already exist and where their development would appear to be favourable.

The Resolution further recommends that all possible measures should be taken to promote closer collaboration between governments, employers and plantation workers, as well as between employers and plantation workers' organisations in the development of the Co-operative Movement among these workers. At the same time, it is stressed that in developing co-operatives, the freedom of choice and autonomy of the workers should always be safeguarded.

Among various forms of co-operatives for plantation workers advocated by the Resolution are consumers', thrift, credit, housing and production co-operatives for general purposes, and marketing and any other such forms of co-operatives as may be necessary to the workers concerned.

It is interesting to note that the Resolution does not merely stress the importance and the value of co-operatives for plantation workers but goes on to make a number of recommendations as regards the control and operation of co-operatives, their financial resources, co-operative legislation, co-operative education and training and outside assistance. As regards outside assistance, the Resolution encourages member countries to take full advantage of the facilities made available to them by I.L.O. and other international organisations.

#### ONTARIO FARMERS CUT COSTS BY SHARING MACHINERY

A group of farmers in Ontario have cut individual farm machinery costs by as much as \$900 a farm, through an informal machinery-sharing arrangement. Their equipment, which used to cost \$25 an acre, now only costs \$20, and is better. Farm production records, too, are as good or better than average.

Their sharing plan is run on the following lines:- the group is limited to not more than four farmers: one man is responsible for running and maintaining a given piece of machinery on all the farms; a strict record is kept of time and costs; business meetings are held to settle expenses and other details. Here is a good example of co-operation in essence if not actually in name.

#### ENGLISH C.W.S. INSTALLS NEW ANIMAL FEED PLANT

The English Co-operative Wholesale Society is installing a new animal feed plant, at a cost of £150,000, at its Avonmouth flour mill. The plant, which comes into operation early this year, is fully automatic and can handle twenty tons of cattle, pig, or poultry food an hour. The bulk of the feed will be sold to agricultural co-operatives, and the increased productivity will enable the C.W.S. to widen considerably its well known range of A.O.M. cattle, pig, and poultry food.

#### TECHNICAL AND FINANCIAL ASSISTANCE

#### FINANCING OF AGRICULTURAL CO-OPERATIVES BY THE INTER-AMERICAN DEVELOPMENT BANK

To implement President Kennedy's "Alliance for Progress" scheme in Latin-America, the United States Congress has voted a credit of \$500,000,000 for the year 1961. Of this amount \$394,000,000 have already been loaned to the Inter-American Bank, an institution jointly owned by the governments of the Western Hemisphere.

The Bank has already loaned \$1,000,000 to the Central Credit Union at Lima, Peru. According to reports this is the first credit granted to co-operation from the funds made available under the "Alliance for Progress" scheme. The Central Credit Union will, for its part, lend the money to 210 local credit unions which, it is stressed, already play an extremely useful rôle in Peru, particularly among farmers. As a reporter has pointed out, it is thanks to their activity that the Peruvian farmers now have "new homes, better farms, more sheep and cattle, new businesses, better medical attention, improved schooling and freedom from life-long debt and the accompanying doubt, insecurity and hopelessness".

It is interesting to note that the credit unions have taken root among the Peruvian Indians. The first credit union was founded in 1955 and initially had only 23 members. Its membership has now increased to 5,000 and its assets amount to as much as \$400,000. According to a United Nations Committee report this is "the most significant self-help effort in Peru's modern history". Since the foundation of the society, 209 other credit unions have already come into being.

Father Daniel McLellan is particularly responsible for the success achieved in the development of credit unions in Peru. According to the "Readers' Digest", he has found in the Credit Union "a quick way to raise living standards in an under-developed country and has given people hope until land reform and industrialisation come to the rescue".

The Inter-American Development Bank has granted a loan also to two co-operatively-owned packing houses in Uruguay. The plans formerly belonged to United

States firms, one to Swift & Co., and the other to Arnour. The companies abandoned them in 1957 and since then they have been operated by 4,000 workers.

Credit is granted by the Bank to the co-operative plants to make it possible for them to expand their output of fresh and processed meat.

## E C O N O M I C I N T E G R A T I O N

### AUSTRIAN CO-OPERATIVES AND THE COMMON MARKET

The General Meeting of the Union of Agricultural Co-operatives of Lower Austria was recently held in Vienna. On that occasion, the Austrian Minister for Agriculture, Mr. Hartmann, made important declarations about the rôle of agriculture in the future, particularly in connection with the development of the Common Market and European economic integration.

The Minister declared that Sch. 450 million reserved for the Green Plan for 1962, will be used exclusively for the purpose of increasing the competitiveness of Austrian agriculture and preparing it for European integration. But this could not be achieved in 1962 alone, he said. Years of effort would be needed. Above all, the much needed improvements in agricultural structure could not be achieved from one day to another. Improvement in the quality of produce was of particular importance as it would play a decisive rôle in the securing of agricultural experts.

In order to attain these objectives, the policy of investment in agricultural industry must be continued. Substantial credits would be needed for further mechanisation and rationalisation of agricultural enterprises.

The Minister considers that, in connection with the European economic integration, agricultural co-operatives will gain in importance and they are bound to play a substantially increased rôle in the future. This is because, he said, "in a larger European market, the co-operatives will be faced with a decisive responsibility and only through their success can the peasant enterprise be safeguarded."

## C R E D I T A N D F I N A N C E

### AUSTRIAN CREDIT CO-OPERATIVE HELPS MECHANISATION OF AGRICULTURE

In 1954 the Austrian Ministry of Agriculture introduced special credit, at favourable rates of interest, to help the mechanisation of agriculture. Since then, the Agricultural Building and Machinery Credit Co-operative Society has granted 25,256 credits amounting to 511,989,000 shillings. These credits have made it possible to invest about 1,000,000,000 shillings in Austrian agriculture and, because of them, farmers have acquired 14,000 tractors, 2,200 thrashing machines and about 16,000 various other agricultural machines.

Two years ago, in 1959, the Ministry of Agriculture introduced additional investment credit primarily intended to help the peasants in mountain areas, as well as small farmers, in modernising their farms as far as this is necessary and profitable. The Agricultural Building and Machinery Co-operative Society participated in this action by granting 4,863 credits, totalling 101,000,000 shillings. Since this self-help organisation was formed, a total number of 32,000 credits have been granted to the value of 648,000,000 shillings, and these have been used for investments amounting to 1,200,000,000 shillings.

In its Annual Report the Agricultural Building and Machinery Co-operative Society particularly stresses the help it has given to agricultural enterprises in Lower Austria. By giving them increased financial assistance, it has substantially contributed to their competitiveness within the Common Market.

However, the measures undertaken to protect Austrian agriculture within the European Common Market are not considered to be entirely satisfactory. In an address given at the General Meeting of the Agricultural Building and Machinery Co-operative Society, the former Minister, Mr. O. R. Kraus, emphasised that "the preparations made for joining the European Common Market are not made to an extent that could make the Austrian economy competitive within the forthcoming common economic area". He pointed out that in agriculture, more than in any other sphere, efforts are needed to adapt the structure and technical equipment of agricultural enterprises to new requirements.

Austrian agriculture is certainly not the only one to face new problems in connection with the European Common Market. Similar problems are faced by farmers, particularly small farmers, in more or less all other European countries. Urgent measures are needed to give them help and protection. In this respect machinery co-operatives can play a highly useful part; their development deserves particular consideration and the leading agricultural co-operative organisations, as well as international organisations, should devote all the necessary attention it deserves to this important problem.

#### CO-OPERATIVE FINANCING THROUGH FEEDER CATTLE ASSOCIATIONS

Canada's almost perennial problem of too much grain sent some of the biggest grain handling co-operatives in the West into the livestock industry. Now, the prairie wheat pools are hoping to develop a growing feedlot industry, and Manitoba Pool Elevators has formed a series of feeder cattle associations among its members, providing initial loans of up to \$5,000 at 5½ per cent for the purchase of cattle, and subsequent loans of up to \$10,000. Borrowers will have the optional service of having the feeders purchased, and later sold, by the pool. But in any case the cattle must be sold in the pool's name until the loan is paid off.

Saskatchewan Pool Elevators does not loan money directly, but backs loans put out by the local credit union or the province's co-operative credit society. It guarantees 25 per cent of any loan made by a credit union to a farmer, for cattle bought and sold through the pool, and also guarantees 25 per cent of loans made by a co-operative credit society to a feeders' co-operative - again, for cattle bought and sold through the pool.

In a different way, the giant wholesale organisation Federated Co-operatives has been underwriting the cost of the cattle raising operation for the past three years, giving co-operative stores guarantees for credit on feed sales.

Western farmers in general are benefiting from this loan programme. It is generally acknowledged that banks, unwilling to accept livestock holdings as security, have failed to meet the farmers' needs.

There is more to this scheme, too, than merely lending money. The Manitoba Pool requires a farmer obtaining an initial loan, to show that he has the feed and facilities to handle the cattle; if not, so long as he already has cattle of his own for security, he is required to use part of the loan to improve his facilities.

Farmers using pool help also get advice and service about their animals. These co-operative loans are, in a limited way, supervisory loans, and the Manitoba feeder cattle associations have their own managers - local experienced cattlemen who act as advisers to members, and also livestock fieldmen available to provide technical information. The Saskatchewan feeder groups are organised under the supervision of pool fieldmen, agriculture representatives and Co-operative Department fieldmen.

#### FARMERS' CO-OPERATIVE BANK OF INDIA OFFERS LIFE COVER

The newly formed Farmers' Co-operative Bank of India is offering life cover for Rs. 1,000 as an attraction to every farmer holding a like amount at the bank.

Details have yet to be worked out, but the Life Insurance Co-operative with whom the Bank authorities discussed the proposal, has agreed in principle.

The suggested scheme has the proviso that the shareholder comes within a specified age limit. Where a shareholder is above this age limit, he can take the policy in the name of a nominee of his own, who should be between 18 and 25 years old.

The premium will be paid by the Bank, and the farmer gets the benefit of borrowing not only on his shares but also on his insurance policy. But should the Bank declare a dividend, the insured farmer will only get a share if the declared dividend is over 3 per cent. The Bank estimates that its own servicing charges and premium payments will come to approximately 3 per cent of the insured amount.

It has not yet been decided what limit should be placed on a shareholder's borrowings. That will depend on the Bank's resources and the security the farmer can offer.

#### AGRICULTURAL CREDIT CO-OPERATIVES IN SWITZERLAND

At the end of 1960, there were in Switzerland 1,066 agricultural credit co-operatives affiliated to the Central Organisation of Raiffeisen Credit Co-operatives. About 50 per cent were of small-scale societies with a total balance sheet not exceeding one million francs.

As a rule, even larger societies strictly respect Raiffeisen's principles and are managed by non-remunerated, part-time boards. It is interesting to note, however, that about 10 per cent of societies with remunerated management, participate in 46 per cent of the total transactions of societies.

The total business of credit co-operatives amounts to 4.2 milliard francs and their resources are nearly exclusively created by mobilising saving deposits. Borrowings from the central organisation are very limited. In 1960 there was an increase in deposits of about 10 per cent or 110 million francs, which brought the total amount of deposits to 1.25 milliard francs. The next important source of resources is the issuing of bonds and even small societies in Switzerland are entitled to issue them. 337 million francs was obtained from this source.

#### CLOSER WORKING BETWEEN ALBERTA CO-OPERATIVES AND CREDIT UNIONS

As the result of a decision taken at a Seminar last September for top management and policy level personnel, there will be a closer working relationship in future between co-operatives and credit unions in Alberta.

The chief purpose of the seminar was to study ways and means of extending facilities for future co-operative financing. The idea of a central co-operative credit organisation was outlined, and it was pointed out that compared with other provinces, the development of Alberta's central organisation was on a distinctly small scale. After discussing the operations and financial needs of the various co-operative organisations, the seminar declared that more research was necessary to list the main gaps in co-operative credit facilities, to assess future needs and to determine the method through which these needs could be met within the existing framework. The seminar was sponsored by the Farmers Union and the

Co-operative Development Association, and these two organisations were asked to take the lead in getting the Alberta central organisation and the credit union league of Alberta to determine the method and type of research necessary to achieve the proposed objectives.

## M A R K E T I N G

### MARKETING ACTIVITY OF THE ICELANDIC S.I.S.

The Icelandic Co-operative Movement continued to make further substantial progress in 1960, although it was a rather difficult year for the Icelandic economy as a whole.

Iceland is, of course, a very small country and has only 57 co-operative societies with a total membership of 57,000. They are nearly all small-scale multipurpose societies, but they play an impressive rôle within the Icelandic economy. Their Central Organisation, S.I.S., is the most powerful economic organisation in all Iceland.

S.I.S. has developed various activities, either directly or through its own specialised enterprises, such as oil, shipping, insurance, supply, marketing, production of fertilisers and so on. The marketing of agricultural produce plays a particularly important part in S.I.S. activities. It owns 50 per cent of the capital of the Icelandic Central Organisation for cheese and butter. The remaining 50 per cent is in the hands of local co-operative societies.

In 1960, S.I.S. had a turnover of 1,040 Kronor - an increase of nearly 100 million Kronor on the preceding year; the trade of S.I.S.'s specialised enterprises is not included in this figure.

More than half of S.I.S.'s trade consisted of the marketing and export of agricultural and fishery products, showing clearly how important a rôle the marketing of primary agricultural products plays in the total activity of S.I.S.

The trade in fish products amounted to 234 million Kronor - an increase of 35.5 per cent as compared to the previous year. The marketing of agricultural produce amounted to 280 million Kronor, an increase of 25.3 million Kronor. It is interesting to note that nearly half of the total marketing activity, to the value of 117 million Kronor, was taken up by the export of primary agricultural produce.

Iceland is, of course, co-operatively one of the most successful countries, preceded perhaps only by Finland.

### WHEAT POOL IS A FINE EXAMPLE OF CO-OPERATION

Launched thirty-seven years ago, the Saskatchewan Wheat Pool to-day holds a special place in the Co-operative Movement of the province. Its farmer members have built one of the largest primary grain handling concerns in the world, and extended their activities into livestock marketing and the industrial fields. All this has been done through the application of co-operative principles, the original aim being to find a new and more efficient method of marketing the farmers' grain. Now there are more than 100,000 Wheat Pool members, and over 75,000 of them actively patronise one or more of the facilities operated by the Pool. Pool elevators now serve almost every shipping point in Saskatchewan, offering storage for over 85 million bushels of grain in more than 1,200 country elevators. Last year more than 165 million bushels of grain were handled through country elevators, and about 125 million through the six pool terminals. The pool also owns and operates a flour mill and a vegetable oil processing plant, and it publishes its own weekly farm newspaper, "The Western Producer".

## I N T E R - C O - O P E R A T I V E R E L A T I O N S

### AMERICAN MINISTER FOR INTER-CO-OPERATIVE RELATIONS

The American Agricultural Secretary, Mr. Freeman, has recently pointed out the importance of inter-co-operative relations. In a speech in Minneapolis, he insisted on the need of "bridging the gulf of misunderstanding between farmers and consumers' co-operatives".

To an audience of 3,000 co-operators and youth leaders attending the American Institute of Co-operation at the University of Minnesota Campus, Mr. Freeman said: "I am fully aware that, in some circles, co-operative is regarded almost as a dirty word unless it is preceded by the word farmers". Then the Minister added: "I assure you this approach does no good - either for farmers or for co-operatives". He declared that as soon as possible he would revive the U.S.D.A. Co-operative Committee and said he would ask six national co-operative organisations to send top officials to meet with him to "discuss problems relating to the new frontier co-operatives". The six organisations in question are: The Co-operative League, American Institute of Co-operation, National Federation of Grain Co-operatives, National Milk Producers' Federation and National Rural Electricity Co-operative Association.

The representatives of these organisations have already been appointed and they had their first meeting in October last under the Chairmanship of Minister Freeman. The meeting discussed problems of general policy, problems of co-operative activity in rural area development programmes, in foreign programmes, in the relationship between farmers and consumers and in the field of legislation.

It is to be hoped that the initiative of Mr. Freeman may lead to closer relations between different sections of the American Co-operative Movement, to the advantage of all of them.

## E D U C A T I O N

### IE-NO-HIKARI'S NEW PRESENTATION

The remarkable monthly magazine, Ie-No-Hikari (Light of Home), published by the Japanese Agricultural Co-operative Movement continues to progress notably from month to month and year to year. Its contents are constantly improved in quality and quantity, its readership steadily increases and it now approaches the 2,000,000 mark of paying subscribers. Scarcely any other Co-operative publication in the whole world can claim such success.

The October issue of this excellent publication has just reached the I.C.A. and shows that it has made a further and considerable step forward. It has no less than 236 pages and a considerably larger format than previously.

One need not to know Japanese to be impressed by "Light of Home". Its value can be appreciated by a mere glance at its presentation, size, magnificent multi-colour pictures, drawings, series of cartoons and the number and variety of well-presented advertisements it contains.

Every month, the "Light of Home" brings articles and information for young and old, men and women. These touch on a great variety of subjects including co-operation, agriculture, politics, sport, economics, the arts, cinema, theatre, education, home life, cooking, hygiene, farming, child care and many others.

An idea of the variety of subjects handled by "Light of Home" can be gained from the contents of the October issue. Its coloured pages comprise "Girls", by Maria Larurencin, "The New Big Suspension Bridge, Wkako Ohashe" on the Sea in Kinshu, Southern Japan, "Flower Arrangements for Autumn", "How to Cook Eggs", all illustrated by pictures of real beauty. Photographic pages comprise "Apartment

Houses in the Suburbs of Tokyo", (which have been constructed to combat the shortage of living accommodation - one of Japan's big problems in the post war period), "The Life of a Maritime Safety Officer", "Focus on the World - East and West Berlin", "A Woman Veterinary Surgeon", "A Visit to Henda, the International Airport of Tokyo", and "Activities of Co-operative Societies in the Tukinstuma Prefecture". Among the articles on foreign affairs contained in the issue are: "Rural and Suburban Family Life in the United States", by Mrs. and Mr. E. O. Reistrauer, United U.S. Ambassador to Japan and "Two Faces of Berlin", by A. Sono, Japanese Minister of Foreign Affairs. 22 pages in all are concerned with practical farming and 38 pages are especially written for farmers' wives.

"Light of Home" has grown into a kind of encyclopaedia, a source of education and information for ordinary people, particularly farmers, brought to them through their own organisations - farmers' co-operative organisations. It brings knowledge, progress and pleasure to villages and hamlets in the most remote areas.

Few publications in the world, even outside the Co-operative Movement, can successfully compete with the "Light of Home". Japanese Co-operators can rightly be proud of their achievement, for their success is an asset to the world Co-operative Movement as a whole. The history of "Light of Home", its development, methods of working and of approaching, canvassing and securing its reading public, its rôle and influence within the Co-operative Movement deserve particular consideration. They should be studied in a thorough and scientific way and made available to the Co-operative Movement at large. This is perhaps one way in which the Japanese co-operatives have a special responsibility towards the world Co-operative community. They may not have done enough to make their experience and success in the publishing field known to co-operators the world over. There are even prominent co-operative publication men who never heard of "Light of Home".

One may well imagine that the extraordinary expansion of agricultural co-operation in Japan in the post-war period is, to a considerable extent, due to the influence of "Light of Home".

#### DE-OFFICIALISATION OF CO-OPERATIVE TRAINING IN INDIA

A conference of Indian State Ministers on Co-operation held in New Delhi at the end of October last made, according to the "Bombay Co-operator", "some far reaching, and in some respects, revolutionary recommendations for de-centralisation and de-officialisation of co-operative training and the transfer of this responsibility to the National Co-operative Union and State Co-operative Unions".

It was recommended that Junior Co-operative Training Centres should be transferred straight to the State Co-operative Unions and Intermediate Training Centres would be transferred to the State Co-operative Unions, where possible. Where this was not yet possible, the centres would be run by the Central Organisation and the National Co-operative Union of India, working through a special committee. This committee would run the Training College for senior personnel and would also organise and co-ordinate programmes of research.